



# GOVERNMENT DEBT MANAGEMENT

## Market Information

### Treasury bond auctions

Bonds in the two-year nominal Treasury bond series (RIKB 14 0314) were auctioned on 13 April. The terms were conventional, with the lowest accepted price (highest accepted yield) determining the sale price for the auction. In all, 16 valid bids were submitted, with a total nominal value of 4 b.kr., and a total of 11 bids amounting to 2.9 b.kr. nominal value were accepted at a price of 99.35 (5.11% yield). As before, primary dealers were offered the opportunity to purchase 10% of the nominal value sold in the auction at the sale price for accepted offers. They exercised that option and purchased an additional 10 m.kr. at this auction, bringing total sales in the series to 2.9 b.kr. It was decided to cancel the auction scheduled for 27 April.

According to information from primary dealers, non-residents purchased Treasury bonds for 0.7 b.kr. in the April auction. The largest purchasers were mutual funds, which bought bonds for approximately 1.0 b.kr. in the auction. Domestic banks purchased for 1.0 b.kr., and others purchased smaller amounts.

### Treasury bill auctions

Treasury bill series RIKV 12 0416, in the total amount of 14.0 b.kr., matured in April. On 12 April, three- and six-month Treasury bills were auctioned in series RIKV 12 0715 and RIKV 12 1016. The auction was structured in the conventional manner, with the lowest accepted price (highest flat yield) determining the sale price. For the three-month bills, a total of 11 valid bids were submitted for 3 b.kr. nominal value, and bids were accepted for 850 m.kr. nominal value. The accepted price in the auction was 99.198, which is the equivalent of a flat rate of 3.2%. For the six-month bills, a total of 13 valid bids were submitted for 2.9 b.kr. nominal value. Bids totalling 1.3 b.kr. nominal value were accepted at a price of 98.261 (flat rate 3.50%).

Non-residents did not buy any Treasury bills in the month's auction. Mutual funds were the largest purchasers, buying three-month bills for 750 m.kr. and six-month bills for 1.3 b.kr. Pension funds bought 100 m.kr. worth of three-month bills.

### Foreign loans

One foreign loan matured in April, a bond issued in 2002, in the original amount of 250 million euros (XS0145825179). The loan bore 5.375% interest, paid annually, with the principal due upon maturity. The loan was paid down in 2010 and 2011, and the balance due at maturity was 164.5 million euros.

### Balance of Treasury guarantees

At the end of March 2012, the balance of Treasury guarantees was 1,350.9 b.kr. Further information on Treasury guarantees can be found on page 9.

### Status of securities loans

As of end-April, outstanding securities loans totalled 42.3 b.kr. nominal value, or 42.5 b.kr. market value. At the same time in 2011, they totalled 31.8 b.kr. nominal value, or 32.8 b.kr. market value. The average balance of outstanding securities loans in the

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### Treasury bond issuance in Q2/2012

Bond series Amounts in b.kr.	Maximum	Actual
RIKB 14 0314	10	3
RIKB 16 1013	5	
RIKB 22 1026	10	

### Treasury bond issuance in Q1/2012

Bond series Amounts in b.kr.	Maximum	Actual
RIKB 14 - new series	15	5
RIKB 16 1013	10	2
RIKB 22 1026	15	6
RIKB 31 0124	10	

Information presented in this publication is from the Central Bank of Iceland and from other sources considered reliable. Cut-off date for information was the end of last month unless stated otherwise.



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## Market Information

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first four months of 2012 was 38.8 b.kr. market value, as opposed to 34.4 b.kr. for the same period in 2011. Thus the average outstanding balance of securities loans in the first four months of the year has increased by 12.5% between years.

### *Government Debt Management Prospect – the first four months of 2012*

According to the Government Debt Management Prospect for 2012, the planned Treasury bond issuance in 2012 is 75 b.kr. The plan is to reduce the balance of Treasury bills by 14 b.kr. during the year. During the first four months, Treasury bonds were sold for a total of 33 b.kr. nominal value, or 44% of the issuance target for the year. Of that total, 16 b.kr. were sold in general auctions and 17 b.kr. in foreign currency auctions held by the Central Bank of Iceland. The stock of Treasury bills amounted to 38.5 b.kr. at the end of April, as opposed to 58.5 b.kr. at year-end 2011. The balance of Treasury bills has therefore declined by 20 b.kr. in the first four months of 2012.



