



Treasury bill auctions

On 13 March, three- and six-month Treasury bills were auctioned in series RIKV 14 0616 and RIKV 14 0915. 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 10 valid bids were submitted, in the nominal amount of 3,680 m.kr., and bids totalling 3,450 m.kr. were accepted at a price of 98.905 (4.38% flat interest). For the six-month bills, a total of 13 valid bids were submitted, in the nominal amount of 3,110 m.kr., and bids totalling 2,760 m.kr. were accepted at a price of 97.776 (4.50% flat interest).

According to information from primary dealers, a diversified group of domestic investors bought all of the securities sold in the auction.

Treasury bond auctions

An auction was held on 11 March, with two series on offer: RIKB 16 1013 and RIKB 20 0205. The terms were conventional, with the lowest accepted price (highest accepted yield) determining the sale price for the auction. A total of nine valid bids in the nominal amount of 5,450 m.kr. were submitted for RIKB 16 1013, and four bids totalling 2,600 m.kr. were accepted. The accepted price in the auction was 102.110, which is equivalent to a yield of 5.09%. A total of 20 valid bids in the nominal amount of 3,915 m.kr. were submitted for RIKB 20 0205, and 14 bids totalling 3,165 m.kr. were accepted. The accepted price in the auction was 99.500, which is equivalent to a yield of 6.35%.

As usual, primary dealers were offered the opportunity to purchase 10% of the nominal value sold in the auction at the sale price for accepted offers. On this occasion, primary dealers exercised this option and bought RIKB 16 1013 in the amount of 220 m.kr. nominal value.

The auction scheduled for 28 March was cancelled.

According to information from primary dealers, non-residents bought RIKB 16 1013 for 200 m.kr. and bought RIKB 20 0205 for 460 m.kr. A diversified group of domestic investors bought the remainder of the securities sold.

Foreign currency auctions

On 18 March, the Central Bank of Iceland held a foreign currency auction in which it offered to purchase euros versus payment in bonds from the indexed Treasury series RIKS 33 0321. In this instance, all bids were rejected. The next auction is scheduled for 14 May 2014.

Primary dealer agreements signed

On 12 March, primary dealer agreements concerning secondary market issuance and market making in Government securities were renewed between Government Debt Management, on behalf of the Treasury, and primary dealers. The objectives of the agreements are to maintain the Treasury's access to loan financing and to enhance price formation in the secondary market for Government securities.

Effective 1 April 2014, five financial institutions are entitled to call themselves primary dealers in Treasury securities. They are: Arion Bank, Íslandsbanki, Landsbankinn, MP Bank, and Straumur Investment Bank. The agreements are valid from 1 April 2014 through 31 March 2015. The main provisions are as follows:

- o Primary dealers have sole access to auctions of benchmark Treasury securities.
- o Primary dealers have sole access to securities loans provided by Government Debt Management on behalf of the Treasury.

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Treasury bond issuance in Q1/2014

Bond series	Amounts in b.kr.	Maximum	Actual
RIKB 16 1013	15	3	
New series - RIKB 20	15	12	
RIKB 31 0124	10	0	

Treasury bond issuance as of 31 March 2014

Regular auctions

Bond series	Amounts in b.kr.	Actual
RIKB 16 1013		3
RIKB 20 0205		12
RIKB 31 0124		0
Total		16

Foreign exchange auctions

Bond series	Amounts in b.kr.	Actual
RIKS 33 0321		5
Total		5

Total issued for the year	20
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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.



- o Primary dealers pledge to submit bids for at least 100 m.kr. nominal value in Treasury auctions.
- o Primary dealers are market makers in the secondary market for all benchmark Treasury securities and submit bid and ask quotes for a minimum of 100 m.kr. nominal value in each series to the NASDAQ OMX Iceland exchange.
- o Primary dealers pledge to keep the spread between bid and ask quotes within specified limits, which are defined in the agreements.
- o Primary dealers are required to renew their offers within 10 minutes of their being executed. Primary dealers are authorised to deviate from the maximum bid-ask spread if specified conditions are fulfilled.

Quarterly Government Debt Management Prospect

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 totalled 20.2 b.kr. (market value), including 15.6 b.kr. in conventional auctions and 4.6 b.kr. in Central Bank of Iceland foreign currency auctions.

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 as follows: RIKB 16 1013, maximum 15 b.kr.; RIKB 20 0205, maximum 15 b.kr.; and RIKB 31 0124, maximum 10 b.kr.

Emphasis will be placed on the continued build-up of RIKB 20 0205. The series was first issued in February and is now 12 b.kr. in size. Sales of older benchmark bonds are planned as well: RIKB 16 1013, which is 62 b.kr. in size, and RIKB 31 0124, which is 66 b.kr. in size.

