

Housing Financing Fund - Forecast 2010

(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 2010 to be around ISK 34 – 42 billion, nominal value.

HFF forecasts that new loans in 2010 will amount to ISK 29 - 37 billion which is a somewhat lower amount compared to 2009. Of that amount, loans for rental housing are expected to be approximately ISK 11 – 13 billion.

HFF Bond Auctions and Loans

Forecast 2010	1.Q	2.Q	3.Q	4.Q	Total 2010
HFF Bond Issuance	8 - 10	9 - 11	9 - 11	8 - 10	34 – 42
HFF's New Loans	6 - 8	7 - 9	8 - 10	8 - 10	29 - 37

Figures are in ISK billion.

There is considerable uncertainty regarding forecast of new loans and issuance of HFF bonds in 2010, in light of changed circumstances in the property market. It is important to note that HFF does not take into this forecast possible purchases of loan portfolios from finance organisations and thereupon delivery of HFF bonds in relation to them due to uncertainty in such purchases. Consequently, exact forecast is impossible to provide. Therefore, some figures might be transferred between quarters, depending on market conditions.

HFF expects repayments to creditors to amount to ISK 61 - 69 billion in 2010 with repayments of HFF bonds representing the majority of the amount.

HFF Payments

Forecast 2010	1.Q	2.Q	3.Q	4.Q	Total 2010
HFF Payments	15 - 17	16 - 18	14 - 16	16 - 18	61 - 69

Figures are in ISK billion.

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.