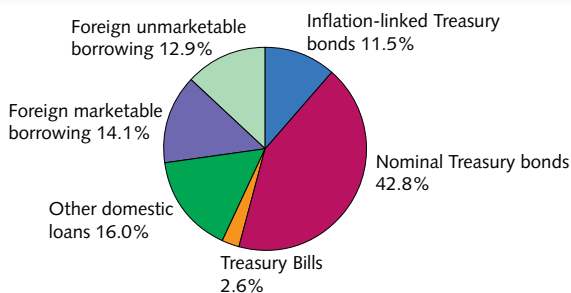
Government debt

Benchmark issues, properties and market value by end of April

Domestic debt

Issues	Date of issue	Maturity date	Interest %	Type of bond	Duration	Time of maturity	Market value (ISK m.)
RIKS 15 1001	29.9.1995	1.10.2015	0.00	Bullet	3.42	3.42	26,871
RIKS 21 0414	14.4.2010	14.4.2021	3.80	Annual int.	7.85	8.96	71,509
RIKS 30 0701	1.7.2011	1.7.2030	3.25	Annual int.	13.64	18.17	66,980
RIKS 33 0321	21.3.2012	21.3.2033	3.00	Annual int.	15.77	20.89	424
<b>Total Inflation-linked T-bonds</b>							<b>165,784</b>
RIKV 12 0515	15.11.2011	15.5.2012	0.00	Bullet	0.04	0.04	18,016
RIKV 12 0615	15.12.2011	15.6.2012	0.00	Bullet	0.13	0.13	7,117
RIKV 12 0716	16.1.2012	16.7.2012	0.00	Bullet	0.21	0.21	8,998
RIKV 12 0815	15.2.2012	15.8.2012	0.00	Bullet	0.29	0.29	1,870
RIKV 12 0917	17.3.2012	17.9.2012	0.00	Bullet	0.38	0.38	1,029
RIKV 12 1015	15.4.2012	15.10.2012	0.00	Bullet	0.46	0.46	1,219
<b>Total Treasury bills</b>							<b>38,248</b>
RIKB 12 0824	25.8.2010	24.8.2012	4.25	Annual int.	0.32	0.32	49,310
RIKB 13 0517	17.5.2002	17.5.2013	7.25	Annual int.	0.98	1.05	85,594
RIKB 14 0314	14.3.2012	14.3.2014	4.75	Annual int.	1.83	1.87	8,216
RIKB 16 1013	22.10.2010	13.10.2016	6.00	Annual int.	3.92	4.45	52,513
RIKB 19 0226	26.2.2008	26.2.2019	8.75	Annual int.	5.42	6.83	96,188
RIKB 22 1026	26.10.2011	26.10.2022	7.25	Annual int.	7.42	10.49	19,193
RIKB 25 0612	12.6.2009	12.6.2025	8.00	Annual int.	8.12	13.12	90,492
RIKB 31 0124	24.1.2011	24.1.2031	6.50	Annual int.	15.77	18.74	24,089
RIKH 18 1009	2.9.2009	9.10.2018	Fl. rate	Fl. rate	0.08	6.44	193,713
<b>Total Nominal T-bonds</b>							<b>619,309</b>
Maturity of benchmark series					4.49	7.35	
<b>Total value of marketable issues</b>							<b>823,341</b>