Maturities during the month

Two Treasury bonds matured during the month: RIKB 14 0314, in the amount of 24.5 b.kr., and a bond in the amount of USD 200m, taken originally in 2004.

Balance of Treasury guarantees

At the end of February 2014, the balance of Treasury guarantees was 1,245 b.kr. Further information on Treasury guarantees can be found on page 11.

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Benchmark issues, attributes

Domestic marketable debt

<i>Issues</i>	<i>ISIN</i>	<i>Date of issue (d.m.y)</i>	<i>Maturity date</i>	<i>Interest, %</i>	<i>Type of bond</i>	<i>Duration*</i>	<i>Years to maturity</i>
<i>T - bills</i>							
RIKV 14 0415	IS0000023943	15.10.2013	17.3.2014	0,00	Bullet	0,04	0,04
RIKV 14 0515	IS0000024123	15.12.2013	15.4.2014	0.00	Bullet	0.13	0.04
RIKV 14 0616	IS0000024248	15.1.2014	15.5.2014	0.00	Bullet	0.21	0.12
RIKV 14 0715	IS0000024370	15.1.2014	15.7.2014	0.00	Bullet	0.29	0.29
RIKV 14 0815	IS0000024495	15.2.2014	15.8.2014	0.00	Bullet	0.38	0.38
RIKV 14 0915	IS0000024644	15.3.2014	15.9.2014	0.00	Bullet	0.47	0.46
<i>Nominal T-bonds</i>							
RIKB 15 0408	IS0000022952	27.3.2013	8.4.2015	4.50	Bullet	0.98	1.02
RIKB 16 1013	IS0000020253	22.10.2010	13.10.2016	6.00	Bullet	2.37	2.54
RIKB 19 0226	IS0000017077	26.2.2008	26.2.2019	8.75	Bullet	4.21	4.91
RIKB 20 0205	IS0000024453	5.2.2014	5.2.2020	6.25	Bullet	5.04	5.85
RIKB 22 1026	IS0000020717	26.10.2011	26.10.2022	7.25	Bullet	6.53	8.57
RIKB 25 0612	IS0000019321	12.6.2009	12.6.2025	8.00	Bullet	7.54	11.20
RIKB 31 0124	IS0000020386	24.1.2011	24.1.2031	6.50	Bullet	10.44	16.82
RIKH 18 1009	IS0000019453	2.9.2009	9.10.2018	Fl. rate	Bullet	0.08	4.53
<i>Inflation-linked T-bonds</i>							
RIKS 15 1001	IS0000000081	29.9.1995	1.10.2015	Zero coupon	Bullet	1.50	1.50
RIKS 21 0414	IS0000020014	14.4.2010	14.4.2021	3.80	Bullet	6.12	7.04
RIKS 30 0701	IS0000020576	1.7.2011	1.7.2030	3.25	Bullet	12.68	16.25
RIKS 33 0321	IS0000021251	21.3.2012	21.3.2033	3.00	Bullet	14.78	18.97
Average of benchmark series						4.9	7.7

* Macaulay.

Foreign marketable debt

<i>Issues</i>	<i>ISIN</i>	<i>Date of issue</i>	<i>Maturity date</i>	<i>Interest, %</i>	<i>Type of bond</i>	<i>Duration*</i>	<i>Years to maturity</i>
GBP 14.5% 31 Jan 2016	GB0004556113	15.1.1981	31.1.2016	14.500	Kúlubrét	1.71	1.84
USD 4.875% 16 Jun 2016	USX3446PDH48	16.5.2011	16.6.2016	4.875	Kúlubrét	2.08	2.21
USD 5.875% 11 May 2022	USX34650AA31	11.5.2012	11.5.2022	5.875	Kúlubrét	6.44	8.11
EUR Euribor+2.75% 15 Mar 2025	XS0515310943	1.6.2010	15.3.2025	Euribor+275bp	Afb. 2 ári	0.04	5.47
Average of benchmark series						3.7	5.1

* Macaulay.

