



### Changes to Market Information

This issue of Market Information introduces a number of new features, some of them minor changes in presentation and others more substantive changes designed to increase transparency and information value. First of all, foreign liabilities are now itemised further and account given of the characteristics of each individual claim. Net Treasury debt, one of the new features, is measured here as total debt net of relending and domestic and foreign cash balances. Relending comprises loans taken by the Treasury and loaned on to other parties, mainly claims related to the Icelandic Student Loan Fund and subordinated loans to Arion bank and Islandsbank. The Treasury's cash position includes deposits on accounts with the Central Bank of Iceland. In this issue of Market Information, further breakdown is given of nominal, indexed, and foreign-denominated Treasury debt. This information, also shown in graphic form, extends back to 2008. Additional information is now given on the status of Treasury guarantees, including an itemisation of which parties have such guarantees. Furthermore, the ratio of domestic and foreign guarantees is included, as is a breakdown of foreign guarantees by currency. Finally, there is a new chart in the section on Treasury guarantees showing the maturity profile by year. Government Debt Management is continuing to develop Market Information so as to provide investors and other market participants with detailed information on Treasury debt management issues.

### Treasury bond auctions

Two Treasury bond auctions were held in January. The two-year RIKB 14 0314 bond and the 10-year RIKB 22 1026 were offered on 18 January. The terms were conventional, with the lowest accepted price (highest accepted yield) determining the sale price for the auction. For RIKB14, a total of eight valid bids were submitted, with a total nominal value of 4,310 m.kr., and it was decided to accept two bids for 1,525 m.kr. nominal value at a price of 101.450 (3.42% yield). For RIKB22, a total of 33 valid bids were submitted, with a total nominal value of 5,860 m.kr., and it was decided to accept 31 bids for 5,660 m.kr. nominal value at a price of 104.530 (6.60% 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 this option in the amount of 147 m.kr., bringing the sold volume in RIKB 22 1026 to a total of 5,807 m.kr. nominal value. According to information from primary dealers, non-residents bought no two-year bonds but bought 10-year bonds for 300 m.kr., or 5% of the sold volume. Pension funds bought 10-year bonds for a total of 1,820 m.kr., and other domestic investors purchased the remainder.

The 18-year RIKB 31 0124 bond was auctioned on 25 January. The terms were conventional, with the lowest accepted price (highest accepted yield) determining the sale price for the auction. A total of 15 valid bids were submitted for 3,858 m.kr. nominal value, and it was decided to accept 12 bids for 3,558 m.kr. nominal value at a price of 95.945 (6.90% 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 this option in the amount of 301 m.kr., bringing the sold volume in RIKB 31 0124 to a total of 3,859 m.kr. nominal value. According to information from primary dealers, non-residents bought no bonds in the series and mutual funds led domestic investors, purchasing for 1,800 m.kr., or 47% of the sold volume.

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### Treasury bond issuance in Q1/2013

Bond series	Maximum	Actual
RIKB 14 0314	10	2
RIKB 15 -nýr flokkur	15	
RIKB 22 1026	10	6
RIKB 31 0124	10	4

### Treasury bond issuance as of 31 January 2013

#### Regular auctions

Bond series	Actual
RIKB 14 0314	2
RIKB 22 1026	6
RIKB 31 0124	4
Total	12

#### Foreign exchange auctions

Bond series	Actual
RIKS 33 0321	0
Total	0
Total issued this year	12

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.



## Treasury bill auctions

On 11 January, three- and six-month Treasury bills were auctioned in series RIKV 13 0415 and RIKV 13 0715. 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 seven valid bids were submitted for 6,350 m.kr. nominal value, and bids were accepted for 5.950 m.kr. nominal value. The accepted price in the auction was 99.206, which is equivalent to a flat rate of 3.20%. For the six-month bills, a total of six valid bids were submitted for 1,800 m.kr. nominal value, and bids were accepted for 1,300 m.kr. nominal value at a price of 98.319, which is equivalent to a flat rate of 3.70%. According to information from primary dealers, non-residents bought for 5,500 m.kr. in the shorter series, or 92% of the sold volume, but bought none of the longer bills.

## Foreign currency auctions

No foreign currency auctions were held in January.

## Balance of Treasury guarantees

At end-January 2013, the balance of Treasury guarantees was 1,319 b.kr. Further information on Treasury guarantees can be found on page 11.

