



To newspapers, newsrooms,  
and financial institutions

**Press Release**  
January 20, 2009

## **Emphases in Government Debt Management 2009**

- *The Treasury's net capital requirement for 2009 of 145 b.kr. is to be funded with 100 b.kr. taken from the Treasury's balance with the Central Bank, plus marketable debt instrument issues amounting to 45 b.kr. net of maturities*
- *New two-year Treasury note series issued in July*
- *Three-month Treasury bills issued monthly*
- *Maturing foreign loans refinanced*

### **Treasury note issuance**

Treasury notes in series RIKB 09 0612 will mature on June 12, 2009. Maturing on that date are notes with a nominal value of 71 b.kr. Included in this amount are 35 b.kr. in notes that primary dealers were unable to return to the Treasury because of the collapse of the old banks. No other T-note series are scheduled to mature during the current year.

Planned Treasury note issuance totals 145 b.kr. nominal value. Market conditions will determine in which outstanding series Treasury notes will be issued, but an attempt will be made to sell in relatively equal amounts throughout the year, and have the redemption profile as evenly as possible. It is also planned to issue a new two-year T-note series at mid-year and to build it up rather quickly. Thus the planned net issue of Treasury notes for 2009 totals 74 b.kr. nominal value.

### **Treasury bill issuance**

In December 2008 it was decided to issue two series of Treasury bills, the balance of which stood at 74 b.kr. at year-end. It has also been decided to begin issuing three-month Treasury bills that will be offered in monthly auctions throughout 2009. The aim of the issue is, among other things, to respond to temporary fluctuations in Treasury revenues and expenditures during the year. If the Treasury is in need of capital for periods shorter than three months, previously issued series can be expanded. The aim is to reduce the balance of outstanding T-bills from the current level, thus mitigating the Treasury's repayment risk. It is intended to reduce the Treasury bill balance by 29 b.kr. during the year, leaving a balance of 45 b.kr. at year-end.

### **Buybacks**

Buybacks of Treasury bond series RIKS 15 1001 will continue, to the extent that market conditions allow. There is no market maker for Treasury bonds; therefore, the series is no longer a benchmark series. However, roughly 18 b.kr. are still outstanding.

### **Funding activities**

The following table illustrates the Treasury's domestic funding activities for the year 2009:



Nominal amounts in billions of krónur	
Treasury note issuance	145
<i>Deductions:</i>	
Redeemed Treasury notes	71
Treasury bill redemptions net of sales	29
<i>Domestic market funding activities</i>	45

### Foreign borrowings

In May 2009, a long-term foreign loan in the amount of 150 million euros will mature. It is planned to refinance the loan during the year.

### Securities lending to primary dealers

Upon the collapse of the commercial banks, the Treasury took over the following marketable debt instruments, which were previously submitted as collateral for securities loans:

HFF bonds	Nominal amounts in m.kr.	Treasury notes	Nominal amounts in m.kr.
HFF 15 0914	2,157	RIKB 09 0612	279
HFF 15 0224	6,139	RIKB 13 0517	3,830
HFF 15 0434	7,947	RIKB 19 0226	3,119
HFF 15 0644	5,351		

The Treasury intends to deposit these securities with the new banks as part of its capital contribution to their operations.

### Other measures

The Treasury's estimated capital contribution to the new banks totals 385 b.kr., which will be paid with marketable debt instruments taken over by the Treasury and the Central Bank due to securities lending, collateral loans, and overnight loans. The Treasury buys the market liabilities of the Central Bank in the amount of 320 b.kr and pays with the takeover of the Central Bank of previously granted loans of the Treasury in order to strengthen the foreign exchange reserves, amounting to 220 b.kr., and with a debt instrument amounting to 100 b.kr.

### Timing of funding activities and further information

According to the *Government Debt Management* issuance calendar, auctions of Treasury notes and Treasury bills will be held on predetermined dates as in previous years. These and other important dates will be clearly indicated in the issuance calendar.

The issuance calendar, the monthly publication *Market Information*, the Bloomberg <ICDO> pages, and the websites [www.lanamal.is](http://www.lanamal.is) and [www.bonds.is](http://www.bonds.is) will continue to be the main channels for communication.

Detailed information on projected Treasury note auctions can be found in the table on the following page:

*Planned Treasury Note Issuance, January – December 2009*

SALE	
Treasury notes – nominal value	
Figures in m.kr.	Estimated amounts
January	20,000
February	5,000
March	15,000
April	15,000
May	
June	30,000
July	15,000
August	15,000
September	5,000
October	10,000
November	10,000
December	5,000
<b>Total</b>	<b>145,000</b>

*Treasury benchmarks and primary dealers*

Series	Maturity date	Market value in b.kr. December 31, 2008
RIKB 09 0612	June 12, 2009	70.7
RIKB 10 0317	March 17, 2010	70.6
RIKB 10 1210	December 10, 2010	12.5
RIKB 13 0517	May 17, 2013	30.0
RIKB 19 0226	February 26, 2019	37.8
<b>Total</b>		<b>221.6</b>

**Primary dealers in Government securities**

New Glitnir  
New Kaupthing  
NBI  
MP Bank  
Straumur Investment Bank

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