Government debt

Domestic central government debt in March 2014

Issues	Nominal amount, beg. of month	Inflation compensation	Issue/buybacks nominal	Inc. inflation compensation, end of month	Years to maturity	Market value (m.ISK)	% of domestic debt
<i>T-bills</i>							
RIKV 14 0317	1,175		-1,175	0	0.00	0	0.0
RIKV 14 0415	6,780			6,780	0.04	6,770	0.6
RIKV 14 0515	750			750	0.12	746	0.1
RIKV 14 0616	1,025		3,450	4,475	0.21	4,434	0.4
RIKV 14 0715	4,230			4,230	0.29	4,180	0.4
RIKV 14 0815	3,170			3,170	0.38	3,117	0.3
RIKV 14 0915			2,760	2,760	0.46	2,704	0.3
Total	17,130			22,165	0.23	21,950	2.1
<i>Nominal T-bonds</i>							
RIKB 14 0314	24,225		-24,225	0	0.00	0	0.0
RIKB 15 0408	22,945			22,945	1.02	23,001	2.2
RIKB 16 1013	59,203		2,820	62,023	2.54	64,318	5.8
RIKB 19 0226	87,723			87,723	4.91	97,329	8.3
RIKB 20 0205	9,208		3,165	12,373	5.85	12,360	1.2
RIKB 22 1026	58,613			58,613	8.57	61,142	5.5
RIKB 25 0612	87,263			87,263	11.20	96,055	8.2
RIKB 31 0124	66,326			66,326	16.82	63,342	6.2
RIKH 18 1009*	212,911			212,911	4.53	215,786	20.1
Total	628,417			610,177	6.95	633,332	57.5
<i>Inflation-linked T-bonds</i>							
RIKS 15 1001	10,850	15,327		26,177	1.50	25,244	2.5
RIKS 21 0414	60,934	9,574		70,508	7.04	64,171	6.6
RIKS 30 0701	62,348	6,771		69,119	16.25	65,397	6.5
RIKS 33 0321	33,211	2,471		35,682	18.97	33,210	3.4
Total	167,343	34,143		201,486	11.59	188,022	19.0
Bond issued to Central Bank of Iceland				170,950	0.76		16.1
Other central government debt **				56,693	8.40		5.3
Total domestic debt				1,061,471	6.77		100.0

*Capital contribution from the state to financial institutions.

**Mostly government debt due to the National Power Company, (Landsvirkjun) and assumed gov. Guarantees.

Foreign central government debt

Issues		Issued nominal amount (millions)	Remaining nominal amount	Nominal amount ISK (m.kr.)	Years to maturity
<i>Foreign bonds</i>					
GBP 14,5% 31 Jan 2016		30	28	5,321	1.84
USD 4,875% 16 Jun 2016	(MTN)	1,000	1,000	112,970	2.21
USD 5,875% 11 May 2022		1,000	1,000	112,970	8.11
EUR Euribor+2,75% 15 Mar 2025	(MTN)	402	222	34,596	5.47
Total				265,857	5.14
<i>Foreign bilateral loans</i>					
PLN Wibor+2,75% 30 Sept 2022		630	204	7,602	4.84
EUR Euribor+2,75% 30 Dec 2021	(DK)	480	199	31,012	6.37
EUR Euribor+2,75% 30 Dec 2021	(FIN)	320	132	20,571	6.37
EUR Euribor+2,75% 30 Dec 2021	(SWE)	495	205	31,947	6.37
Total				91,132	6.25
Total foreign debt				356,989	5.42



Central government debt, total

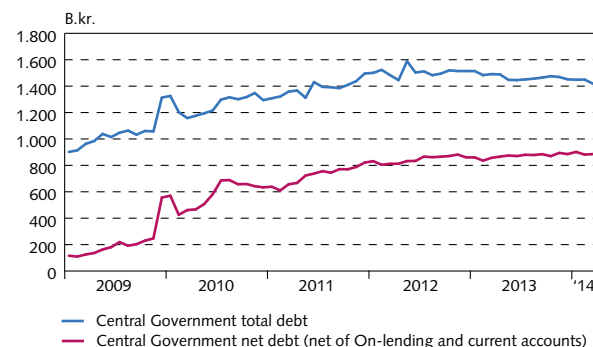
	Nominal incl./ inflation compensation	Weighted time to maturity
Nominal debt	632,342	6.72
Inflation-linked debt	429,128	6.85
Foreign currency debt	356,989	5.42
Total	1,418,460	6.43
Total debt as percentage of GDP*		76.0

* GDP is from the latest edition of Monetary Bulletin published by Central bank of Iceland.

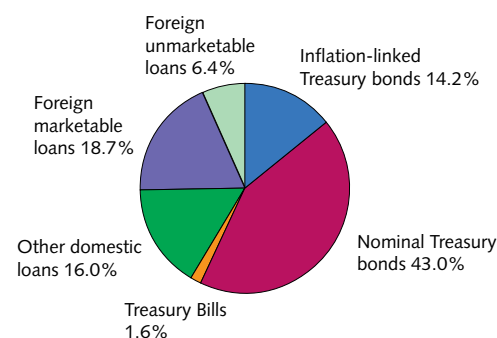
Net debt

	Nominal incl./ inflation compensation
<i>On-lending and cash at the Central bank</i>	
Nominal on - lending	3,291
Inflation-linked on - lending	102,243
Foreign currency on - lending	60,552
Cash ISK	57,978
Cash FX	308,914
Total	532,978
<i>Net debt</i>	
Nominal debt	571,073
Inflation-linked debt	326,885
Foreign currency debt	-12,476
Net central government debt	885,482
Total net debt as percentage of GDP	47.4