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## Benchmark issues, attributes

### Domestic marketable debt

Issues	ISIN	Date of issue (d.m.y)	Maturity date	Interest, %	Type of bond	Duration*	Years to maturity
<i>T - bills</i>							
RIKV 13 0215	IS0000022002	15.8.2012	15.2.2013	0.00	Bullet	0.04	0.04
RIKV 13 0315	IS0000022085	15.9.2012	15.3.2013	0.00	Bullet	0.12	0.12
RIKV 13 0415	IS0000022218	15.10.2012	15.4.2013	0.00	Bullet	0.12	0.20
RIKV 13 0515	IS0000022325	15.11.2012	15.5.2013	0.00	Bullet	0.21	0.28
RIKV 13 0618	IS0000022507	17.12.2012	18.6.2013	0.00	Bullet	0.29	0.38
RIKV 13 0715	IS0000022697	15.1.2013	15.7.2013	0.00	Bullet	0.38	0.45
<i>Nominal T-bonds</i>							
RIKB 13 0517	IS0000006989	17.5.2002	17.5.2013	7.25	Annual int.	0.29	0.29
RIKB 14 0314	IS0000021244	14.3.2012	14.3.2014	4.75	Annual int.	1.07	1.12
RIKB 16 1013	IS0000020253	22.10.2010	13.10.2016	6.00	Annual int.	3.38	3.70
RIKB 19 0226	IS0000017077	26.2.2008	26.2.2019	8.75	Annual int.	4.73	6.07
RIKB 22 1026	IS0000020717	26.10.2011	26.10.2022	7.25	Annual int.	7.26	9.73
RIKB 25 0612	IS0000019321	12.6.2009	12.6.2025	8.00	Annual int.	8.14	12.36
RIKB 31 0124	IS0000020386	24.1.2011	24.1.2031	6.50	Annual int.	10.99	17.98
RIKH 18 1009	IS0000019453	2.9.2009	9.10.2018	Fl. rate	Fl. rate	0.08	5.69
<i>Inflation-linked T-bonds</i>							
RIKS 15 1001	IS0000000081	29.9.1995	1.10.2015	No coupon	Bullet	2.67	2.67
RIKS 21 0414	IS0000020014	14.4.2010	14.4.2021	3.80	Annual int.	7.10	8.20
RIKS 30 0701	IS0000020576	1.7.2011	1.7.2030	3.25	Annual int.	13.55	17.41
RIKS 33 0321	IS0000021251	21.3.2012	21.3.2033	3.00	Annual int.	15.17	20.13
Average of benchmark series						4.5	7.4

\* Macaulay.

### Foreign marketable debt

Issues	ISIN	Date of issue	Maturity date	Interest, %	Type of bond	Average duration*	Years to maturity
USD 4,375% 10 Mar 2014	XS0187753362	10.3.2004	10.3.2014	4,375	Bullet	1.07	1.10
GBP 14,5% 31 Jan 2016	GB0004556113	15.1.1981	31.1.2016	14,500	Bullet	2.67	3.00
USD 4,875% 16 Jun 2016	USX3446PDH48	16.5.2011	16.6.2016	4,875	Bullet	3.12	3.37
USD 5,875% 11 May 2022	USX34650AA31	11.5.2012	11.5.2022	5,875	Bullet	7.26	9.27
EUR Euribor+2,75% 15 Mar 2025	XS0515310943	1.6.2010	15.3.2025	Euribor+275bp	Bullet	0.12	12.12
Average of benchmark series						4.1	6.7

\* Macaulay.



