



PROSPECTUS

BOND SERIES RIKH 18 1009

for the system of the ICELANDIC SECURITIES DEPOSITORY LTD.

CHAPTER 1

General information on the issuer:

1.1 *Name of issuer, national ID number, authorisation for issue, date of establishment, registered address, and head office address if different from registered address.*

The Central Bank of Iceland, national ID no. 560269-4129, is the issuer of bond series RIKH 18 1009, on behalf of the Treasury of Iceland. The Minister of Finance, on behalf of the Treasury, has assigned the Central Bank the task of completing the issue, which is based on the authority contained in Article 1 of Act on Authorisation for Treasury Disbursements due to Unusual Financial Market Circumstances, etc., no. 125/2008; cf. Article 6, Item 7.18. of the National Budget for 2009. The Central Bank has the sole right to issue bonds in the series. The registered address of the Central Bank of Iceland is Kalkofnsvegur 1, 150 Reykjavík.

1.2 *Names and national ID numbers of responsible parties on behalf of the issuer.*

Sturla Pálsson	National ID no: 310166-4569
Sigurður G. Thoroddsen	National ID no: 150644-2249
Björgvin S. Sighvatsson	National ID no: 060568-5299

1.3 *Legislative framework according to which the issuer operates, if special legislation governs his activities.*

The issuer's operations in this field are based on the Act on Government Debt Management, no. 43/1990, with subsequent amendments; cf. the agreement between the Ministry of Finance and the Central Bank of Iceland concerning Government debt management, dated September 4, 2007.



CHAPTER 2

Information on the issue:

2.1 *The account operator that handles payments for the issuer, if the issuer is not an account operator.*

The Central Bank of Iceland is also the account operator for the issuer.

2.2 *Main identifying characteristics of the issue, nominal value and other conditions that concern the issue and oblige the issuer.*

Identification number of the issue: RIKH 18 1009

ISIN number: IS0000019453

Total amount of the issue: ISK 300,000,000,000.- (three hundred thousand million krónur)

Nominal value units: ISK 1.

Date of issue: September 2, 2009

Maturity date of the principal: October 9, 2018

Indexation: No

Interest rate: The bonds are interest-bearing, with a variable rate of interest. The interest amount shall be based on the rate published regularly by the Central Bank of Iceland as the interest rate on credit institutions' current accounts with the Central Bank, two days prior to each interest date. The first interest accrual date is October 9, 2008. Interest shall be paid retroactively. The first interest payment date is October 9, 2009, and interest will be calculated from October 9, 2008, according to the following table:

From:	Through:	Interest rate
9.10.2008	8.11.2008	15.00%
9.11.2008	8.12.2008	17.50%
9.12.2008	8.1.2009	17.50%
9.1.2009	8.2.2009	15.00%
9.2.2009	8.3.2009	15.00%
9.3.2009	8.4.2009	15.00%
9.4.2009	8.5.2009	14.00%
9.5.2009	8.6.2009	12.50%
9.6.2009	8.7.2009	9.50%
9.7.2009	8.8.2009	9.50%
9.8.2009	8.9.2009	9.50%
9.9.2009	8.10.2009	Determined on September 7, 2009



After October 9, 2009, interest shall be paid once a month, on the 9th day of each month; therefore, the second interest rate payment date will be November 9, 2009, for the interest period from October 9, 2009, through November 8, 2009.

The day count rule is the actual number of days divided by 360: A/360. If the interest payment date does not fall on a business day, the payment will be due on the business day immediately following. On the final maturity date, October 9, 2018, the last interest payment shall be remitted, together with the nominal value of the bond.

Currency: Icelandic krónur

Stamp fees: Pursuant to Article 3 of Act no. 79/1983, the bonds are exempt from stamp fees.

Matters of dispute: The bonds are subject to Icelandic law. Any disputes arising as a result of these bonds shall be referred to the District Court of Reykjavík, in accordance with the provisions of Chapter XVII of Act no. 91/1991, the Code of Civil Procedure.

Statutory authority: Article 1 of the Act on Authorisation for Treasury Disbursements due to Unusual Financial Market Circumstances, etc., no 125/2008, cf. Article 6, Item 7.18. of the National Budget for 2009.

Other: The expiry, due to lapse of time, of claims deriving from the bonds is governed by the Act on the Expiration of Obligations, no. 150/2007. Claims for interest will expire four (4) years after the interest payment date, and claims for principal will expire ten (10) years after the maturity date.

Amendments to terms and conditions: The issuer is obliged to notify the Icelandic Securities Depository of any amendments to the terms and conditions of the issue.

Language: This Prospectus is issued both in English and Icelandic. If any discrepancies occur, the Icelandic version shall prevail.

Delisting: The bond series will be delisted seven days after the final maturity date unless an announcement to the contrary is received from the issuer. The issuer is obliged to notify the Icelandic Securities Depository of default and shall also, in that instance, notify the Icelandic Securities Depository when payment has taken place.



2.3 *Benefits related to the bonds, their calculation, and their use.*

There are no special benefits or privileges attached to the bonds.

2.4 *Tax on income from the bonds that is withheld for payment in the country of origin and/or the country of registration. Account shall be given of whether the issuer guarantees that withholding tax will be deducted.*

Tax treatment of the bonds shall be handled in accordance with current tax law at any given time. According to Article 3 of the Act on Withholding Tax on Financial Income, no. 94/1996, all domestic financial institutions, securities undertakings, and any other professional custody service providers, intermediaries or collectors for securities transactions are required to deduct withholding tax from interest income and bond discounts and remit the tax thus withheld to the Treasury. The same applies to the Treasury and to Government institutions that pay interest by law.

1.5 *Specification of the VS account to which the relevant amount is to be disbursed*

Securities deposit account no. 110391, allocated to State Relending, national ID no. 471283-0459.

CHAPTER 3

Information on the parties responsible for preparing the prospectus and auditing the annual accounts:

3.1 *Names and national ID numbers of the parties preparing the prospectus.*

Björgvin S. Sighvatsson

National ID no: 060568-5299

Sigurður G. Thoroddsen

National ID no: 150644-2249

3.2 *Name and national ID numbers of the issuer's chartered auditors for the past three years.*

The chartered auditors of the issuer, the Central Bank of Iceland, is the National Audit Bureau, Skúlagata 57, 105 Reykjavík, national ID no. 540269-1819.

CHAPTER 4

Documents accompanying the prospectus:

4.1 *Public registry certification of the establishment of the issuer.*

Not applicable

4.2 *Confirmation that the issuer has formally decided on the proposed electronic issue or other pertinent documents, such as a ratified copy of meeting minutes or a reference to regulatory instruments applying to the issue.*



Not applicable

- 4.3** *Copy of receipt from the Commissioner confirming that stamp fees have been paid, if applicable.*

Not applicable

- 4.4** *Name of original seller(s) if the issue is new or supplementary, and a copy of the issuer's contractual agreement with the seller(s).*

Not applicable

- 4.5** *Upon request by the Icelandic Securities Depository, a ratified declaration by a District Court Judge confirming that the issuer has not been subjected to bankruptcy proceedings.*

Not applicable

- 4.6** *Other accompanying documents that pertain to the proposed issue and that the Icelandic Securities Depository considers necessary.*

Reykjavík,
On behalf of the issuer and the account operator
August 31, 2009
