



GOVERNMENT DEBT MANAGEMENT

Kalkofnsvegi 1 150 Reykjavík Iceland

phone: 569 9600 fax: 569 9604

email: lanamal@lanamal.is

internet: <http://www.lanamal.is>

To newspapers, media,
and financial institutions

Press Release
19 June 2012

AUCTION OF NOMINAL BONDS RIKB 14 0314 & RIKB 16 1013

On Friday, 22 June at 11:00 am, Government Debt Management will conduct an auction of Treasury bonds.

In this auction nominal bonds RIKB 14 0314 and RIKB 16 1013 will be offered. The total amount of accepted bids will be announced after the auction.

The GDM reserves the right to accept all of the submitted bids, accept part of them, or reject all of them. Only primary dealers in Treasury securities are authorised to submit bids in this auction. They also submit bids on behalf of investors. The minimum amount of each bid is 1 m.kr. nominal value.

The auction will be structured as a single-price auction, which means that all accepted bids will be sold to primary dealers at the same price. The lowest accepted price (highest yield) will determine the selling price. In other respects, reference is made to the Terms of Invitation to Tender, which accompany this press release.

After the results of the auction are available, the GDM will offer primary dealers the equivalent of 10% of the nominal value sold in the auction, at the price of accepted bids, until 14:00 on Tuesday, 26 June 2012. Each primary dealer that has submitted an accepted bid in the auction has the right to purchase an amount proportional to its total purchase.

The payment and settlement date is Wednesday, 27 June 2012.

EXCHANGE AUCTION

In this auction, the parties have the option of purchasing bonds in RIKB 14 0314 and in RIKB 16 1013 with the sale of **RIKB 12 0824**, which matures on 24 August 2012. Government Debt Management will purchase RIKB 12 0824 at a pre-determined price – that is, at a clean price of 99.92 (103.496503 with accrued interest per 100 nominal value) – with settlement on 27 June 2012. To clarify, this price is equivalent to 4.594% flat interest. The value of these securities, together with accrued interest, will constitute payment for the new securities. Those who want to use RIKB 12 0824 as a payment in the auction, must inform the GDM no later than 14:00 on Tuesday, 26 June 2012.

Investors that own RIKB 12 0824 and are interested in reinvesting in other Treasury bonds are particularly encouraged to participate in this auction by contacting their nearest bank.

For further information please contact Oddgeir Gunnarsson, GDM, at +354 569 9633.