

## Announcement concerning the Housing Financing Fund's Condensed Interim Accounts, January – June 2007.

The Condensed Interim Accounts for the period 1 January to 30 June 2007 were approved and signed by the Board of Directors of the Housing Financing Fund at its meeting yesterday 23 August 2007. The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) for interim accounts. These are the Fund's first IFRS Condensed Interim Accounts. The transition to IFRSs resulted in an increase of equity of ISK 1,286 million as at the transition date 1 January 2007. Further explanation regarding the impact of transition to IFRSs is provided in note 11.

Following are the major facts of the statements as of 30 June 2007 and a comparison with previous years where 2006 is portrayed both according to IFRS and also the previous account standards:

	<i>1/1-30/6 2007 í millj.kr. IFRS</i>	<i>1/1-30/6 2006 í millj.kr. IFRS</i>	<i>1/1-30/6 2006 í millj.kr.</i>	<i>1/1-30/6 2005 í millj.kr.</i>	<i>1/1-30/6 2004 í millj.kr.</i>
<b>Operations:</b>					
Net interest earnings	3.194	3.037	2.915	777	923
Other operating income	198	127	299	477	550
Other operating expenses	-458	-441	-441	-458	-439
Impairment of loans and receivables/provision for loan losses	-118	-30	-237	-220	-460
<b>Profit for the period</b>	<b>2.816</b>	<b>2.693</b>	<b>2.535</b>	<b>576</b>	<b>574</b>

	<i>30. júní 2007 í millj.kr. IFRS</i>	<i>31.12. 2006 í millj.kr. IFRS</i>	<i>31. 12. 2006 í millj.kr.</i>	<i>31.12. 2005 í millj.kr.</i>	<i>31.12. 2004 í millj.kr.</i>
<b>Balance Sheet:</b>					
Trading assets/market securities	50.467	37.117	36.411	22.694	19.095
Claims on credit institutions	87.643	97.848	99.030	94.757	47.078
Outstanding lending	431.634	406.550	406.115	376.956	431.163
Other assets	493	620	231	180	477
<b>Total assets</b>	<b>570.237</b>	<b>542.134</b>	<b>541.787</b>	<b>494.587</b>	<b>497.813</b>
Trading liabilities	380	825			
Bond issues/borrowed funds	543.848	513.311	515.062	480.384	484.884
Other borrowings	5.354	10.228	10.228		
Other liabilities	177	109	122	309	188
Equity	20.477	17.661	16.375	13.894	12.741
<b>Total liabilities and equity</b>	<b>570.237</b>	<b>542.134</b>	<b>541.787</b>	<b>494.587</b>	<b>497.813</b>

	<i>1/1-30/6 2007 í millj.kr. IFRS</i>	<i>1/1-30/6 2006 í millj.kr. IFRS</i>	<i>1/1-30/6 2006 í millj.kr.</i>	<i>1/1-30/6 2005 í millj.kr.</i>	<i>1/1-30/6 2004 í millj.kr.</i>
<b>Cash flows:</b>					
Net cash provided by operating activities	27	-495	2.906	1.555	651
net cash used in investing activities	-2	-13	2.159	18.499	-37.622
Net cash provided by financing activities	0	0	-5.150	-33.280	33.561
Decrease in cash and cash equivalents	26	-508	-84	-13.226	-3.449
Cash and cash equivalents at the beginning of the period	1.350	1.435	1.435	14.845	8.648
Cash and cash equivalents at the end of the period	1.376	927	1.305	1.620	5.198

According to the income statement, the net profit of the Fund amounted to ISK 2,816 million for the six months ended 30 June 2007. Equity, accounting to the balance sheet, amounted to ISK 20,477 million at the end of the period. The capital ratio of the Fund, calculated according to stipulations in the Rules of the Housing Financing Fund no. 344/2006, was 7,5%. The calculation of the ratio is equivalent to the calculation of the capital ratio of financial institutions. The long-term goal of the Fund is to keep the ratio above 5.0%.

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