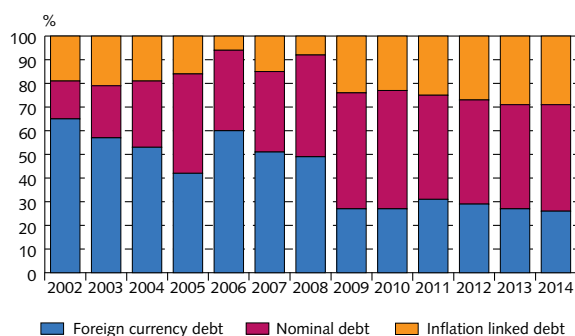
Changes in central government debt



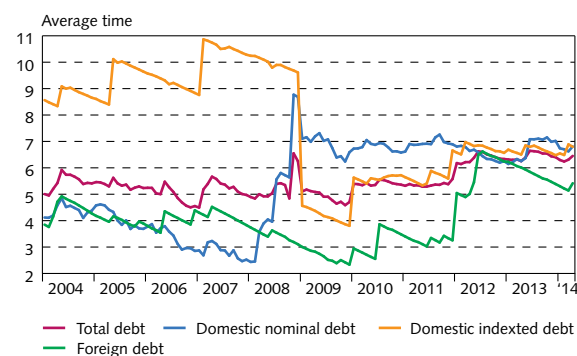
Total market value of benchmark issues



Government debt from 2002-2014



Average Time to Maturity





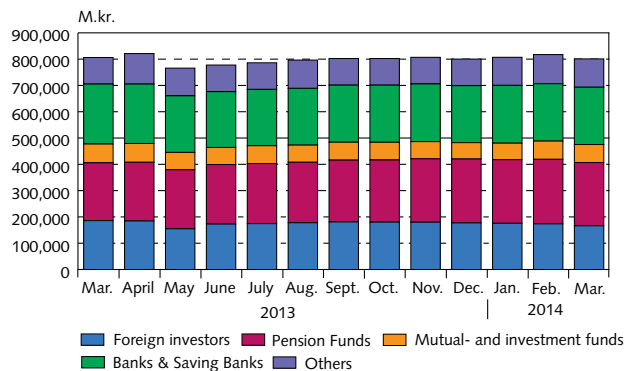
Investors

Owners of T-bonds and bills 31 March 2014*

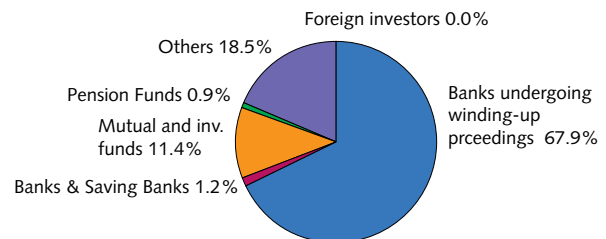
Nominal value in m.kr.	RIKB 15	RIKB 16	RIKB 19	RIKB 20	RIKB 22	RIKB 25	RIKB 31	RIKH 18	RIKS 21	RIKS 30	RIKS 33	Total	Total bills
Domestic investors													
Banks & Saving Banks	1,000	871	2,637	1,311	1,829	1,727	1,260	196,518	1,079	400	212	208,843	270
Banks undergoing winding-up proceedings	5,774	2,886	404	0	0	0	0	0	0	0	0	9,064	15,052
Miscellaneous credit undertakings	0	0	2,731	700	1	220	0	3,374	2,142	13,550	12,590	35,308	0
Mutual and inv. funds	790	966	12,431	4,346	9,608	5,469	5,713	1,400	20,241	7,135	413	68,513	2,535
Pension Funds	174	960	15,572	1,631	31,973	69,535	57,855	100	18,375	39,257	5,187	240,618	200
Firms	1,779	2,299	8,723	2,016	1,528	1,927	1,497	3,222	3,929	290	1,510	28,720	4,078
Households	0	320	3,196	678	2,078	1,050	411	0	4,423	393	3,293	15,842	30
Other	2,095	3,293	4,600	711	3,462	5,672	759	500	4,343	286	2,160	27,880	0
Foreign investors	27,787	60,025	37,929	1,419	10,442	3,254	1,122	7,797	7,520	1,037	7,847	166,179	0
Total	39,398	71,619	88,223	12,813	60,920	88,856	68,616	212,911	62,051	62,348	33,211	800,967	22,165

