

Meeting of Noteholders

Housing Financing Fund bonds (HFF150644 – “the Notes”), held 10 April 2025

ÍL Fund proposal for amendments to terms and conditions:

The meeting agrees to amend the terms and conditions of the Notes as follows:

A new temporary provision, Condition 7.A (Special settlement), shall be added to the terms and conditions for the Notes and shall read as follows:

“7.A Special settlement

- (a) With consideration given to other provisions of this Condition, the *issuer* is authorised, until the *closing date*, to pay the *claims* by delivering the *settlement assets* to *creditors*.
- (b) The *settlement assets* shall be delivered to *creditors* in direct proportion to the amount of the *claims*; cf., however, Items (g) and (h) of this Condition.
- (c) Upon settlement of *claims*, a deduction shall be made from cash payments in Icelandic krónur in an amount corresponding to the following:
 - (i) any payment of interest, indexation, and principal on the *HFF44 bonds* that are made during the period between the *reference date* and the relevant *settlement date* (the payments); and
 - (ii) an amount corresponding to *interest on financial institutions’ current accounts with the Central Bank of Iceland*, calculated on the payments for the period between the date of payment until the relevant *settlement date* and determined in accordance with the *day count rule*; andan amount corresponding to the following shall be added to cash payments in Icelandic krónur:
 - (iii) any payments of interest, indexation, and principal on other *settlement assets* than cash that are made during the period between the *reference date* and the relevant *settlement date* (the payments); and
 - (iv) an amount corresponding to *interest on financial institutions’ current accounts with the Central Bank of Iceland*, calculated on the payments for the period between the date of payment until the relevant *settlement date* and determined in accordance with the *day count rule*.
- (d) Upon *settlement*, the principal amount of *settlement assets* in cash denominated in foreign currency (euros) shall be increased by an amount corresponding to the European Central Bank *Deposit Facility Rate*¹ for the period between the *reference date* and the relevant *settlement date*, determined in accordance with the *day count rule*.
- (e) Upon *settlement*, the principal amount of *settlement assets* in cash denominated in Icelandic krónur shall be increased by an amount corresponding to *interest on*

¹ 2.50% as of 12 March 2025.

financial institutions' current accounts with the Central Bank of Iceland for the period between the *reference date* and the relevant *settlement date* and determined in accordance with the *day count rule*.

- (f) Upon distribution of settlement assets among *creditors*, consideration shall be given to the *valuation of settlement assets prior to settlement*, payments according to Item (c), and accrued interest according to Items (d) and (e).
- (g) Upon *settlement of claims* below the *minimum amount*, twenty-five per cent (25%) shall be paid in cash in Icelandic krónur and seventy-five per cent (75%) shall be paid in inflation-indexed Treasury bonds maturing in 2044 (RIKS 44).
- (h) If it is not possible to deliver complete nominal price units of *settlement assets* to individual *creditors* because of the amount of the *claims* concerned, the *issuer* will be authorised to pay the shortfall in cash in Icelandic krónur and/or with other *settlement assets*, and to adjust payments to other *creditors* accordingly, so as to ensure equal treatment.
- (i) If the *issuer* decides to exercise the authorisation according to this Condition, it shall send *creditors* a notification to this effect with a minimum of seven days' advance notice. The notification shall be sent to *creditors* in accordance with the stipulations in the terms and conditions for the *HFF bonds*. The *issuer* is authorised to set different *settlement dates* for the *settlement of claims* according to Item (g) of this Condition and the settlement of other *claims*.
- (j) Upon *settlement* according to this Condition, the *claims* shall be cancelled.
- (k) *Creditors* shall provide the *issuer* with satisfactory information on bank accounts and custodial accounts for securities so as to ensure secure delivery of *settlement assets*, and for their own part, they shall agree that contact may be made with their account institutions and information shared in connection with the settlement. If payment is not delivered according to Item (a) of this Condition because of a lack of information on the *creditor*, the *issuer* or the party replacing the issuer shall, for a period of ten years from the *settlement date*, hold the payments intended for the creditor in question in one or more separate accounts with a financial institution.
- (l) For the purposes of this Condition, the following definitions shall apply:²
 - (i) *HFF44 bonds*: Notes due 15 June 2044, issued as "New Series 3 Notes" (residential mortgage bonds, HFF150644) issued by ÍL Fund (previously the Housing Financing Fund), apart from those owned by ÍL Fund itself. The bonds are inflation-indexed annuity-format instruments bearing an interest rate of 3.75% per year. The maturity date of the bonds is in 2044.
 - (ii) *Creditors*: Owners of the *HFF44 bonds*.
 - (iii) *Claims*: *Claims* against the *issuer* due to the *HFF44 bonds*, valued at ISK 476,945 million.³
 - (iv) *Minimum amount*: ISK 1,200,000,000. If the amount of *settlement assets* in the form of cash in Icelandic krónur proves too low to cover the *issuer's* obligations according to this Condition because of a transfer of *claims*, the issuer is authorised to reduce the *minimum amount* to the extent necessary.