Total market value of benchmark issues



Gross Treasury debt, issues and outstanding amount in April

Domestic debt - Nominal Amount - millions ISK

Issues	Beg. of month	Sala Issues	Redempt./ buybacks	End of month	Market value (ISK m)	Percent, of dom.
RIKS 15 1001	11,924			11,924	26,871	2.5
RIKS 21 0414	60,934			60,934	71,509	6.8
RIKS 30 0701	62,348			62,348	66,980	6.3
RIKS 33 0321	417			417	424	0.0
<b>Total Infl.-link. T-bonds</b>	<b>135,622</b>			<b>135,622</b>	<b>165,784</b>	<b>15.7</b>
RIKV 12 0416	13,950		13,950	0	0	0.0
RIKV 12 0515	18,050			18,050	18,016	1.7
RIKV 12 0615	7,164			7,164	7,117	0.7
RIKV 12 0716	8,250	850		9,100	8,998	0.9
RIKV 12 0815	1,900			1,900	1,870	0.2
RIKV 12 0917	1,050			1,050	1,029	0.1
RIKV 12 1015	0	1,250		1,250	1,219	0.1
<b>Total Treasury bills</b>	<b>50,364</b>			<b>38,514</b>	<b>38,248</b>	<b>3.6</b>
RIKB 12 0824	49,303			49,303	49,310	4.7
RIKB 13 0517	83,020			83,020	85,594	8.1
RIKB 14 0314	5,380	2,898		8,278	8,216	0.8
RIKB 16 1013	52,083			52,083	52,513	5.0
RIKB 19 0226	87,723			87,723	96,188	9.1
RIKB 22 1026	19,348			19,348	19,193	1.8
RIKB 25 0612	87,263			87,263	90,492	8.6
RIKB 31 0124	26,370			26,370	24,089	2.3
RIKH 18 1009**	193,713			193,713	193,713	18.4
<b>Total Nominal T-bonds</b>	<b>604,203</b>			<b>607,101</b>	<b>619,309</b>	<b>58.7</b>
Issue of a debt note to the Central Bank					176,707	16.7
Other Treasury debt*					54,928	5.2
<b>Total domestic debt</b>					<b>1,054,976</b>	<b>100.0</b>

Foreign debt - m.kr.

Marketable			Percent of foreign
EUR	75,540	47,040	12.0
GBP	5,743	5,802	1.5
USD	152,124	151,380	38.8
	<b>233,407</b>	<b>204,222</b>	<b>52.3</b>
<b>Non-marketable</b>			
EUR	173,938	171,481	43.9
DKK	6,824	6,728	1.7
PLN	8,289	8,145	2.1
	<b>189,051</b>	<b>186,354</b>	<b>47.7</b>
<b>Long term debt, total</b>	<b>422,458</b>	<b>390,577</b>	<b>100.0</b>
Short term debt, total			0 0.0
<b>Total Foreign debt</b>			<b>390,577</b> <b>100.0</b>
<b>Treasury debt, total</b>			<b>1,445,553</b>

Domestic debt, percent of total debt 73.0  
 Total debt as percentage of GDP 80.8

\*Mostly gov. debt due to the state owned National Power Company, Landvirksom and assumed gov. Guarantees.

\*\*Capital contribution from the state to Financial Institutions.



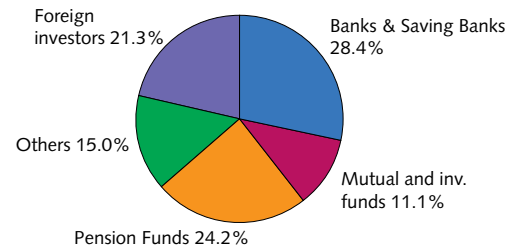
## Investors

### Owners of Treasury bonds and bills April 30, 2012\*

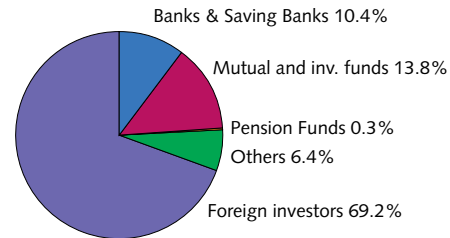
Nominal value in m.kr.	RIKB								RIKH	RIKS			Total	Total Bills
	12 0824	13 0517	14 0314	16 1013	19 0226	22 1026	25 0612	31 0124	18 1009	21 0414	30 0701	33 0321		
<b>Domestic investors</b>														
Banks & Saving Banks	2,295	1,949	1,511	1,151	13,612	1,898	3,028	1,019	193,452	941	0	143	221,000	4,000
Miscellaneous credit undertakings	401	400	1,100	430	150	450	100	100	9,171	2,800	28,390	0	43,493	0
Mutual and inv. funds	5,394	3,785	4,042	4,420	15,263	6,059	11,117	5,447	2,125	27,672	792	0	86,117	5,300
Pension Funds	690	2,234	0	2,226	30,687	11,360	64,855	25,563	0	19,742	31,261	0	188,616	100
Firms	4,851	2,265	183	1,772	7,826	461	2,288	146	0	2,365	274	0	22,432	2,400
Households	939	2,173	349	2,488	4,350	161	1,658	400	0	4,026	381	274	17,199	52
Others	5,586	7,197	270	4,132	5,876	2	5,721	71	0	4,211	213	0	33,278	0
Foreign investors	45,765	69,446	823	38,079	8,553	286	1,206	348	125	437	1,037	0	166,106	26,662
<b>Total:</b>	<b>65,921</b>	<b>89,450</b>	<b>8,278</b>	<b>54,697</b>	<b>86,318</b>	<b>20,678</b>	<b>89,973</b>	<b>33,093</b>	<b>204,873</b>	<b>62,194</b>	<b>62,348</b>	<b>417</b>	<b>778,240</b>	<b>38,514</b>