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

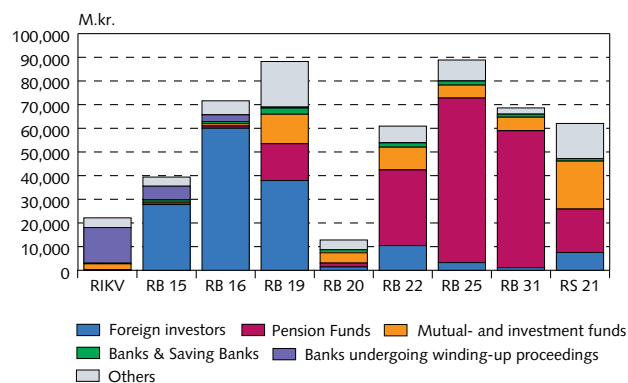
Owners of T-bonds*



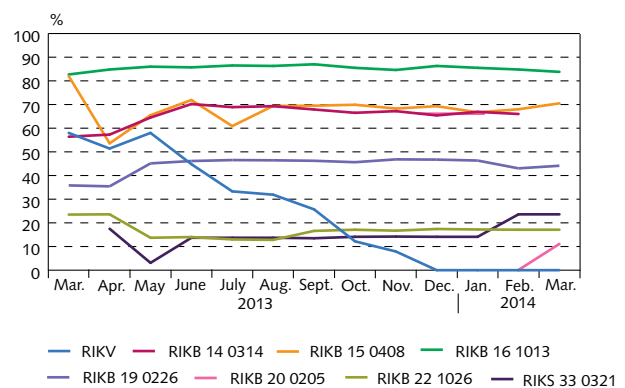
Owners of T-bills 31 March 2014*



Owners of marketable T-bonds and bills 31 March 2014*



Percentage of foreign ownership of T-bonds and bills 31 March 2014*

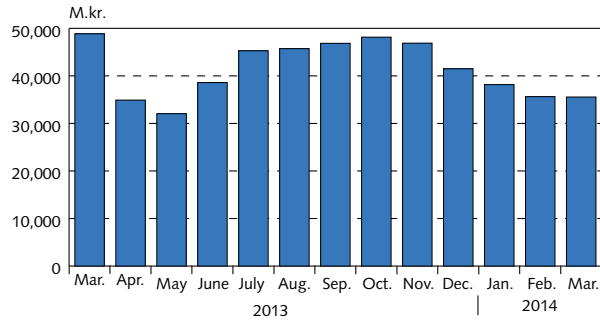


* Information is based on the most recent data from the Icelandic Securities Depository and banks.

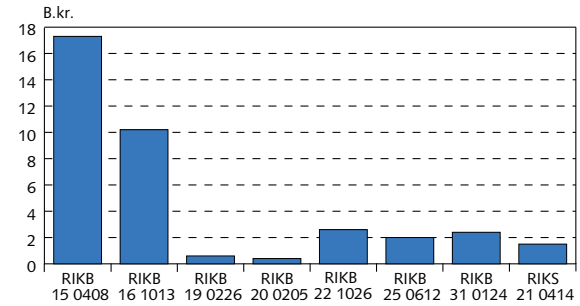


Securities lending facility, redemption profile and turnover

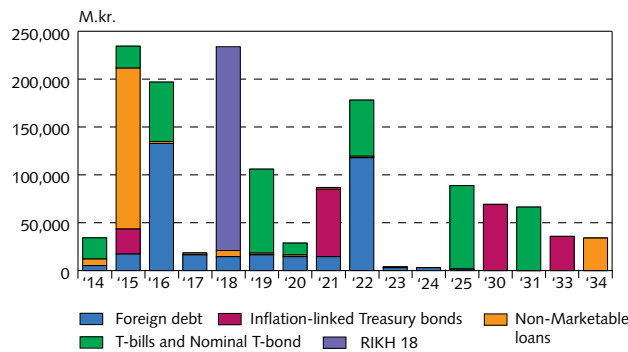
Average amount in the security lending facility of GDM at market value



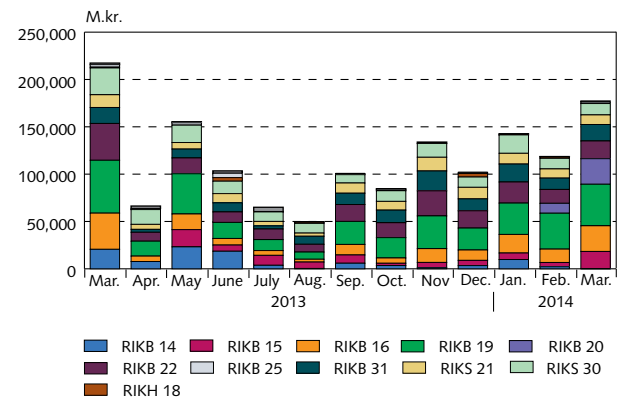
Outstanding amount in the securities lending facility by series at the end of last month



