

# DESCRIPTION OF TREASURY BONDS RIKB 28 1115



## GOVERNMENT DEBT MANAGEMENT

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## Description of Treasury bonds: RIKB 28 1115

<b>Issuer</b>	The Issuer, on behalf of the Treasury of the Republic of Iceland, is the Central Bank of Iceland, national identification no. 560269-4129, Kalkofnsvegur 1, 150 Reykjavík. Tel: +354 569 9600, fax: +354 569 9604, website: <a href="http://www.sedlabanki.is">www.sedlabanki.is</a>
<b>Responsibility</b>	The Central Bank of Iceland is responsible for this Description.
<b>Authorisation</b>	The Minister of Finance, on behalf of the Treasury, has decided to issue Treasury bonds in Series RIKB 28 1115, based on the authority contained in Article 5 of the National Budget for 2017. The series is open, and bonds in it will be sold on the basis of the authorisation contained in the annual fiscal budget for each year.
<b>Terms of auction</b>	The terms of the auction will be disclosed through the news service of the NASDAQ ICELAND at least one day before each auction. The terms of the auction will describe the starting and the closing time of the auction, the method of payment, and who may participate in the auction, among other things. The first auction will be held on 20 January 2017, and payment and settlement will take place on 25 January 2017. The bonds will be delivered in electronic form upon payment.
<b>Identification</b>	The series will be issued electronically by a central securities depository in units of one Icelandic króna. The bonds are issued in Icelandic krónur. The minimum trading unit on the NASDAQ ICELAND is one króna nominal value. The identification number for the bonds is RIKB 28 1115. The ISIN number of the bonds is IS0000028249.
<b>Term, interest, and payment dates</b>	The bonds are interest-bearing and pay interest annually at the end of each interest period. The annual interest rate will be 5.00% fixed rate. The bonds are non-indexed, with a twelve-year maturity. The date of issue is 15 November 2016, and the maturity date is 15 November 2028. The first interest accrual date is 15 November 2016. The interest period is one year, from 15 November through 14 November of the following year. The annual date for the payment of interest due is 15 November, with the first interest payment due on 15 November 2017. In the event that the interest payment date falls on a public holiday or a work holiday, the date of payment will be moved to the workday immediately following; however, the interest period will remain unchanged. On the final maturity date, 15 November 2028, the last payment of interest due shall be remitted, together with the principal amount of the bonds. The bonds are not callable.
<b>Record date</b>	The record date is determined by the ownership register of the securities depository at the end of the banking day, one day prior to the payment date for interest and principal.



<b>Special privileges</b>	There are no special benefits or privileges attached to the bonds.
<b>Taxes</b>	Tax treatment of the bonds shall be handled in accordance with current tax laws at any given time. According to Article 3 of the Act on Withholding Tax on Financial Income, no. 94/1996, all domestic financial institutions, securities undertakings, and any other professional custody service providers, intermediaries or collectors for securities transactions are required to deduct withholding tax from interest income and bond discounts and remit the tax thus withheld to the Treasury. The same applies to the Treasury and to Government institutions that pay interest by law. Treasury bonds are exempt from stamp duties in accordance with Act on domestic Treasury borrowing no. 79/1983.
<b>Payment</b>	Payments are transmitted electronically.
<b>Expiry of claims</b>	The expiry, due to lapse of time, of claims deriving from the bonds is governed by the Act on the Expiration of Obligations, no. 150/2007.
<b>Yield and selling price</b>	The yield and selling price are determined by market conditions at any given time. Information on the rate of exchange of the bonds in the secondary market will appear on NASDAQ ICELAND. This information can also be obtained from financial undertakings.
<b>Day count rule</b>	The day count rule for the price and accrued interest calculation is on actual/actual basis. The ICMA method will be used for the calculation. According to instructions from NASDAQ ICELAND, six decimal places will be used to calculate the dirty price from the clean price.
<b>Resolution of disputes</b>	The bonds are subject to Icelandic law. In the event of legal action in connection with the bonds, such action may be brought before the District Court of Reykjavík, in accordance with the provisions of Chapter 17 of the Act on Civil Procedure, no. 91/1991.
<b>Title and transfer</b>	Ownership of the bonds may only be transferred to a party specified by name. A personal identification number must be provided with the name of the beneficiary. Account operators as defined in the Act on Electronic Registration of Title to Securities, no. 131/1997, are the only entities authorised to act as intermediaries in the transfer of the bonds. Registration of title to an electronic security certificate in a central securities depository, following final entry by the central securities depository, grants the registered owner legal authority to the rights of which he is the registered owner. There are no other restrictions on the transfer of title to these bonds.
<b>Pre-emptive purchase rights</b>	There are no pre-emptive rights in connection with the issue.



## GOVERNMENT DEBT MANAGEMENT

<b>Listing</b>	Bonds sold in the auction on 20 January 2017 are expected to be admitted to trading on NASDAQ ICELAND on 26 January 2017. The outcome of subsequent auctions will be disclosed on the NASDAQ news service; thereafter, the bonds will be listed on NASDAQ ICELAND.
<b>Manager</b>	The Central Bank of Iceland, Kalkofnsvegur 1, 150 Reykjavik, is the manager of this issue and will be responsible for its listing on NASDAQ ICELAND.
<b>Purpose of the issue</b>	The aim of the issue is to acquire domestic funds for the Treasury and to improve price formation in the domestic bond market.
<b>Market making</b>	The series is subject to the provisions of an agreement with primary dealers regarding Government securities issues and market making in the secondary market. Market making with the issue in the secondary market is to begin at the time the series is listed on NASDAQ ICELAND.
<b>Information and documents</b>	The description of Treasury bonds RIKB 28 1115, as well as other information and documents in connection with the issue, can be obtained from the website <a href="http://www.gdm.is">www.gdm.is</a> . Further information can be obtained from the Treasury and Market Operations of the Central Bank of Iceland.
<b>Translation and Interpretation</b>	If discrepancy is between the English and Icelandic Description then the Icelandic text shall prevail. In case of discrepancy between the Icelandic Description and the official signed Description filed at the Nasdaq CSD hf., the Description at the CSD shall prevail.