



GOVERNMENT DEBT MANAGEMENT

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To newspapers, media,
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Press Release
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AUCTION OF NOMINAL BONDS RIKB 15 0408

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

A new two-year nominal bonds, RIKB 15 0408, will be offered. The bonds are interest-bearing and pay 4.50% interest rate annually every 8 April. The maturity date is 8 April 2015. Description of the bond is attached to this press release and further information can be obtained from the website www.ndma.is. 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 March 2013. 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 March 2013.

Bonds sold in the auction on 22 March 2013 are expected to be admitted to trading on NASDAQ OMX ICELAND on 2 April 2013.

EXCHANGE AUCTION

In this auction, the parties have the option of purchasing bonds in RIKB 15 0408 with the sale of **RIKB 13 0517**, which matures on 17 May 2013. Government Debt Management will purchase RIKB 13 0517 at a pre-determined price – that is, at a clean price of 100.28 (106.516986 with accrued interest per 100 nominal value) – with settlement on 27 March 2013. To clarify, this price is equivalent to 4.925% flat interest. The value of these securities, together with accrued interest, will constitute payment for the new securities. Those who want to use RIKB 13 0517 as a payment in the auction, must inform the GDM no later than 14:00 on Tuesday, 26 March 2013.



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Investors that own RIKB 13 0517 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 9635.