\*Included securities lending from the issuer to the primary dealers.

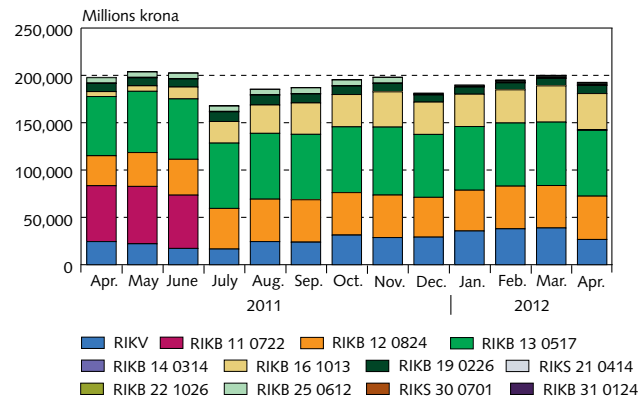
### Owners of Treasury bonds April 30, 2012\*



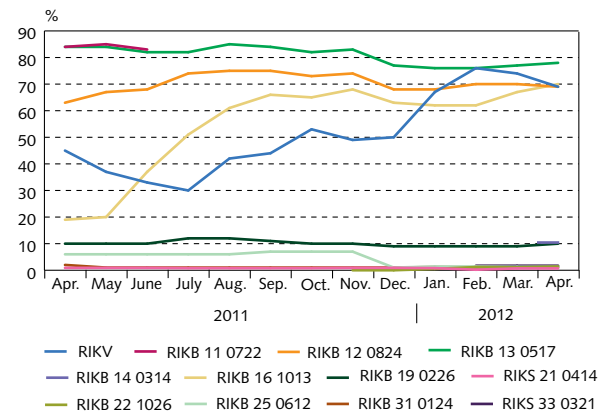
### Owners of T-bills, April 30, 2012\*



### Foreign ownership of Treasury bonds and bills April 30\*



### Percentage of foreign ownership of T-bonds and bills, April 30\*

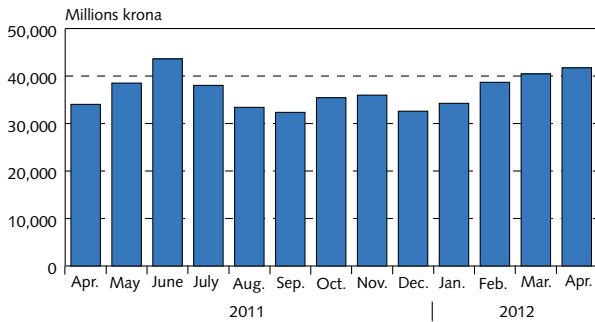


\* Information is based on the most recent data from the Icelandic Securities Depository and banks.

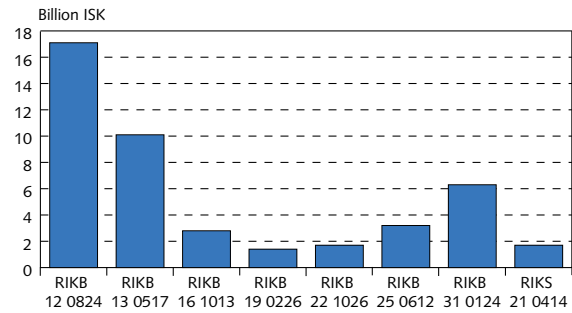


## Securities lending facility, redemption profile and turnover

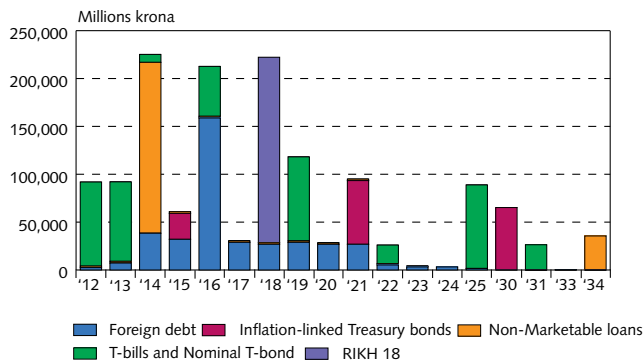
Average amount in the security lending facility of GDM at market value