### Government debt

#### Domestic central government debt

Issues	Nominal amount	Inflation compensation	Issue/ buybacks	Inc. inflation compensation	Years to maturity	Market value (m.ISK)	% of domestic debt
<i>T-bills</i>							
RIKV 13 0115	13,450		-13,450	0		-	0.0
RIKV 13 0215	13,300			13,300	0.04	13,283	1.3
RIKV 13 0315	5,239			5,239	0.12	5,218	0.5
RIKV 13 0415	1,180		5,950	7,130	0.20	7,081	0.7
RIKV 13 0515	1,500			1,500	0.28	1,486	0.1
RIKV 13 0618	3,901			3,901	0.38	3,851	0.4
RIKV 13 0715	0		1,300	1,300	0.45	1,280	0.1
<b>Total</b>	<b>38,570</b>		<b>-6,200</b>	<b>32,370</b>		<b>32,200</b>	<b>3.0</b>
<i>Nominal T-bonds</i>							
RIKB 13 0517	83,020			83,020	0.29	83,714	7.8
RIKB 14 0314	21,783		1,525	23,308	1.12	23,663	2.2
RIKB 16 1013	58,683			58,683	3.70	61,925	5.5
RIKB 19 0226	87,723			87,723	6.07	102,903	8.3
RIKB 22 1026	31,490		5,807	37,297	9.73	39,397	3.5
RIKB 25 0612	87,263			87,263	12.36	96,879	8.2
RIKB 31 0124	32,617		3,859	36,476	17.98	35,528	3.4
RIKH 18 1009*	212,911			212,911	5.69	213,762	20.0
<b>Total</b>	<b>615,490</b>		<b>11,191</b>	<b>626,682</b>		<b>657,772</b>	<b>59.0</b>
<i>Inflation-linked T-bonds</i>							
RIKS 15 1001	11,873	15,555		27,428	2.67	26,640	2.6
RIKS 21 0414	60,934	6,809		67,743	8.20	71,201	6.4
RIKS 30 0701	62,348	4,061		66,409	17.41	68,600	6.2
RIKS 33 0321	9,576	309		9,885	20.13	9,576	0.9
<b>Total</b>	<b>144,731</b>	<b>26,734</b>		<b>171,466</b>		<b>176,017</b>	<b>16.1</b>
Bond issued to Central Bank of Iceland				169,845			16.8
Other central government debt **				54,081			5.0
<b>Total domestic debt</b>				<b>1,054,443</b>			<b>100.0</b>

\*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	Remaining nominal amount	Nominal amount ISK	Years to maturity
<i>Foreign bonds</i>				
USD 4,375% 10 Mar 2014	200	200	25,410	1.10
GBP 14,5% 31 Jan 2016	30	28	5,686	3.00
USD 4,875% 16 Jun 2016	1.000	1.000	127,050	3.37
USD 5,875% 11 May 2022	1.000	1.000	127,050	9.27
EUR Euribor+2,75% 15 Mar 2025	402	267	46,009	12.12
<b>Total</b>			<b>331,205</b>	
<i>Foreign bilateral loans</i>				
PLN Wibor+2,75% 30 Dec 2021	630	204	8,363	8.91
EUR Euribor+2,75% 30 Dec 2021	480	199	34,292	8.91
EUR Euribor+2,75% 30 Dec 2021	320	132	22,746	8.91
EUR Euribor+2,75% 30 Dec 2021	495	205	35,326	8.91
<b>Total</b>			<b>100,726</b>	
<b>Total foreign debt</b>			<b>431,931</b>	



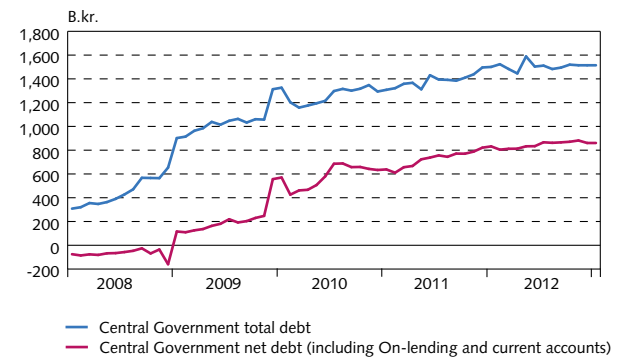
### Central government debt, total

	<i>Nominal inc./ inflation compensation</i>	<i>Weighted time to maturity</i>
Nominal debt	659,052	6.25
Inflation-linked debt	395,391	11.58
Foreign currency debt	431,931	7.20
<b>Total</b>	<b>1,486,375</b>	<b>7.94</b>
<b>Total debt as percentage of GDP</b>		<b>81.4</b>

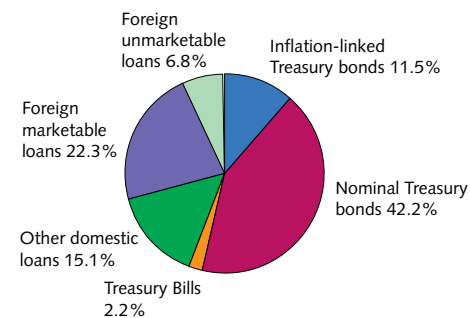
### Net debt

	<i>Nominal inc./ inflation compensation</i>
<i>On - lending and cash at the central bank</i>	
Nominal on - lending	766
Inflation-linked on - lending	91,998
Foreign currency on - lending	68,154
Cash ISK	131,965
Cash FX	344,234
<b>Total on-lending</b>	<b>637,117</b>
<i>Net debt</i>	
Nominal debt	526,321
Inflation-linked debt	303,393
Foreign currency debt	19,544
<b>Net central government debt</b>	<b>849,258</b>
<b>Total net debt as percentage of GDP</b>	<b>46.5</b>

