



GOVERNMENT DEBT MANAGEMENT

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

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Bond price for foreign exchange auction

According to an announcement published by the Central Bank of Iceland on 15 July 2014 regarding the Central Bank of Iceland foreign currency auction to be held on 2 September 2014, the Terms of Auction stated that the swap rate for the Bank's purchase of foreign currency in connection with the sale of Treasury bonds in the series RIKS 33 0321 would be published at the close of business on 29 August 2014.

It has been decided that the number of Treasury bond units per euro shall be based on the auction price and the fixed price of the Treasury bonds, which is 109.098983 kr. per Treasury bond unit with accrued interest and indexation (dirty price), assuming a settlement date of 5 September 2014 (yield 3.05%).¹

The formula is as follows: $\text{Swap rate} = \text{auction price}/(\text{bond price}/100)$.

¹ Clean price of 99,29