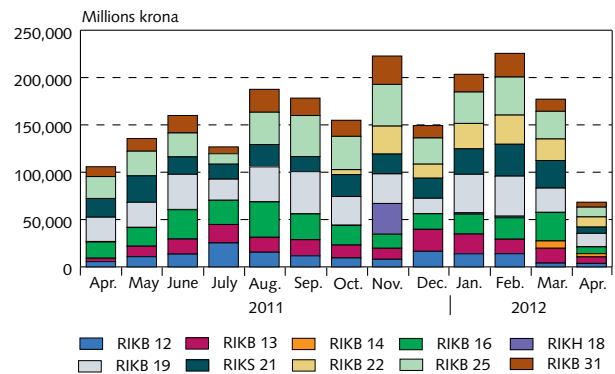
Outstanding amount in the securities lending facility by series at the end of last month



Redemption profile of Government debt

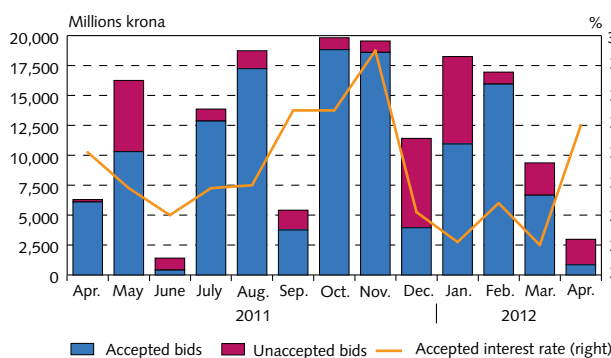


Monthly trading volume in T-Bonds on NASDAQ OMX Iceland Exchange

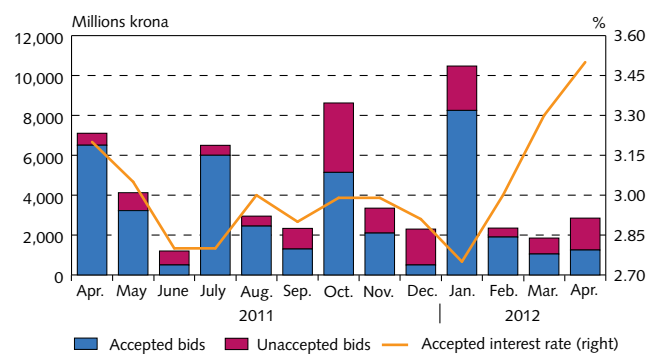


## Auction of Treasury bills

Auction of 3 mos. Treasury bills



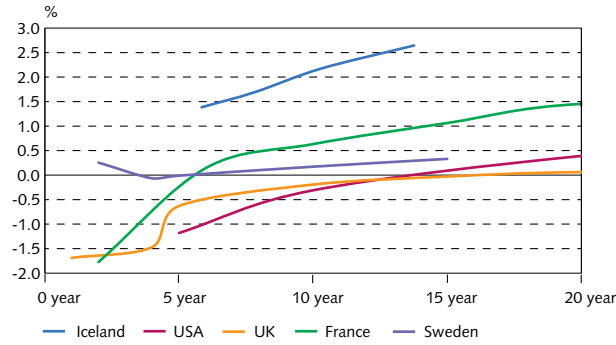
Auction of 6 mos. Treasury bills



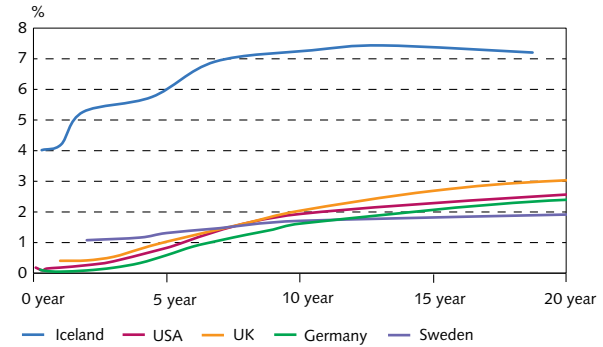


### Yield curves

#### Yield curve Inflation-linked T-bonds

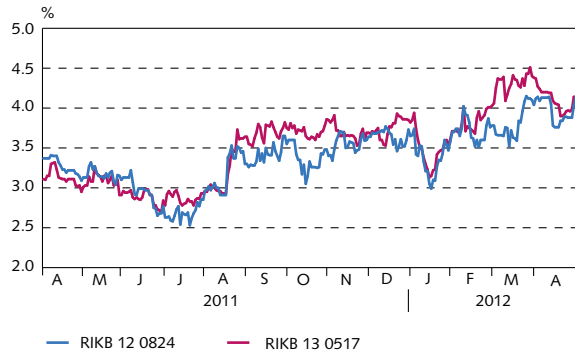


#### Yield curve T-bills and Nominal T-bonds



### Yield for Treasury bonds

#### Yield for short term Nominal T-Bonds



#### Yield for medium term Nominal T-Bonds



#### Yield for long term Nominal T-Bonds



#### Yield for Inflation linked T-Bonds



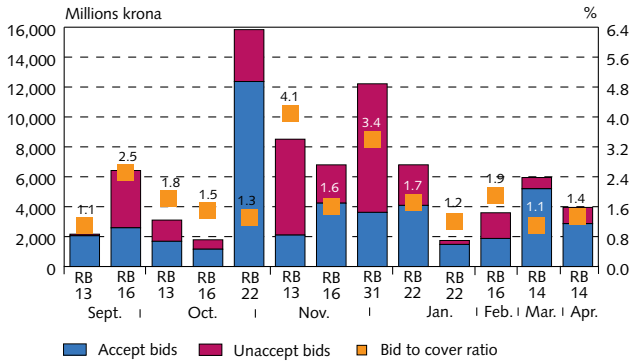
*Auctions of Treasury bonds and bills**Auctions in m.kr. from year beginning 2012*

<i>Date</i>	<i>Series</i>	<i>Offers market value</i>	<i>Offers nominal value</i>	<i>Number of bids</i>	<i>Number of accepted bids</i>	<i>Yield, %</i>	<i>Accepted bids market value</i>	<i>Accepted bids nominal value</i>	<i>Non comp. auction nominal v.</i>	<i>Total issued nominal value</i>
<i>Nominal Treasury bonds</i>										
