

ÍL FUND TERMS OF AUCTION FOR THE PURCHASE OF HFF150434 AGAINST THE SALE OF RIKS 30 0701

Auction date 8 December 2023

1. At the request of ÍL Fund, the Government Debt Management Department of the Central Bank of Iceland (referred to hereinafter as the *arranger*) has decided to oversee a switch auction in which ÍL Fund will buy back bonds issued by the Fund against the delivery of Treasury bonds in its portfolio. ÍL Fund offers to purchase of HFF150434 (XS0195066575) against the delivery of up to the nominal amount of 12,150,000,000 ISK in RIKS 30 0701 (IS0000020576).
2. Primary dealers in Treasury securities (referred to hereinafter as *participants*) will be invited to act as intermediaries for the transactions and submit bids to the arranger through the Bloomberg trading and auction system.
3. The auction will be held between 13:00 and 14:00 hrs. on Friday 8 December 2023. The auction results will be announced publicly after the market closes on the auction date. The settlement date for the transactions is Tuesday 12 December 2023.
4. Bids for RIKS 30 0701 shall be submitted as nominal amounts. The auction will be structured such that all accepted bids will be offered to participants at the same fixed price.
 - The clean price of HFF150434 is 100.00 (the dirty price is 123.988367, with accrued interest and indexation). The clean price is equivalent to a yield of 3.78%.
 - The clean price of RIKS 30 0701 is 102.400 (the dirty price is 166.212636, with accrued interest and indexation). The clean price is equivalent to a yield of 2.84%.

For clarification the exchange factor in the auction is 1.3405502469.

Example: A participant receives 1,000 m.kr. nominal value in RIKS 30 0701 in exchange for 1,340,550,247 nominal units in HFF150434.

5. The clean price of the indexed Treasury bond series that the ÍL-fund offers to sell against Housing Financing Fund bonds is based on the last transaction on the stock exchange on 5 December 2023.
6. The minimum nominal amount of each bid shall be 1 m.kr. Bids shall be submitted in multiples of 1 m.kr. ÍL Fund reserves the right to accept bids in part or to reject all bids.
7. If participation exceeds the maximum accepted bids, allocations to each participant will be made *pro rata*, based on the participation amount and rounded down to the next 1 m.kr..
8. The arranger declares itself free of all liability for offers that do not reach the arranger due to system error or for any other reason. The arranger is authorised to cancel auctions in their entirety due to technical difficulties. Parties are authorised to confirm the receipt of bids by telephone call to the arranger at tel: +354 569 9635. Bids that reach the arranger and are registered to individual terminals in the Bloomberg Auction System are binding and are the responsibility of the person who is registered for that terminal. It is permissible to amend or withdraw bids by

sending an appropriate message through the Bloomberg Auction System to the arranger before 14:00 hrs. on the auction date.

9. These terms of auction apply between ÍL Fund, the arranger, and the participant in connection with the auction. ÍL Fund and the arranger are not liable for participants' obligations to their customers.
10. In the event of a discrepancy between the English and Icelandic versions of these terms of auction, the Icelandic version shall apply.