



GOVERNMENT DEBT MANAGEMENT

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To newspapers, newsrooms,
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Press release

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Quarterly Government Debt Management Prospect

Second quarter 2014

- *In Q2, benchmark Treasury bonds will be offered for sale in the amount of 10-20 b.kr. nominal value.*
- *It is planned to issue Treasury bonds in the following series: RIKB 16 1013, RIKB 20 0205, and RIKB 31 0124.*
- *Issuance of Treasury bonds and bills in conventional auctions during the year will take into account sales of RIKS 33 0321 in connection with Central Bank of Iceland foreign currency auctions. Treasury bond issuance during the quarter will amount to a minimum of 10 b.kr., however.*

Introduction

In the Government Debt Management *Prospect* for 2014, it was announced that Treasury bonds would be issued in the amount of 50 b.kr. during the year. Issuance in the first quarter totals 20.2 b.kr. (market value), including 15.7 b.kr. in conventional auctions and 4.5 b.kr. in Central Bank of Iceland foreign currency auctions. A breakdown of the amounts sold can be seen in the table below.

Nominal Treasury bond issuance in Q1

Conventional auctions	Issuance in b.kr.	
	Maximum	Actual
Bond series		
RIKB 16 1013	15	3
RIKB 20 0205	15	12
RIKB 31 0124	10	0
Total:		15
Foreign currency auctions		
RIKS 33 0321		5
Total issuance:		20



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Planned Treasury bond issuance

Emphasis will be placed on the continued build-up of RIKB 20 0205. The bond was first issued in February and is now 12 b.kr. in size. Older benchmark bonds will also be available: RIKB 16 1013 and RIKB 31 0124, which are 62 b.kr. and 66 b.kr. in size, respectively.

Total Treasury bond issuance in the second quarter of the year is estimated at **10-20 b.kr.** Estimated maximum nominal issuance in individual series is set forth in the following table.

Nominal Treasury bond issuance in Q2/2014

Amounts in b.kr.	Issuance
Bond series	Maximum
RIKB 16 1013	15
RIKB 20 0205	15
RIKB 31 0124	10

Planned Treasury bill issuance

Treasury bill issuance will be similar to that in recent years. According to the issuance calendar for the year, the targeted end-2014 Treasury bill balance is about 30 b.kr. The current balance is 22 b.kr.

Impact of capital account liberalisation measures on Treasury issuance

The Central Bank of Iceland has announced two foreign currency auctions in Q2/2014: on 14 May and 24 June. The auctions will be in two parts, with the Bank purchasing euros, on the one hand, and selling them, on the other.

In EUR purchase auctions, investors can opt either to participate in the Central Bank's Investment Programme or to receive Treasury bonds with a five-year commitment period. The Treasury bond offered to investors in exchange for euros is RIKS 33 0321. Issuance of this series in connection with the foreign currency auctions will reduce Treasury bond sales in conventional auctions by a corresponding amount during the year.

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

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