### Changes in central government debt



### Total market value of benchmark issues





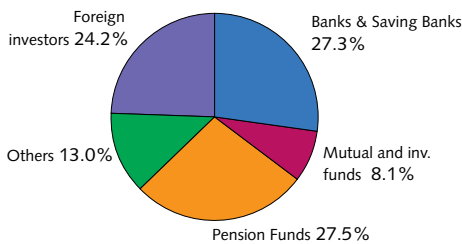
### Investors

#### Owners of T-bonds and bills 31 January 2013\*

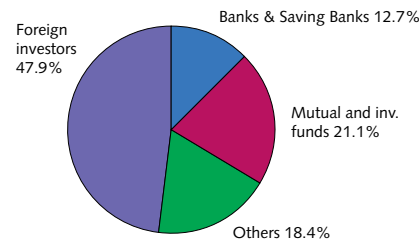
Nominal value in m.kr.	RIKB							RIKH	RIKS			Total	Total bills
	13 0517	14 0314	16 1013	19 0226	22 1026	25 0612	31 0124	18 1009	21 0414	30 0701	33 0321		
<b>Domestic investors</b>													
<b>Banks &amp;</b>													
Saving Banks	6,918	2,368	965	2,370	2,058	1,221	2,192	200,745	934	0	84	219,855	4,095
<b>Miscellaneous</b>													
credit undertakings	0	50	0	1,100	536	1,340	0	8,342	3,269	22,160	0	36,797	0
<b>Mutual and</b>													
inv. funds	1,985	844	2,113	12,694	9,052	3,772	1,689	1,525	27,901	3,347	143	65,065	6,835
Pension Funds	968	189	1,506	30,732	22,370	72,076	36,677	0	17,751	34,874	4,499	221,642	0
Firms	3,277	1,704	844	7,316	562	2,044	108	1,500	3,566	286	302	21,508	5,321
Households	1,741	237	1,070	3,815	1,382	1,276	117	0	4,106	385	1,940	16,068	39
Others	6,697	1,365	3,483	5,469	1,311	5,573	70	500	3,674	258	2,160	30,559	580
<b>Foreign investors</b>													
	83,238	25,492	54,078	25,577	1,450	1,741	825	300	882	1,037	450	195,070	15,500
<b>Total:</b>	<b>104,824</b>	<b>32,248</b>	<b>64,058</b>	<b>89,073</b>	<b>38,721</b>	<b>89,043</b>	<b>41,676</b>	<b>212,911</b>	<b>62,084</b>	<b>62,348</b>	<b>9,576</b>	<b>806,564</b>	<b>32,370</b>

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

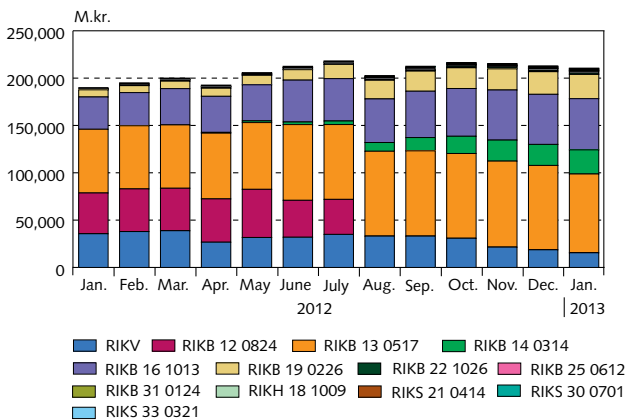
#### Owners of T-bonds 31 January 2013\*