06.01.12	RIKB 22 1026	6,801	6,490	37	22	6.61	4,087	3,900	390	4,290
20.01.12	RIKB 22 1026	1,741	1,650	12	9	6.52	1,477	1,400	0	1,400
03.02.12	RIKB 16 1013	3,595	3,450	11	3	4.96	1,876	1,800	0	1,800
09.03.12	RIKB 14 0314	5,950	5,950	36	32	4.75	5,200	5,200	180	5,380
13.04.12	RIKB 14 0314	3,952	3,978	16	11	5.11	2,869	2,888	10	2,898
<b>Total</b>		<b>22,039</b>	<b>21,518</b>				<b>15,509</b>	<b>15,188</b>	<b>580</b>	<b>15,768</b>
<i>Indexed T-Bonds</i>										
15.02.12	RIKS 30 0701	19,724	17,051	Foreign exch. auction		2.50	19,724	17,051	0	17,051
28.03.12	RIKS 33 0321	418	417	Foreign exch. auction		3.00	418	417	0	417
<b>Total</b>		<b>120,142</b>	<b>17,468</b>				<b>20,142</b>	<b>17,468</b>	<b>0</b>	<b>17,468</b>
<i>Treasury bills</i>										
12.01.12	RIKV 12 0416	18,121	18,250	19	6	2.81	10,873	10,950		
12.01.12	RIKV 12 0716	10,331	10,475	10	3	2.75	8,137	8,250		
13.02.12	RIKV 12 0515	16,826	16,950	18	13	2.94	15,834	15,950		
13.02.12	RIKV 12 0815	2,315	2,350	12	8	3.00	1,872	1,900		
13.03.12	RIKV 12 0615	9,298	9,364	19	7	2.80	6,617	6,664		
13.03.12	RIKV 12 0917	1,819	1,850	11	5	3.30	1,032	1,050		
12.04.12	RIKV 12 0716	2,956	2,980	11	4	3.20	843	850		
12.04.12	RIKV 12 1015	2,800	2,850	13	5	3.50	1,228	1,250		
<b>Total</b>		<b>64,467</b>	<b>65,069</b>				<b>46,435</b>	<b>46,864</b>		



