



Terms and conditions for securities lending facilities for primary dealers

Central Bank of Iceland securities lending facilities for primary dealers

1. Securities available for lending

All series of Treasury instruments are eligible as loaned securities.

Credit lines shall be based on the total outstanding amount of loaned securities in each series at any given time, to each primary dealer. The maximum loan to each primary dealer for Treasury note series is 1.2 b.kr. nominal value. If a primary dealer have higher outstanding loan amount than 1.2 b.kr nominal value in particular series on the date these terms take effect shall reduce that balance to a maximum 3 b.kr. by March 1, 2009. The balance of that series shall be reduced to a maximum 2 b.kr. by April 1, and 1.2 b.kr. by June 1. RIKB 09 0612 is excluded from these terms. The loan amount for each series must be a multiple of 1 m.kr. nominal value.

2. Commission

The commission is based on the Central Bank's policy interest rate, which is presented as the nominal interest rate. The discount rate on securities loaned by the Central Bank is calculated by adding a 0.10% premium to the policy interest rate, and discount rate on collateral securities received by the Bank is calculated by a deducting a 0.10% haircut from the policy interest rate. The total commission is therefore 0.20% per year.

3. Processing fee

A processing fee of 10,000 kr. is charged for each agreement concluded.

4. Entry into force and future amendments

These terms and conditions shall take effect on December 1, 2008 at the same time the older terms and conditions dated September 25, 2008 will expire. The Central Bank of Iceland reserves the right to make amendments to them. Such amendments will be published on the OMX Nordic Exchange news system and on the website of the Central Bank of Iceland, under the heading Government Debt Management.

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Government Debt Management
International and Market Department
Central Bank of Iceland