

Revised Forecast for the Housing Financing Fund (HFF), 2012 (HFF bond issuance, lending and payments)

The revised forecast on HFF bond issuance for financing new mortgages and repayments in remainder of 2012 is ISK 16 - 20 billion at nominal value and ISK 24 – 30 billion at market value.

HFF estimates to issue ISK 15 – 21 billion in mortgages in the second half of 2012. Of that amount, it is estimated that mortgages to legal entities will amount to ISK 4 - 5 billion.

HFF Bond Auctions and Loans

Forecast 2012	2.Q	3.Q	4.Q	Total
HFF's Bond Issuance (Nominal value)	6 – 7	4 – 6	6 – 7	16 – 20
HFF's Bond Issuance (Expected market value)	9 – 11	6 – 8	9 – 11	24 – 30
HFF's New Loans	4 – 6	6 – 8	5 – 7	15 – 21

Figures are in ISK billions.

There is considerable uncertainty regarding forecasts on lending and bond issuance due to circumstances in the financing and real estate markets. Exact figures can, therefore, not be forecasted. As a result, some auction figures may be transferred between quarters depending on market conditions.

HFF expects repayments on HFF bonds to creditors to range between ISK 54 - 60 billion in remainder of 2012.

HFF's Repayments to Creditors

Forecast 2012	2.Q	3.Q	4.Q	Total
HFF Payments	19 – 21	16 – 18	19 – 21	54 – 60

Figures are in ISK billions

This forecast reflects present conditions in the mortgage and real estate markets. Should market conditions change, adjustments of the above forecast can be expected. HFF reviews its forecast on a quarterly basis and more often if necessary.

No further HFF bond issuance is expected to take place in the first quarter of 2012.