Redemption profile of government debt

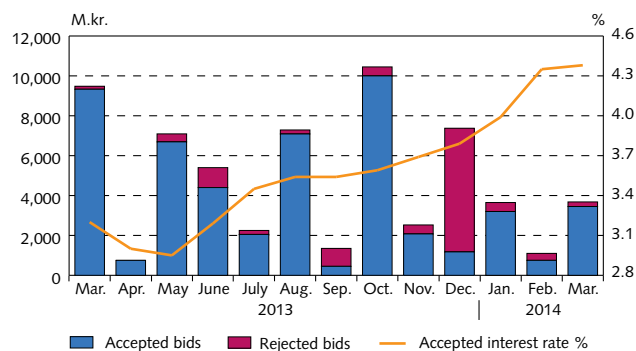


Monthly trading volume in T-Bonds on NASDAQ OMX Iceland Exchange

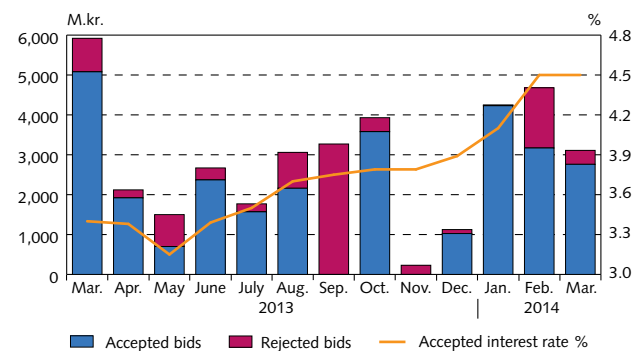


Auction of Treasury bills

Auction of 3 months T-bills



Auction of 6 months T-bills

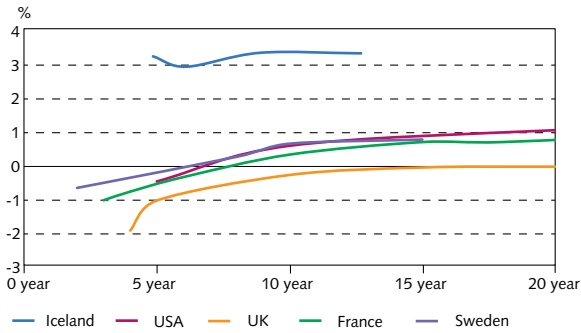




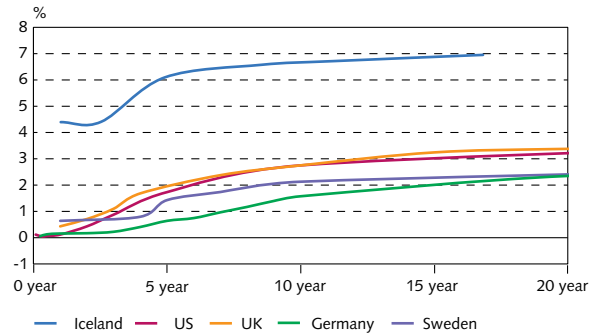
Market Information

Yield curves

Yield curve inflation-linked T-bonds

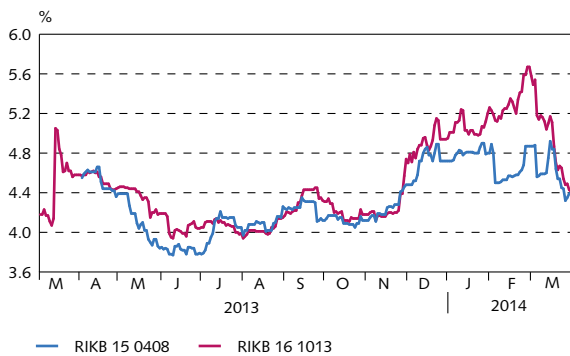


Yield curve Treasury bills and nominal T-bonds



Yield for Treasury bonds

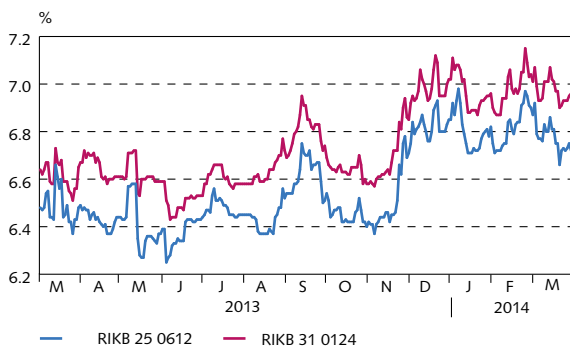
Yield for short term nominal T-bonds



Yield for medium term nominal T-bonds



Yield for long term nominal T-bonds



Yield for inflation linked T-bonds





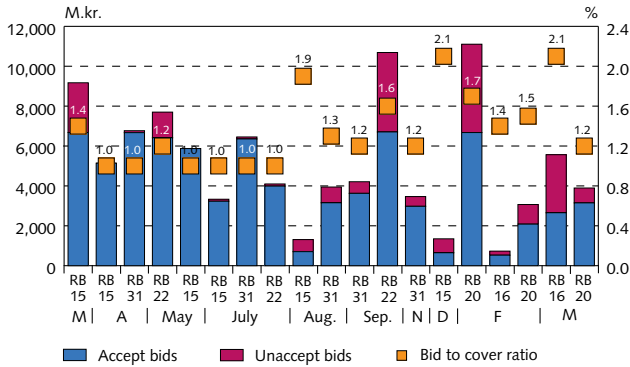
Auctions of Treasury bonds and bills

Auction in 2014, in m.kr.

