

The Central Bank of Iceland (“the Bank”), funding agent for the Republic of Iceland (“Iceland”), has purchased during first quarter of 2010 bonds totalling (par value):

EUR 81.1 million of Iceland’s Euro 1,000 million 3.75% issue due on 1 December 2011 (ISIN XS0276687984)

EUR 10 million of Iceland’s Euro 250 million 5.375% due on 10 April 2012 (ISIN XS0145825179)

The purchases were carried out on an opportunistic basis.

These issues amount to 87% of Iceland’s outstanding bonds in foreign currency and mature within the next 2 years. Purchasing these issues is seen by the Bank as sound debt and liquidity management.

Iceland and the Bank might consider further targeted purchases of these. Any decision to make further purchases would be made on a case-by-case basis depending on market conditions and the liquidity position of the Bank at the relevant time.

The Bank’s total holdings in these two series amount to (par value):

EUR 105.5 million of Iceland’s Euro 1,000 million 3.75% issue due on 1 December 2011 (ISIN XS0276687984)

EUR 10 million of Iceland’s Euro 250 million 5.375% due on 10 April 2012 (ISIN XS0145825179)

For further information about the Central Bank of Iceland, see:

[www.sedlabanki.is](http://www.sedlabanki.is)