



GOVERNMENT DEBT MANAGEMENT

Kalkofnsvegi 1 150 Reykjavik Iceland
phone: 569 9600 fax: 569 9604
email: lanamal@lanamal.is
internet: <http://www.lanamal.is>

To newspapers, newsrooms,
and financial institutions

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Quarterly Government Debt Management Prospect

First quarter 2013

- In Q1, benchmark Treasury bonds will be offered for sale in the amount of 15-30 b.kr.
- A new 2-year indexed benchmark Treasury bond series will be issued.
- It is planned to issue the following Treasury bonds: RIKB 14 0314, RIKB 22 1026, and RIKB 31 0124.
- Sales of Treasury bonds and bills will take into account sales of RIKS 33 0321 in connection with Central Bank of Iceland foreign currency auctions. Treasury bond issuance in Q1 will amount to a minimum of 10 b.kr., however.

Introduction

In the Government Debt Management *Prospect* for 2013, it was announced that Treasury bonds would be sold in the amount of 90 b.kr. during the year. The intention is to sell Treasury bonds for 15-30 b.kr. in the first quarter.

Planned Treasury bond issuance

Issuance of RIKB 14 0314 will continue in Q1. The series was first issued in March 2012 and is now 21 b.kr. (nominal value) in size. The build-up of the 10-year RIKB 22 1026 benchmark series will also continue. RIKB 22 1026 was first issued in October 2011 and is now 31 b.kr. in size. It is possible that bonds will also be issued in the RIKB 31 0124 series, currently 33 b.kr. in size.

A new two-year benchmark series of nominal bonds will be issued in Q1. It is planned to sell bonds in the series for up to 15 b.kr. during the quarter. The bond will be similar in structure to other listed Treasury bonds. The coupon dates, interest rate, and terms will be announced at a later date, and it is planned to have market making with the series in the secondary market. Owners of RIKB 13 0517 might be invited to exchange their bonds in an exchange auction during the quarter. Planned exchange auctions will be advertised in connection with individual Treasury bond auctions.

Total Treasury bond issuance in the first quarter of the year is estimated at **15-30 b.kr.** Estimated maximum nominal issuance in individual series is set forth in the following table.



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Estimated Treasury bond issuance in Q1/2013

Amounts in b.kr.	Issuance
Bond series	Maximum
RIKB 14 0314	10
RIKB 15 – new series	15
RIKB 22 1026	10
RIKB 31 0124	10

Planned Treasury bill issuance

Treasury bill issuance will be structured as in the past two years. Each month, six-month Treasury bills will be issued with a supplemental issuance option three months prior to maturity. As of end-2012, the outstanding balance of Treasury bills is 39 b.kr. and, according to the issuance calendar for the year, will be similar at year-end 2013.

Impact of capital account liberalisation measures on Treasury issuance

According to an announcement issued by Government Debt Management on 25 March 2011, concurrent with the publication of the Government's capital account liberalisation strategy, owners of foreign currency were to be given the option of purchasing krónur in Central Bank foreign currency auctions, subject to the requirement that they invest them in a specified Treasury bond series.

Participants in foreign currency auctions will be invited to invest in the indexed RIKS 33 0321 Treasury bond series. If bonds are issued in the series during the quarter, in connection with the liberalisation strategy, this will reduce sales of Treasury bonds and bills in conventional auctions by a commensurate amount during the year. Issuance of series other than RIKS 33 0321 will not fall below 10 b.kr., however.

Further information on issuance of individual series of Treasury bonds and bills will be published a few days prior to each auction.

Further information can be obtained from Björgvin Sighvatsson, Government Debt Management; tel +354 569 9600.