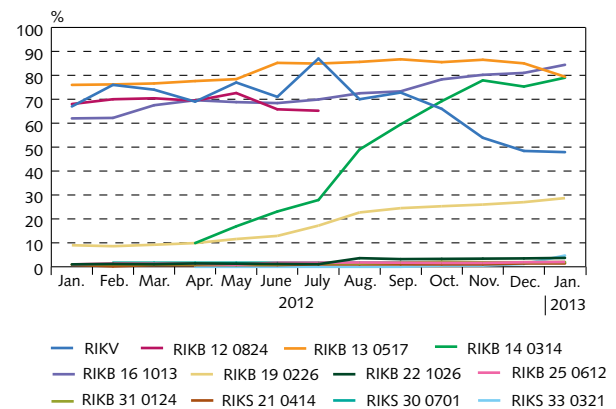
#### Owners of T-bills 31 January 2013\*



#### Foreign ownership of T-bonds and bills 31 January 2013\*



#### Percentage of foreign ownership of T-bonds and bills 31 January 2013\*



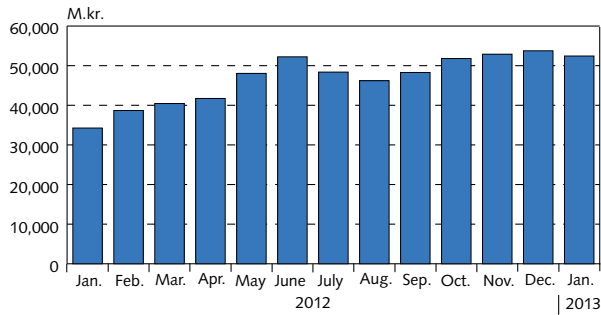
\* Information is based on the most recent data from the Icelandic Securities Depository and banks.



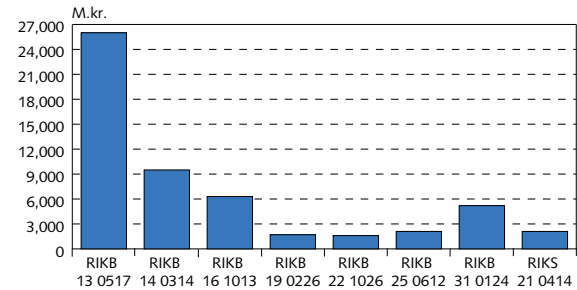
# Market Information

## Securities lending facility, redemption profile and turnover

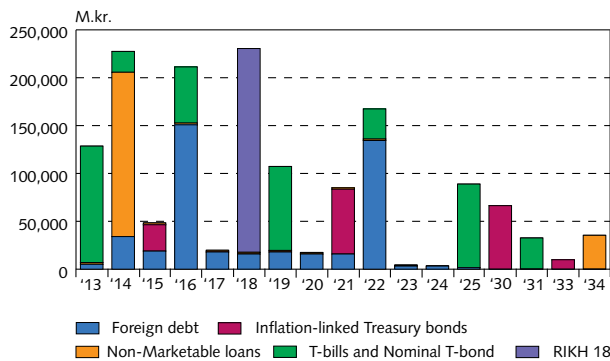
Average amount in the security lending facility of GDM at market value



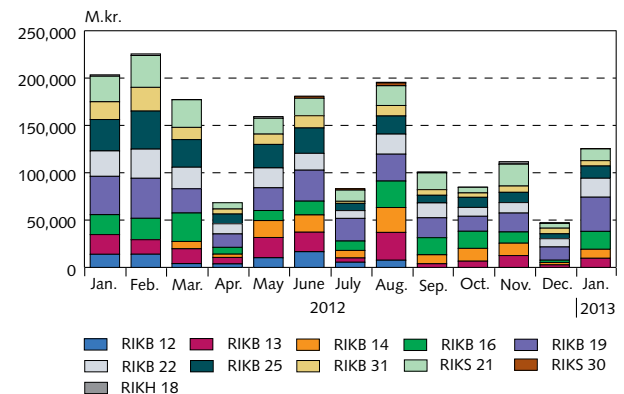
Outstanding amount in the securities lending facility by series at the end of last month