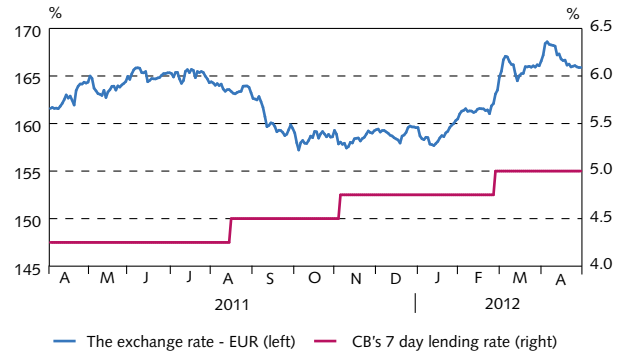
## Auctions of Treasury Bonds

### Latest auction results of Treasury bonds at market value

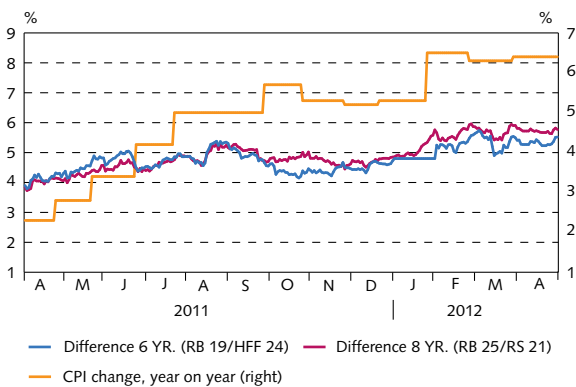


## Exchange rate development

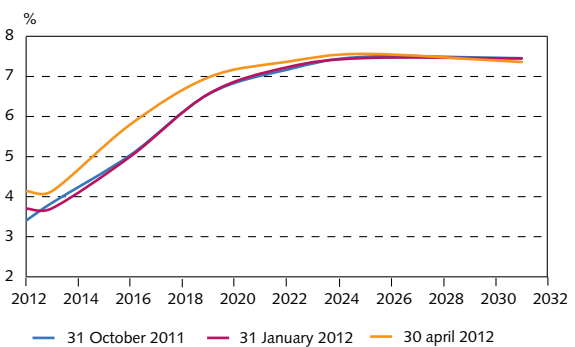
### Exchange rate versus 7 day lending rate



## Inflation premium - Nominal T-Bonds



## Nominal Yield Curves



## Next planned auction dates:

May 11 2012 - Auction Treasury bills  
 May 25 2012 - Auction Treasury bonds

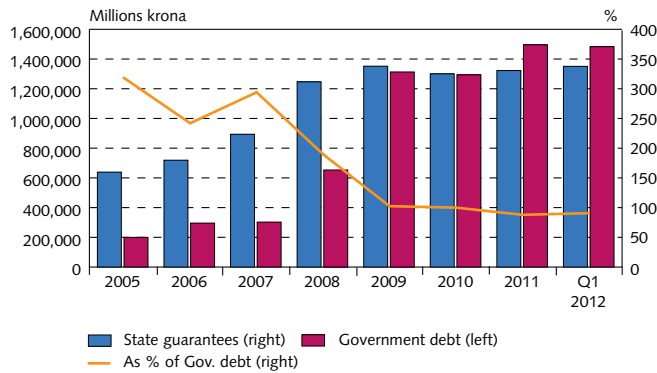
## Primary Dealers

Primary Dealers in Government Securities	Telephone	Bloomberg-page
Islandsbanki	+354 440 4000	ISLA
Arion Bank	+354 444 6000	KAUP
MP Bank	+354 540 3200	MPIB
NBI	+354 410 4000	LAIS
Straumur Investment Bank	+354 585 6600	



