

Housing Financing Fund - Forecast 2009

(HFF bonds issuance, loans and payments)

The Housing Financing Fund (HFF) forecasts the issuance of HFF bonds for the purpose of financing new loans in 2009 to be around ISK 36 – 44 billion.

HFF forecasts that new loans in 2009 will amount to ISK 49 - 57 billion. Of that amount, loans for rental housing are expected to be approximately ISK 14 – 16 billion.

On November 27th the minister of social affairs and security signed a regulation granting HFF authority to take over housing backed mortgages owned by financial undertakings. The regulation is based on new provisions of Housing Laws, approved by Parliament on October 6th 2008 because of extraordinary conditions in the financial market. The regulation states that these mortgages are paid for with HFF bonds.

HFF Bond Auctions and Loans

Forecast 2009	1.Q	2.Q	3.Q	4.Q	Total 2009
HFF Bond Issuance	8 - 10	9 - 11	10 - 12	9 - 11	36 – 44
HFF's New Loans	11 - 13	12 - 14	13 - 15	13 - 15	49 - 57

Figures are in ISK billions.

There is considerable uncertainty regarding forecasts of new loans and issuance of HFF bonds in light of changed circumstances in the financial and real estate market. Consequently, exact forecasts are impossible to provide. Therefore, some figures might be transferred between quarters, depending on market conditions.

HFF expects repayments to creditors to amount to ISK 59 - 67 billion in 2009, with repayments of HFF bonds representing the majority of the amount.

HFF Payments

Forecast 2009	1.Q	2.Q	3.Q	4.Q	Total 2009
HFF Payments	16 - 18	14 - 16	15 - 17	14 - 16	59 - 67

Figures are in ISK billions.

This forecast reflects present conditions in the real estate and mortgage market. Should market conditions change, adjustments to the above forecast may be expected. HFF reviews its forecast quarterly and more often if necessary.