

Market Developments

The Housing Financing Fund (HFF) issued almost ISK 1 billion in mortgages this month. Of that amount, approximately ISK 900 million was for privately owned homes. In comparison, this amount was approximately ISK 1.4 billion in February 2011. The average loan amount issued for privately owned homes this month came to around ISK 9.5 million. HFF has issued a total of ISK 2 billion in mortgages for privately owned homes in 2012, compared to ISK 2.7 billion for the same period in 2011.

On February 24th, Registers Iceland (RI) published for the first time, information on housing rentals, i.e., location and size of rental properties in Iceland. The agency plans from now on to publish information on rental prices as well as indexation on rental prices in the Reykjavik area. In the past few months, RI and HFF, have jointly been working on archiving rental prices as listed in registered rental contracts. So far, RI has only been publishing information on the number of rental contracts registered monthly, but a recent agreement between HFF and RI regarding the cost of collecting this information, has made it possible to also register rental prices, location and descriptions of the rental property.

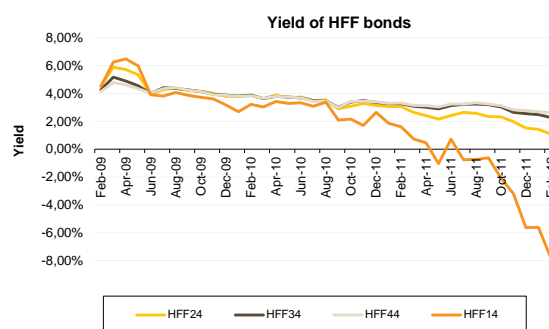
Since the beginning of 2012, HFF has issued a total of 222 mortgages for privately owned homes, compared to 279 for the same period of 2011, an approximate decrease of 20%.

At the end of the month, HFF's foreclosed properties numbered 1.751; 947 were previously owned by legal entities. 707 properties are currently rented, and 255 are not inhabitable, and most of those have not been completed.

The yield on all HFF bond series dropped this month, except for HFF14. The decline ranged from 5 - 16 points depending on the bond series but HFF14 rose by 367 points.

The total turnover of HFF bonds reached about ISK 86 billion in February, compared to ISK 88 billion in January 2012.

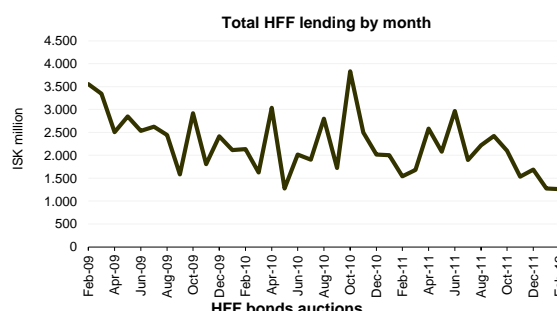
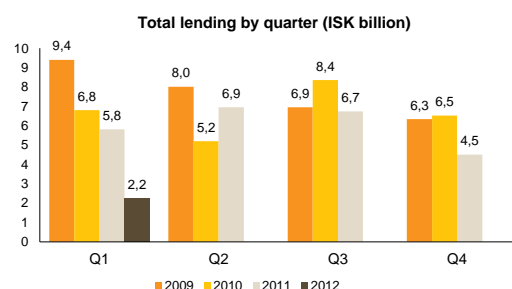
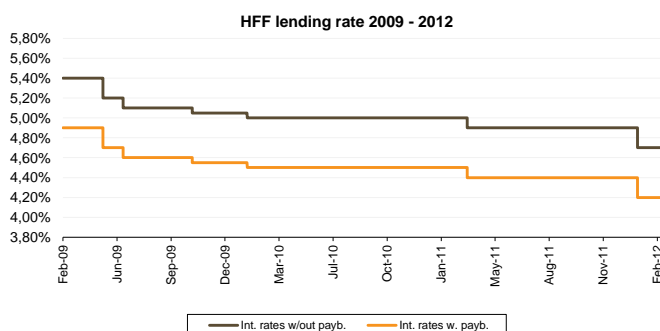
The Fund's amortization payments on HFF-bonds and other liabilities came to roughly ISK 9.9 billion million this month. Prepaid mortgages amounted to ISK 1,2 billion in February.



Series	Dec. 2011	Jan. 2012	Feb. 2012	Duration	Face value	Outst. n. value
HFF14	-5,60%	-7,82%	-4,14%	1,3	70,7	24,0
HFF24	1,44%	1,09%	1,04%	6,1	164,2	112,6
HFF34	2,49%	2,27%	2,11%	10,3	176,3	148,6
HFF44	2,70%	2,62%	2,54%	14,1	274,5	248,7

*Yield on the last trading day of each month
Duration (yrs) and class size (MISK) as of end of February '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	Jan. 2012
Pension Funds	62,2%	61,3%
Securities and Investment Funds	11,5%	12,3%
Foreign Investors	8,0%	10,2%
Credit Institutions	4,5%	4,7%
Other Corporations	3,5%	3,1%
Individuals	3,5%	2,9%
Banks and Savings Banks	3,7%	2,6%
Others	3,3%	2,9%



HFF Auctions, Lending and Payments

Actual Figures 2012

Billion ISK	Forecast 2012		Actual Q1	Forecast 2012		Actual Jan 2012
	Q1	Actual		Q1	2012	
HFF bond issuance*	6 - 7	3,3	24 - 29	3,3		
New HFF lending	5 - 7	2,2	23 - 31	2,2		
HFF total payments	17 - 19	12,1	71 - 79	12,1		

*Nominal value

Forecast 2012

Billion ISK	1Q	2Q	3Q	4Q	Total
HFF bond issuance (Mv)	9 - 11	11 - 13	7 - 9	9 - 11	36 - 44
HFF bond issuance (Nv)	6 - 7	7 - 9	5 - 6	6 - 7	24 - 29
New HFF lending	5 - 7	7 - 9	6 - 8	5 - 7	23 - 31
HFF total payments	17 - 19	19 - 21	16 - 18	19 - 21	71 - 79