Redemption profile of government debt

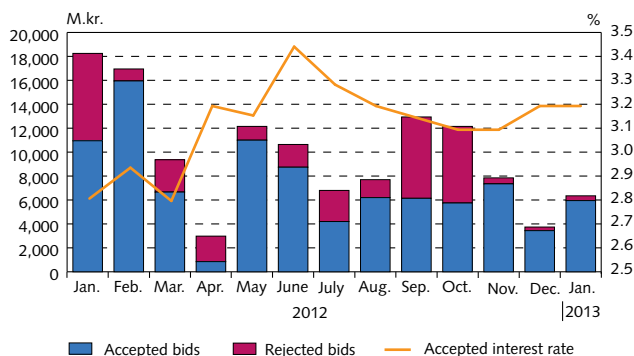


Monthly trading volume in T-Bonds on NASDAQ OMX Iceland Exchange

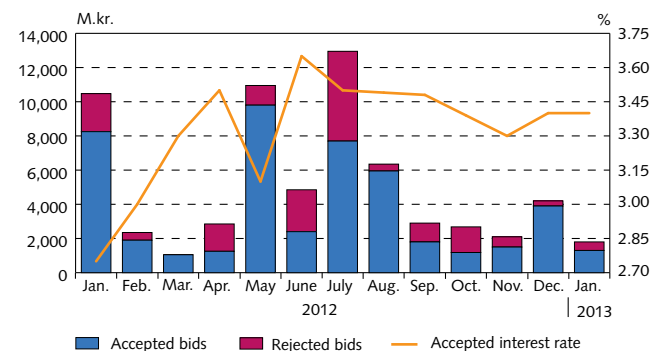


## Auction of Treasury bills

Auction of 3 months T-bills



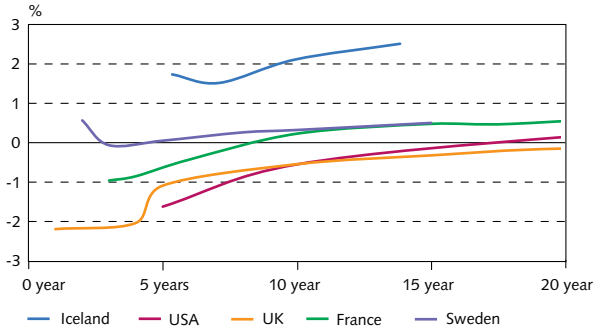
Auction of 6 months T-bills



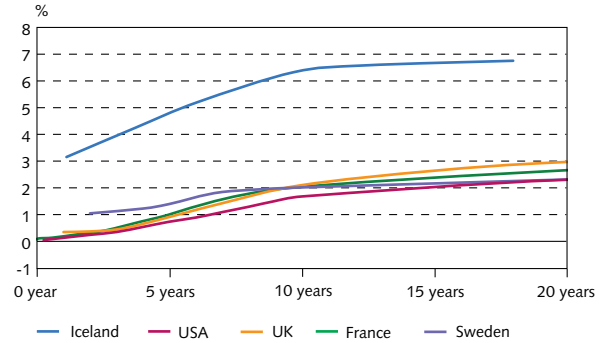


## Yield curves

Yield curve inflation-linked T-bonds

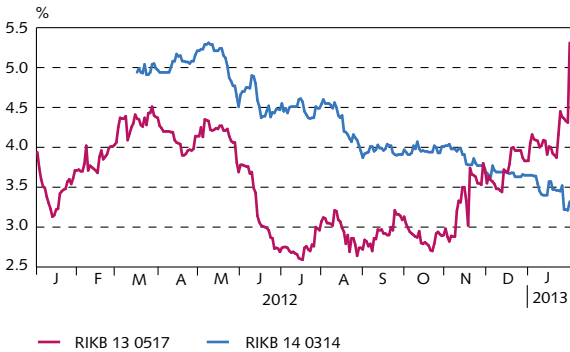


Yield curve Treasury bills and nominal T-bonds



## Yield for Treasury bonds

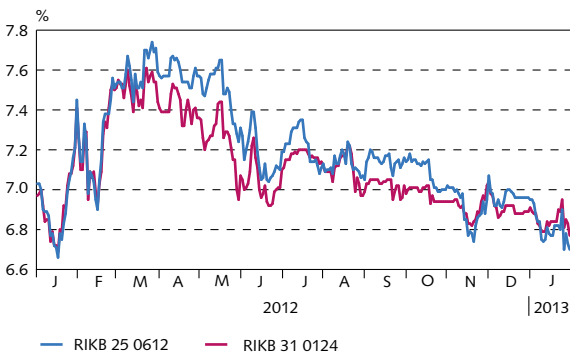
Yield for short term nominal T-bonds



Yield for medium term nominal T-bonds



Yield for long term nominal T-bonds



Yield for inflation linked T-bonds





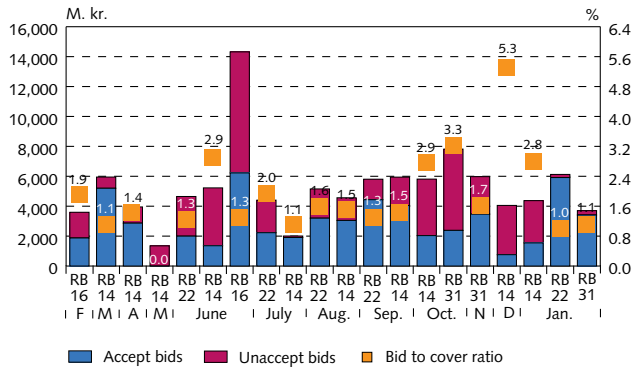
## Auctions of Treasury bonds and bills

Auction in m.kr. from year beginning 2013

Date	Offers		No. of bids	No. of acc. bids	Yield %	Acc. bids value	Acc. bids nominal value	Non comp. auction nominal v.	Total value	