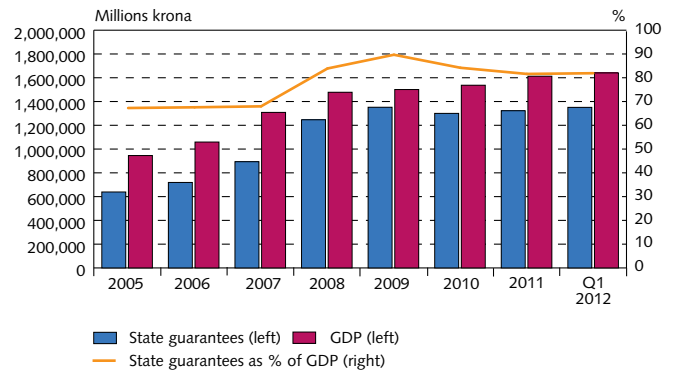
## State Guarantees

State guarantees<sup>1</sup> and government debt 2005–2012



1. Figures for state guarantees in 2011 and 2012 are preliminary.

State guarantees<sup>1</sup> and GDP<sup>2</sup> 2005–2012



1. Figures for state guarantees 2011 and 2012 are preliminary.  
2. GDP figures for 2011 and 2012 are preliminary. GDP figures are at current prices.

## State Guarantees 2005 – 2012 in millions ISK

Amounts in million ISK <sup>1</sup>	2005	2006	2007	2008	2009	2010	2011	March 31 2012		
								2012 Q1	Change 2011-2012	
Treasury Part-C, Lending agencies <sup>2, 5</sup>	542,059	594,122	667,566	836,144	901,382	927,947	961,148	969,285	38,510	4.1
Housing Financing Fund <sup>2</sup>	531,357	582,654	656,470	814,247	878,552	910,657	943,880	953,726	40,260	4.4
Treasury Part-B, Public enterprises <sup>6, 7</sup>	7,633	3,467								0.0
Treasury Part-E, Co-operative and Limited Partnerships <sup>3, 4, 5, 6, 7</sup>	56,021	90,930	196,736	375,157	404,894	359,668	349,064	368,824	21,100	6.1
National Power Company <sup>4</sup>	53,167	83,312	186,167	360,880	391,364	348,423	338,763	358,541	21,986	6.5
Municipalities and associated enterprises	1,197	911	716	1,155	1,185	0	0	0	0	0.0
Other <sup>3, 5, 10</sup>	32,059	29,698	28,790	34,122	44,394	12,598	12,383	12,761	-274	-2.1
<b>State guarantees, total<sup>8, 9</sup></b>	<b>638,969</b>	<b>719,128</b>	<b>893,808</b>	<b>1,246,579</b>	<b>1,351,855</b>	<b>1,300,214</b>	<b>1,322,595</b>	<b>1,350,870</b>	<b>59,336</b>	<b>4.6</b>

- Guarantees shown include accrued interest and indexation at the end of each period. Numbers for 2011 and 2012 are preliminary.
- Numbers for the Housing Financing Fund are at nominal value and include accrued interest and indexation on securities issued, except for Housing Bonds, which are at market value. Included in the position of HFF-bonds are bond reserved for security lending contracts with Primary Dealers, up to 43.7 b.ISK (26.1 b.ISK nominal value).
- Iceland Telecom was sold in 2005 resulting in 4 b.kr. decrease in Part-E obligations.
- The obligations of Reykjavik and Akureyri municipalities before the State acquisition at year end 2006 was valid until end of 2011.
- In 2005 the Agricultural Investment Fund was moved from Part-C to "Other" and Iceland Telecom from Part-E to the "Other" category resulting in a 19 b.kr. increase.
- The State Power Works was changed to a Limited Company in August 2006, resulting in a 4.5 b.ISK change from part B category to part E.
- The National Broadcasting Service was changed to a Limited Company in February 2007, resulting in a 3.5 b.ISK change from part B category to part E.
- The Statement of the Icelandic Government guaranteeing domestic deposits in Icelandic banks are not included here in government guarantees.
- Possible guarantees of deposits in branches of Icelandic banks overseas are not included in government guarantees.
- The Treasury redeemed the contingent liabilities of the Agricultural Lending Fund, Landsbanki hf and Glitnir hf as of the end of 2010, resulting in a 22.53 b.ISK reduction of contingent liabilities listed under the category of "Other".