



Government Debt Management

The Minister of Finance and Economic Affairs is responsible for the borrowings of the Treasury and State Agencies domestically and abroad, issuance and sale of government bonds on the domestic market and other debt management operations for the Treasury. By authority of law the Ministry of Finance and Economic Affairs has made an agreement with the Central Bank of Iceland about the execution of Treasury borrowings. The entity within the Central Bank of Iceland responsible for implementing the strategy is the Government Debt Management (GDM).

Objectives

On the behalf of the Ministry of Finance and Economic Affairs, GDM aims to maintain regular relationships with the largest investors in Treasury bonds. Its focus is on taking the initiative in communicating with investors and keeping them well informed about Treasury debt management issues. Strong investor relations and frequent dissemination of information make it easier for the Treasury to meet investors demand, facilitate access to capital, and reduce the Treasury's borrowing cost.

Information on debt management issues

In collaboration with the Ministry, GDM publishes regular press releases in order to keep investors informed on Treasury debt management issues. All news releases are published simultaneously in Icelandic and English, and investors have the option of subscribing to them. The following information is available on regular basis:

The *Medium-Term Debt Management Strategy* for the upcoming four years is published annually by the Ministry. The Strategy presents the Ministry's objectives and references for debt management and issuance strategy.

The *Annual Government Debt Management Prospect*, published at the end of each calendar year, contains information on issuance volume, series issued, and other points of focus for debt management during the coming year.

The *Quarterly Government Debt Management Prospect*, published at the end of each quarter, provides information on issuance for the upcoming quarter.

The monthly *Market Information* newsletter contains data concerning Treasury debt and state guarantees. Research articles are published as supplements to *Market Information*.

Press releases announcing auctions are sent out at least one business day prior to auctions. Other press releases cover a variety of topics, including primary dealer agreements, securities lending, publications from credit rating agencies, etc.



Transmission of information

GDM share information in a variety of ways and give investors equal access to the information it provides. To that end, all official press releases published by GDM are issued simultaneously in Icelandic and English through a reliable news service that oversees distribution. Other channels for transmission of information are:

Lanamal.is, GDM's primary website, features all of GDM's press releases in Icelandic and English, as well as information of importance to investors, including auction calendars, the monthly *Market Information* newsletter, prospectuses, calculations and quotes of securities issued on the NASDAQ Iceland exchange with a 15-minute time lag.

GDM also maintains the website *Bonds.is*. This website is in English only, as it is intended primarily for foreign investors interested in the Icelandic bond market.

GDM's *Bloomberg* page, <ICDO>, contains information on debt management issues, such as press releases, bonds, yield curves and CDS spreads.

Communication with investors

Communication with *domestic investors* is mostly done via primary dealers. Primary dealers are also intermediaries between GDM and investors in ISK-denominated Treasury bonds, and they alone are entitled to participate in Treasury bond auctions and have access to GDM facilities. Their role is to act as market makers in the secondary market so as to ensure the liquidity of the securities. Primary dealers make contractual agreements for one-year periods. They are invited to quarterly meetings where the current status and future outlook for the domestic bond market are discussed. In addition, GDM maintains informal day-to-day contact with them.

At least annually meetings are held with Iceland's largest pension funds and the banks' treasuries and market operations departments, as well as with mutual, investment, and hedge funds. The aim of these meetings is to solicit the opinions and viewpoints of the largest buyers of domestic Treasury bonds before the *Annual Government Debt Management Prospect* is issued. On publication the *Prospect* is presented to the press and the banks' research departments.

Meetings are held on regular bases with foreign investors. Road shows are held in connection with international market funding. On various occasions there are general presentations concerning developments and prospects for the Icelandic economy and Government finances.