

## Market Developments

The Housing Financing Fund granted roughly 2.8 billion ISK in mortgage loans in February. Of that amount, general mortgage loans constituted nearly 2.4 billion ISK, while loans for rental housing came to approximately 452 million ISK. The average general loan amount was close to 8.6 million ISK.

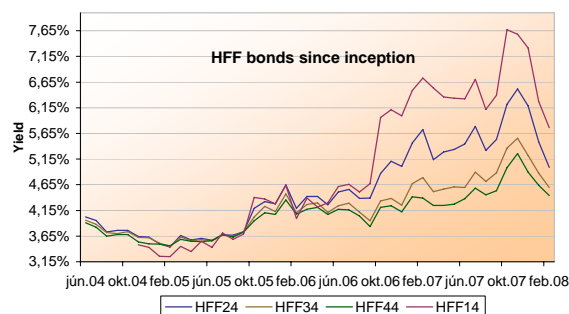
On February 1, the Fund's 2007 Financial Statements were published on the OMX website, reporting an operating profit of 2.5 billion ISK for the year. Total assets increased by nearly 64 billion ISK with a 60 billion ISK increase in mortgage lending over the year. Equity at years end totaled approximately 20 million ISK. Interest earnings totaled 3.5 million ISK, compared to 3.5 million ISK in 2006. The CAD-ratio, which is 7%, is calculated according to provisions in Regulation No. 544/2004 on HFF. It is the Fund's long-term goal to maintain a minimum CAD-ratio of 5%

Depending on the category, the yield on HFF bonds decreased by 20 - 51 points in February. The yield has declined significantly in all four categories, ranging from 45 to 155 points, since the beginning of 2008.

The turnover on HFF-bonds has been quite spirited this year, adding up to 534 billion ISK during the first two months of 2008. In comparison, during the same period in 2007 the turnover was 203 billion ISK. Turnover on HFF-bonds this February was roughly 174 billion ISK compared to 94 billion ISK during February of last year.

Registered sales contracts for housing in February numbered 425, according to the Land Registry of Iceland. This is a considerable upturn from last month's 324 contracts, or an increase of 31.2%. Comparing February of this year to February 2007, however, there is a 39.9% decline in registered contracts and a decline in turnover by 24.8%.

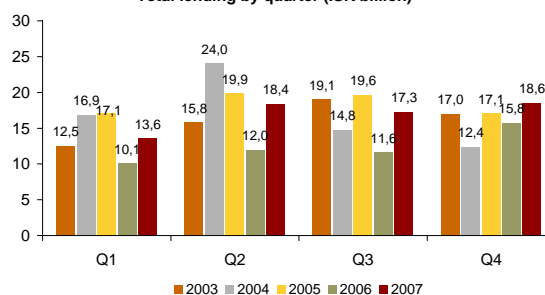
HFF's payments came to approximately 5.7 billion ISK in February with payments on HFF Bonds representing the vast majority of the total.



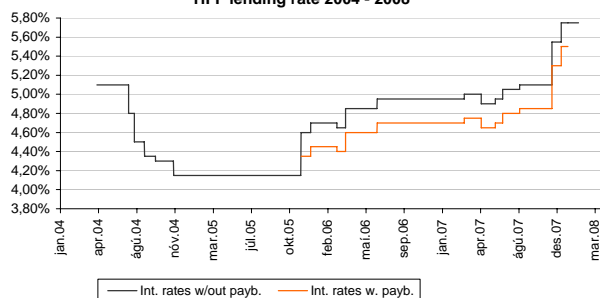
Series	Dec. 2007	Jan. 2008	Feb. 2008	Duration	Face value	Outst. F.value
HFF14	7,32%	6,27%	5,76%	3,1	60,1	44,4
HFF24	6,19%	5,49%	4,99%	7,2	131,0	111,9
HFF34	5,22%	4,88%	4,60%	10,6	129,9	121,1
HFF44	4,89%	4,64%	4,44%	13,7	213,9	205,2

\*Yield on the last trading day of each month  
Duration (yrs) and class size (MISK) as of end of February '08  
Of the total Issuance of the face value, ISK 7.2 bn in each series directly belong to the lending facilitation for HFF bond market makers

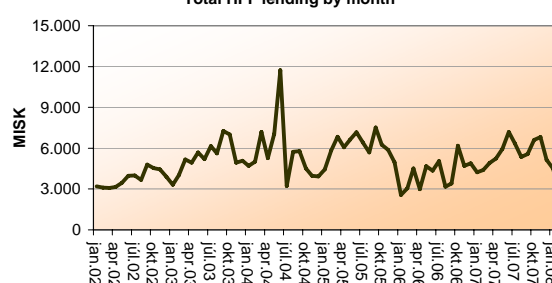
Total lending by quarter (ISK billion)



HFF lending rate 2004 - 2008



Total HFF lending by month



## HFF Auctions, Lending and Payments

### Actual Figures 2008

	Forecast Q1	Actual Q1	Forecast 2008	Actual Jan-Feb 2008
MISK				
HFF bond issuance	11-13	0,0	49-57	0,0
New HFF lending	12-14	7,3	57-65	7,3
HFF payments	12-14	7,3	44-52	7,3

### Forecast for 2008

MISK	1Q	2Q	3Q	4Q	Total 2008
HFF bond issuance	11-13	14-16	12-14	12-14	49-57
New HFF lending	12-14	17-19	14-16	14-16	57-65
HFF payments	12-14	11-13	10-12	12-14	44-52

HFF bonds auctions