Date		Offers		No. of bids	No. of acc. bids	Yield %	Acc. bids		Non comp. auction nominal v.	Total value
		Market value	Nominal value				Market value	Nominal value		
Nominal T-Bonds										
07.02.14	RIKB 20 0205	10,744	10,825	53	30	6.40	6,675	6,725	363	7,035
21.02.14	RIKB 16 1013	730	720	5	3	5.42	527	520	0	527
21.02.14	RIKB 20 0205	3,067	3,120	19	12	6.60	2,084	2,120	0	2,084
11.03.14	RIKB 16 1013	5,565	5,450	9	4	5.09	2,655	2,600	220	2,880
11.03.14	RIKB 20 0205	3,895	3,915	20	14	6.35	3,149	3,165	0	3,149
Total		24,001	24,030				15,090	15,130	583	15,675
Indexed T-Bonds										
04.02.14	RIKS 33 0321	4,666	4,117	Foreign exchange auction		2.80	4,666	4,117		Indexed value 4,549
Total		4,666	4,117				4,666	4,117		4,549
										Total price 20,223
T-Bills										
13.01.14	RIKV 14 0415	3,614	3,650	5	2	3.99	3,168	3,200		
13.01.14	RIKV 14 0715	4,164	4,250	7	6	4.10	4,145	4,230		
13.02.14	RIKV 14 0515	1,089	1,100	7	5	4.35	742	750		
13.02.14	RIKV 14 0815	4,578	4,680	8	5	4.50	3,101	3,170		
13.03.14	RIKV 14 0616	3,640	3,680	10	7	4.38	3,412	3,450		
13.03.14	RIKV 14 0915	3,041	3,110	13	10	4.50	2,699	2,760		
Total		20,125	20,470				17,267	17,560		

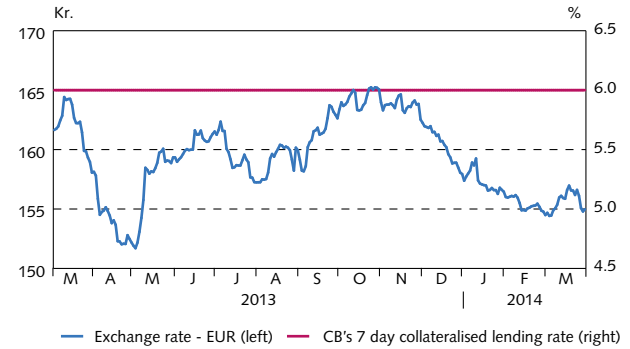
Auctions of Treasury bonds

Latest auction results of Treasury bonds at market value



Exchange rate development

Euro exchange rate versus 7 days collateralised lending rate



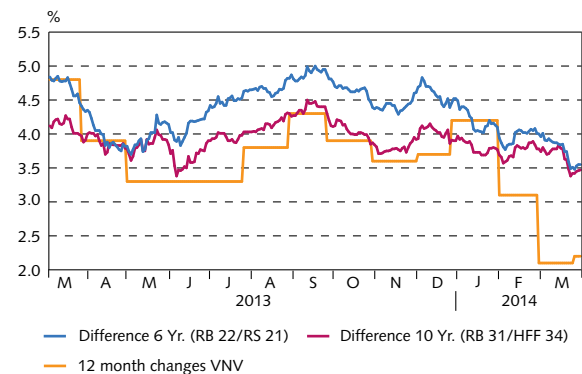
Next planned auction dates:

11 April 2014 Auction of Treasury bonds
11 April 2014 Auction of Treasury bills

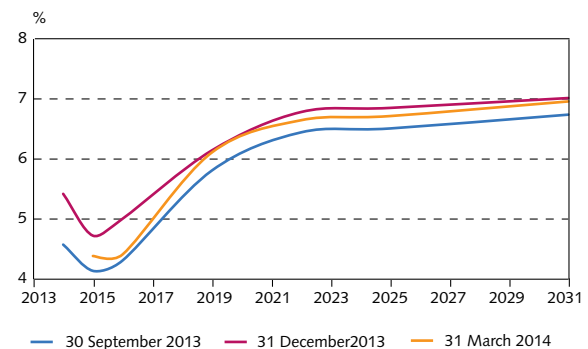
Primary dealers

Primary dealers in government securities	Telephone	Bloomberg
Islandsbanki	+354 440 4000	ISLA
Arion banki	+354 444 6000	KAUP
MP banki	+354 540 3200	MPIB
Landsbankinn	+354 410 4000	LAIS
Straumur	+354 585 6600	