² For identification purposes, defined terminology is italicised in the Condition.

³ The amount of the *claims* reflects the valuation of the *HFF44 bonds* on the *reference date*. For the valuation, the present value of cash flow on the bonds until maturity was calculated using a yield of 3.1736%.

- (v) *Closing date*: 14 June 2025.
- (vi) *Settlement*: A measure under which the *issuer* pays the *claims* by delivering *settlement assets* to *creditors* in accordance with the provisions of this Condition.
- (vii) *Settlement date*: The day or days on which *settlement* takes place.
- (viii) *Settlement assets*: Assets listed in the Annex.
- (ix) *Issuer*: ÍL Fund, national ID no. 661198-3629, Katrínartún 6, 105 Reykjavík.
- (x) *Day count rule*: A mathematical formula providing for the calculation of interest in terms of A, the actual number of days in the interest period, divided by 360 ($A/360$).
- (xi) *Interest on financial institutions' current accounts with the Central Bank of Iceland*: The interest rate on financial institutions' current accounts with the Central Bank of Iceland, which the Central Bank determines in accordance with Article 22 of Act no. 92/2019, cf. Article 10 of the same Act.
- (xii) *Valuation of settlement assets prior to settlement*: A valuation of *settlement assets* that shall take place ten *business days* prior to the *settlement date* – the latter if there is more than one *settlement date* – or later, based on the same premises as the valuation of *settlement assets* on the *reference date*, which are set forth in a table, *mutatis mutandis*.
- (xiii) *Reference date*: 7 March 2025.
- (xiv) *Business day*: Any day that is not a Saturday, Sunday, official holiday of the Icelandic State church, or other public holiday in Iceland, and on which banks are generally open in Reykjavík."

The terms and conditions according to Condition 7.A (Special settlement) shall expire on 1 July 2025.

Annex

Settlement assets HFF150644

	Yield ¹ / Exchange rate ²	Nominal value	Valuation at the reference date
Treasury bonds			
RIKS 29 0917	3.1192%	17,000	17,632
RIKS 34 1016	2.8575%	23,000	24,675
RIKS 36 0815	2.7723%	34,000	37,353
RIKS 39 1115	2.6656%	34,000	37,982
RIKS 41 0815	2.6306%	50,000	57,165
RIKS 44 1017	2.5761%	50,313	58,405
RIKS 47 1115	2.5386%	48,000	56,708
RIKS 50 0915	2.5141%	47,000	56,707
RIKB 32 1015	6.9669%	56,000	57,611
			404,237
Other securities			
HARP 46 0217	3.9091%	6,300	7,289
ISB CBI 30	3.4928%	4,320	6,136
LBANK CBI 28	3.9038%	6,660	9,546
LSS150434	3.9696%	6,096	5,299
			28,270
Cash in EUR	146.54	€ 279.3	40,935
Cash in ISK			3,503
Total settlement assets			476,945

All amounts are in millions and ISK unless otherwise stated.

¹The yield of delivered Treasury bonds is based on a 5-day trailing average of the Treasury bond yield curve.

²The EUR exchange rate is based on a trailing 5-day average of the Central Bank of Iceland's official exchange mid-rate.

Treasury bonds

	Date of issue	Maturity date	Base index value	Interest
Treasury bonds				
RIKS 29 0917	17.09.2024	17.09.2029	633.52	3.50%
RIKS 34 1016	16.10.2024	16.10.2034	633.07	3.50%
RIKS 36 0815	15.08.2024	15.08.2036	631.61	3.50%
RIKS 39 1115	15.11.2024	15.11.2039	633.14	3.50%
RIKS 41 0815	15.08.2024	15.08.2041	631.61	3.50%
RIKS 44 1017	17.10.2024	17.10.2044	633.03	3.50%
RIKS 47 1115	15.11.2024	15.11.2047	633.14	3.50%
RIKS 50 0915	15.09.2024	15.09.2050	633.48	3.50%
RIKB 32 1015	15.10.2024	15.10.2032	Non-indexed	7.00%