



GOVERNMENT DEBT MANAGEMENT

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To newspapers, newsrooms,
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Press release
30 September 2016

Quarterly Government Debt Management *Prospect*

Fourth quarter 2016

- *Issuance increased by up to 15 b.kr. over an above the annual Prospect, issued at the beginning of 2016.*
- *In Q4, benchmark Treasury bonds will be offered for sale in the amount of 20 b.kr.¹*
- *The sale of a new indexed benchmark series, RIKS 30 0701, will begin.*
- *It is planned to issue nominal Treasury bonds in the following series: RIKB 20 0205 and RIKB 22 1026.*

Introduction

In the Government Debt Management *Prospect* for 2016, it was announced that Treasury bonds would be issued in the amount of 50 b.kr. during the year. Issuance during the first nine months of the year totalled 45 b.kr. market value. It has been decided to increase issuance in the the year by as much as 15 b.kr., in accordance with budgetary authorisations. As a result, total issuance could range up to 65 b.kr. market value in 2016. It has been decided to step up issuance because the Government debt management assumptions in the National Budget have changed, including those relating to the sale of the stake in Landsbanki Íslands, buybacks of RIKH 18, financing of the contribution to LSR, and the Treasury's reduced cash position.

In Q3, the objective was to sell benchmark Treasury bonds for 10-20 b.kr. market value. Actual sales totalled 20 b.kr. A breakdown of the amounts sold can be seen in the table below.

¹ The sale price or market value refers to the clean price, net of accrued interest.



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Treasury bond issuance in Q3/2016, market value

Conventional auctions	Issuance in b.kr.	
	Maximum	Actual
Bond series		
RIKB 20 0205	10	8.3
RIKB 22 1026	10	5.3
RIKB 31 0124	6	6.5
Total		20

Planned Treasury bond issuance

Total Treasury bond issuance in the fourth quarter of the year is estimated at **20 b.kr.** As is stated in the year-2016 *Prospect*, the aim is to begin general sales of bonds in the RIKS 30 0701 series, as well as making it a benchmark bond with market making. This is in line with the Government debt management strategy announced when the series was first issued in connection with capital account liberalisation in summer 2011. The size of the series, including accrued indexation, is now 72 b.kr., and the plan is to issue up to 14 b.kr. more during the quarter.

Estimated maximum issuance in individual series, at market value, is set forth in the following table.

Treasury bond issuance in Q4/2016, market value

Amounts in b.kr.	Issuance
Bond series	Maximum
RIKB 20 0205	10
RIKB 22 1026	6
RIKS 30 0701	14

Planned Treasury bill issuance

The balance of outstanding Treasury bills at the end of Q2/2016 was 20 b.kr. According to the 2016 *Prospect*, the targeted end-2016 Treasury bill balance is about 20 b.kr. nominal value. Earlier this year, however, it was announced that the *Prospect* would be amended with the aim of reducing the stock of outstanding Treasury bills further, to 10 b.kr. by the year-end. As before, the balance outstanding could fluctuate within the year.

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

Further information can be obtained from Björgvin Sighvatsson, Director of Government Debt Management, at tel +354 569 9600.