

Market Developments

The Housing Financing Fund (HFF) issued roughly ISK 2.4 billion in November. Of that amount ISK 1.5 billion were general mortgages and about ISK 900 million were loans in other categories. This is a 34% increase from the previous month, mostly due to a higher number of mortgages issued to rental housing associations. Rental Housing mortgages issued this month did, however, decrease by 3% from last month. The Fund has issued almost ISK 29 billion so far this year which is 56% less than for the same period last year.

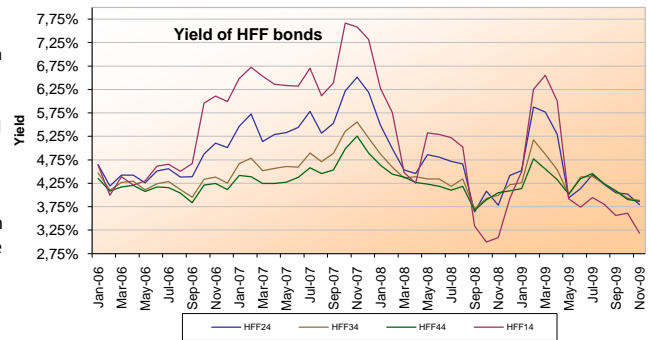
On November 11th, Moody's rating services announced a change in HFF's rating, from Baa1 to Baa3. The outlook is stable and the rating is a result of a reduced rating for the republic of Iceland.

Total turnover on HFF bonds reached approximately ISK 54 billion this month which is 44% less than last month. Total turnover this year is therefore almost ISK 864 billion so far, 63% less than for the same period in 2008.

Recently laws were passed at Althing concerning the automatic restructuring of all mortgages in order to ease monthly payments. The deadline for debtors to reject this restructuring method was November 20th for December's due date. At HFF 23,146 individuals rejected this modification on a total of 38,087 mortgages. This amounts to 47.7% of all individuals holding mortgages at HFF and 46.7% of the number of mortgages held by individuals. Thereof 14,709 were individuals living in Reykjavik and 8,437 living outside the Reykjavik area. The age group 50-60 accounts for 50.9% of those who rejected this method whereas the age group below 30 accounts for the fewest rejections or 29.6%. It is possible to reject this modification or to request it 10 days prior to monthly due dates.

On November 25th, a decision by HFF's board was announced regarding the right to change the interest rate on mortgages that the Fund has taken over or bought from other financial institutions, i.e. that this right should not be used at the first. The interest rate on these mortgages will hence remain the same for at least the next five years. HFF's general mortgages, however, have a fixed interest rate.

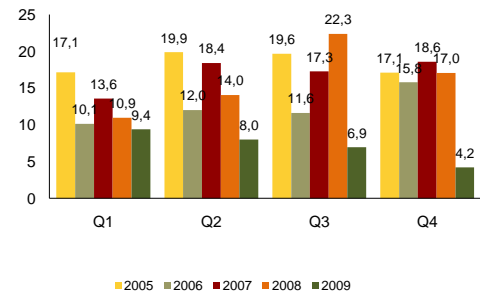
HFF's liabilities payments came to ISK 704 million in November with the majority of the amount representing payments on HFF bonds. Prepayments on HFF mortgages amounted to around ISK 1.2 million, making total prepayments this year around ISK 8.3 billion so far.



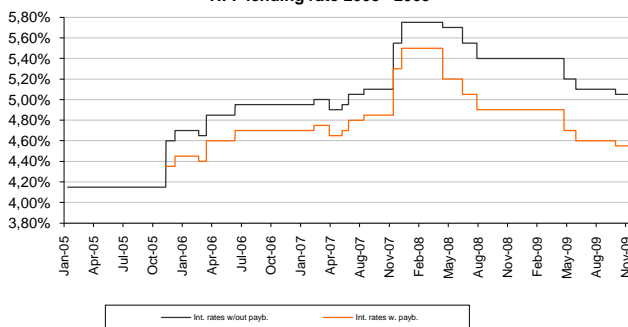
Series	Sep. 2009	Oct. 2009	Nov. 2009	Duration	Face value	Outst. F.value
HFF14	3,57%	3,61%	3,19%	2,5	70,7	38,6
HFF24	4,05%	4,02%	3,79%	6,6	152,7	121,3
HFF34	4,09%	3,94%	3,88%	10,5	158,4	140,9
HFF44	4,09%	3,91%	3,86%	13,5	240,3	225,9

*Yield on the last trading day of each month
Duration (yrs) and class size (MISK) as of end of November '09
Of the total issuance of the face value, ISK 9.6 bn in HFF14, 9.6 bn in HFF24, 9.6 bn in HFF34 and HFF44 directly belong to the lending facilitation for HFF bond market makers.

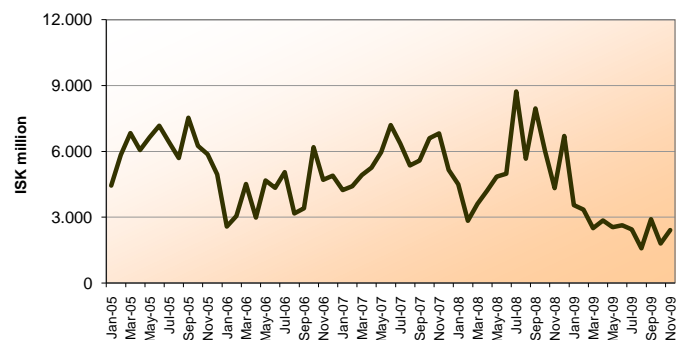
Total lending by quarter (ISK billion)



HFF lending rate 2005 - 2009



Total HFF lending by month



HFF Auctions, Lending and Payments

Actual Figures 2009

MISK	Forecast	Actual	Forecast	Actual
	Q4	Q4	19-21	Jan-Nov. 2009
HFF bond issuance	6-8	3,7	19-21	12,8
New HFF lending	7-9	4,2	31-33	28,6
HFF payments	15-17	7,6	62-64	56,3

Revised forecast for 2009

MISK	1Q	2Q	3Q	4Q	Total 2009
HFF bond issuance	6	7	0	6-8	19-21
New HFF lending	9	8	7	7-9	31-33
HFF payments	18	15	14	15-17	62-64

HFF bonds auctions

