

# HF FUND TERMS OF AUCTION FOR THE PURCHASE OF HFF150434 AGAINST THE SALE OF RIKS 26 0216

**Auction date 2 February 2024**

1. At the request of HF 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 HF Fund will buy back bonds issued by the Fund against the delivery of Treasury bonds in its portfolio. HF Fund offers to purchase of HFF150434 (XS0195066575) against the delivery of up to the nominal amount of 4,570,000,000 ISK in RIKS 26 0216 (IS0000030732).
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 14:00 and 15:00 hrs. on Friday 2 February 2024. The auction results will be announced publicly at 16:00 on the auction date. The settlement date for the transactions is Tuesday 6 February 2024.
4. Bids for RIKS 26 0216 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 125.463608, with accrued interest and indexation). The clean price is equivalent to a yield of 3.78%.
  - The clean price of RIKS 26 0216 is 96.240 (the dirty price is 132.920336, with accrued interest and indexation). The clean price is equivalent to a yield of 3.45%.

For clarification the exchange factor in the auction is 1.0594333936.

*Example: A participant receives 1,000 m.kr. nominal value in RIKS 26 0216 in exchange for 1,059,433,394 nominal units in HFF150434.*

5. The clean price of the indexed Treasury bond series that the HF-fund offers to sell against Housing Financing Fund bonds is based on the last transaction on the stock exchange on 30 January 2024.
6. The minimum nominal amount of each bid shall be 1 m.kr. Bids shall be submitted in multiples of 1 m.kr. HF 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 15:00 hrs. on the auction date.

9. These terms of auction apply between HF Fund, the arranger, and the participant in connection with the auction. HF 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.