	Value	Nominal value								
<b>Nominal T-Bonds</b>										
01.18.13	RIKB 14 0314	4,372	4,310	8	2	3.42	1,547	1,525	1,547	
01.18.13	RIKB 22 1026	6,125	5,860	33	31	6.60	5,916	5,660	147	
01.25.13	RIKB 31 0124	3,702	3,858	15	12	6.90	3,414	3,558	301	
<b>Total</b>		<b>14,200</b>	<b>14,028</b>				<b>10,877</b>	<b>10,743</b>	<b>448</b>	<b>11,320</b>
<b>T-Bills</b>										
01.11.13	RIKV 13 0415	6,300	6,350	7	5	3.20	5,903	5,950		
01.11.13	RIKV 13 0715	1,770	1,800	6	3	3.40	1,278	1,300		
<b>Total</b>		<b>8,069</b>	<b>8,150</b>				<b>7,181</b>	<b>7,250</b>		

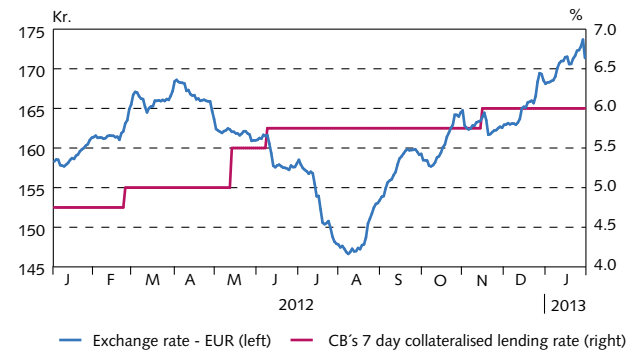
## Auctions of Treasury bonds

Latest auction results of Treasury bonds at market value



## Exchange rate developement

Euro exchange rate versus 7 days collateralised lending rate



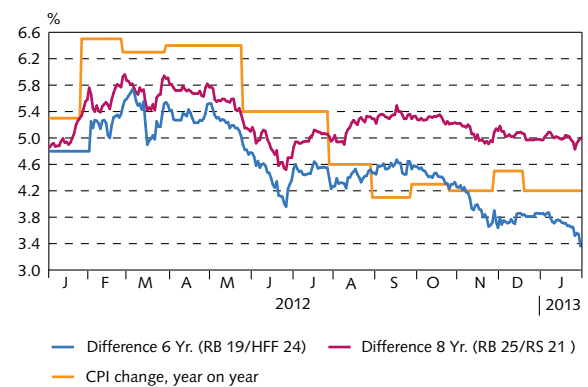
### Next planned auction dates:

- 13 February 2013 - Auction of Treasury bills
- 22 February 2013 - Auction of Treasury bonds