Inflation premium nominal T-bonds



Nominal yield curves



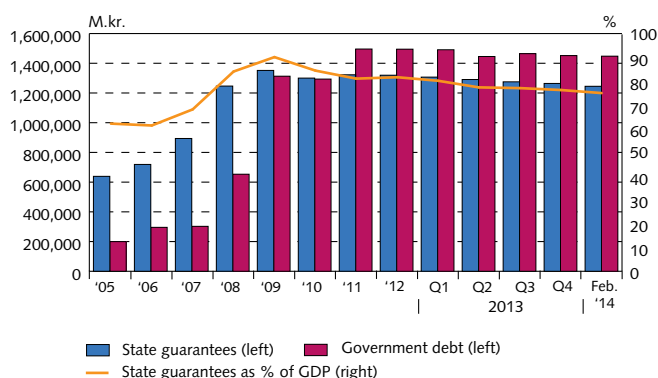


State guarantees

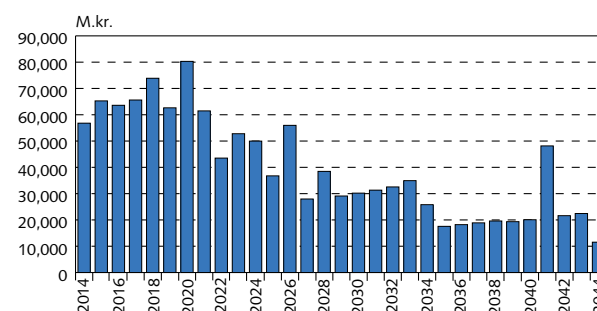
State guarantees 2009–2014

M.kr.	February	Outstanding end of year				
	2014	2013	2012	2011	2010	2009
Lending agencies	925,121	935,645	956,735	961,148	927,947	901,382
Housing Financing Fund	912,813	923,492	942,169	943,880	910,657	878,552
Regional Development Fund	921,028	12,153	14,565	16,993	17,038	22,586
Other	919,249	0	0	275	253	243
Co-operative and Limited Partnerships	316,246	324,844	358,920	250,744	251,455	271,714
National Power Company	301,247	309,531	342,231	233,417	232,854	251,128
RARIK Ltd, (Iceland State Electricity)	2,289	2,343	2,638	2,794	3,063	5,220
Farice	6,465	6,446	6,828	7,025	7,357	7,056
Isavia Ltd.	2,316	2,507	2,917	3,106	3,639	3,483
RUV Ltd. (National Broadcasting Service)	3,241	3,224	3,479	3,553	3,685	3,944
Other	688	793	828	849	857	882
Industries/Municipalities	3,699	3,760	3,964	5,357	5,242	38,523
Commercial Banks	0	0	0	1,608	1,693	28,220
NIB - Nordic Investment Bank	2,903	2,956	3,110	2,855	2,709	2,813
Other	796	804	854	894	840	7,490
State Guarantees total	1,245,066	1,264,249	1,319,619	1,217,250	1,184,644	1,211,618

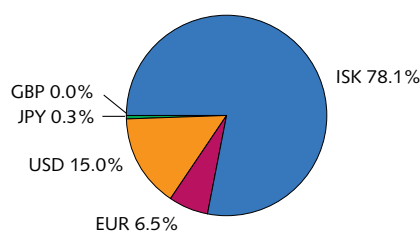
State guarantees - government debt and GDP



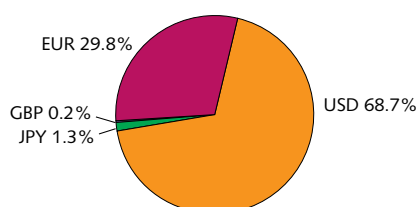
State guarantees - Maturity profile



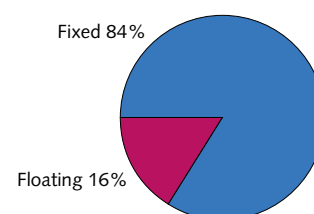
Currency ratio



Currency ratio FX



Interest rate type



Notes:

- Guarantees shown include accrued interest and indexation at the end of each period. Guarantees in foreign currency are shown at ask exchange rate. Numbers for 2013 and 2014 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 bonds reserved for security lending contracts with Primary Dealers.
- The Treasury redeemed the contingent liabilities of the Agricultural Lending Fund, Landsbanki hf and Glitnir hf as of the end of 2010, amounting to 22.53 bISK.
- The Treasury redeemed the contingent liabilities of Kaupthing bank hf as of the end of 2012, amounting to 1.5 bISK.
- The Statement of the Icelandic Government guaranteeing domestic deposits of Icelandic banks are not included here in government guarantees.