

The Housing Financing Fund - Auction 1, 2010

The Housing Financing Fund (HFF) has decided to auction HFF50224, HFF150434 and HFF150644 bonds. HFF aims to accept bids for up to ISK 5.000.000.000 at nominal value. HFF reserves the right to increase or reduce the size of the bond issue, and accept or reject all or none of the bids. According to a primary dealership agreement between HFF on the one hand and Arion Bank hf., Íslandsbanki hf., MP Bank hf., NBI hf. on the other hand, only the primary dealers are authorized to participate in HFF bond auctions.

Bids are hereby requested for the primary sale of HFF bonds, issued by HFF in accordance to the following specifications.

Issued amount:	5.000.000.000, - (five billions ISK).
Minimum bid:	See primary dealer agreement issued 2009/07/1.
Maturity:	See prospectus issued 2004/06/28.
Date of issue:	See prospectus issued 2004/06/28.
Coupon dates:	See prospectus issued 2004/06/28.
Nominal interest rate:	Fixed at 3.75%.
Base index:	See prospectus issued 2004/06/28.
Units:	Electronic bonds for each category, with one unit equalling ISK 1.
Commission:	HFF pays a commission of 0.15%.
Bids:	Bids should include the clean price without commission, the bid amount, and the yield without commission.
Auction method:	“American Auction Method”, where each bidder seeks his/her price. The auction can therefore result in more than one price.
Settlement of sales:	Friday February 26th, 2010.

Bids shall be submitted in a sealed envelope before 4:15 p.m. on Monday February 22nd 2010, addressed to:

*The Housing Financing Fund,
c/o Finance Division
Borgartun 21,
105 Reykjavik, Iceland*

Bids may also be submitted via e-mail to fjarstying@ils.is or fax (+354) 569-6890 on the bidding day, provided the staff at HFF's Finance Division has been informed beforehand of the bid specifications by telephone (+354) 569-6990.

All bidders will be notified of the results before 09:30 on Tuesday February 23th, 2010.