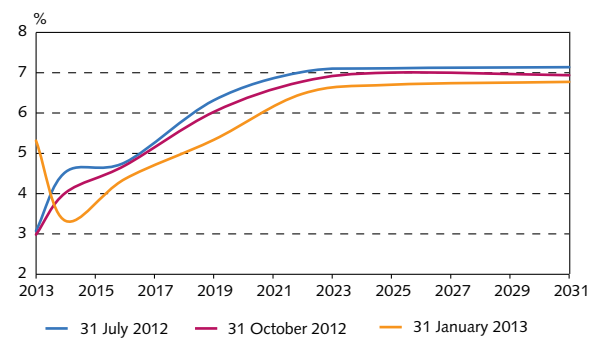
### Primary dealers

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	

### Nominal yield curves



### Inflation premium nominal T-bonds



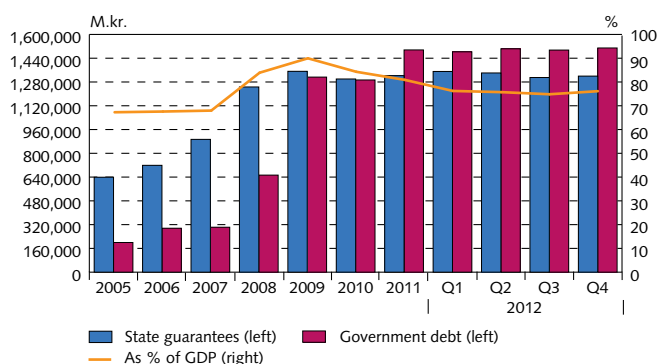


### State guarantees

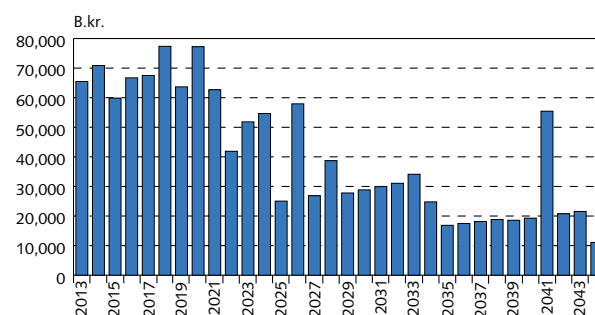
#### State guarantees 2007–2012

M.kr.	Outstanding end of year					
	2012	2011	2010	2009	2008	2007
Lending agencies	956,735	961,148	927,947	901,382	836,144	667,566
Housing Financing Fund	942,169	943,880	910,657	878,552	814,247	656,470
Regional Development Fund	14,565	16,993	17,038	22,586	21,670	10,777
Other	0	275	253	243	227	320
<b>Co-operative and Limited Partnerships</b>	<b>358,920</b>	<b>250,744</b>	<b>251,455</b>	<b>271,714</b>	<b>250,031</b>	<b>117,440</b>
National Power Company	342,231	233,417	232,854	251,128	234,097	105,999
RARIK Ltd, (Iceland State Electricity)	2,638	2,794	3,063	5,220	5,450	4,214
Farice	6,828	7,025	7,357	7,056	1,657	872
Isavia Ltd,	2,917	3,106	3,639	3,483	3,368	2,167
RUV Ltd, (National Broadcasting Service)	3,479	3,553	3,685	3,944	4,607	3,423
Other	828	849	857	882	853	765
<b>Industries/ Municipalities and associated enterprises</b>	<b>3,972</b>	<b>5,357</b>	<b>5,242</b>	<b>38,523</b>	<b>33,621</b>	<b>28,030</b>
Commercial Banks	0	1,608	1,693	28,220	23,659	21,011
NIB - Nordic Investment Bank	3,110	2,855	2,709	2,813	2,706	1,425
Other	861	894	840	7,490	7,256	5,593
<b>State Guarantees total</b>	<b>1,319,626</b>	<b>1,217,250</b>	<b>1,184,644</b>	<b>1,211,618</b>	<b>1,119,796</b>	<b>813,036</b>

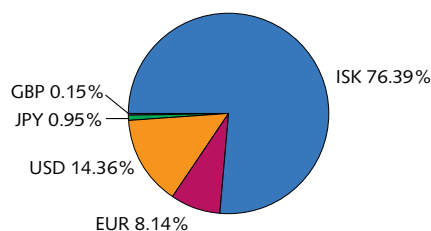
#### State guarantees - government debt and GDP



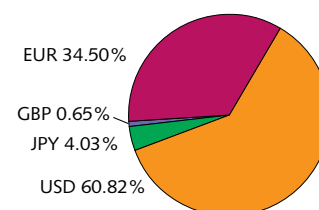
#### State guarantees - Maturity profile



#### State guarantees - Currency ratio



#### State guarantees - Currency ratio FX



#### Notes:

- Guarantees shown include accrued interest and indexation at the end of each period. Guarantees in foreign currency are valued at ask exchange rate. Numbers for 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 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.
- The Treasury has guaranteed the indemnity of Arion banki hf regarding takeover of deposits from SPRON Savings bank, amounting to 71 bISK with accrued interest at 31 December 2012.