

Auction results in August 2020

| | Type | Bond | Amount of bids m.kr. | Amount allocated m.kr. | Yield/Price/ Simple interest |
|----------|---------|--------------|-------------------------|---------------------------|---------------------------------|
| 21-agust | Auction | RIKB 23 0515 | 29,470 | 24,370 | 1.69 |
| 21-agust | Auction | RIKB 31 0124 | 6,350 | 6,250 | 2.59 |

Treasury bond issuance in Q3/2020

| Amounts in b.kr. | Maximum | Actual |
|------------------|---------|--------|
| RIKB 21 0805 | - | 12.3 |
| RIKB 23 0515 | - | 26.7 |
| RIKB 31 0124 | - | 8.6 |
| RIKS 26 0216 | - | 0.8 |

Treasury bond issuance as of 31 August 2020

Regular auctions

Bond series

| Amounts in b.kr. | Sales value |
|------------------------|-------------|
| RIKB 21 0805 | 49.2 |
| RIKB 23 0515 | 26.7 |
| RIKB 25 0612 | 3.6 |
| RIKB 28 1115 | 7.8 |
| RIKB 31 0124 | 8.6 |
| RIKS 26 0216 | 4.4 |
| Total issued this year | 100.4 |

Contents

- Benchmark issues. attributes
- Central government debt
- Swaps
- Investors
- Securities lending facility, redemption profile and turnover
- Auction of Treasury bills
- Yield curves
- Yield for Treasury bonds
- Auctions of Nominal T-Bonds and T-Bills
- Auctions of Treasury Bonds
- Exchange rate development
- Credit Rating
- State Guarantees

Contributors

Bjorgvin Sighvatsson
bs@cb.is

Hafsteinn Hafsteinsson
haha@cb.is

Laufey B. Ómarsdóttir
lbo@cb.is

Magnús Freyr Hrafnsson
mfh@cb.is

Oddgeir Gunnarsson
og@cb.is

Editor

Sturla Pálsson
sp@cb.is

The information in this publication is from the Central Bank of Iceland and from data vendors that are considered reliable.

The information is as of the last month-end unless otherwise specified.

Government Debt Management cannot be held liable for possible errors, typographical or otherwise, that may appear in Market Information. Comments on the contents of this publication may be submitted to lanamal@sedlabanki.is.

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 20 0915 | IS0000032001 | 29.06.2020 | 15.09.2020 | 0.00 | Bullet | 0.04 | 0.04 |
| RIKV 20 1005 | IS0000031912 | 02.06.2020 | 05.10.2020 | 0.00 | Bullet | 0.10 | 0.10 |
| RIKV 20 1116 | IS0000031789 | 03.02.2020 | 16.11.2020 | 0.00 | Bullet | 0.21 | 0.21 |
| RIKV 20 1215 | IS0000031920 | 02.06.2020 | 15.12.2020 | 0.00 | Bullet | 0.29 | 0.29 |
| RIKV 21 0115 | IS0000031797 | 03.02.2020 | 15.01.2021 | 0.00 | Bullet | 0.38 | 0.38 |
| RIKV 21 0215 | IS0000032183 | 04/08/2020 | 15/02/2021 | 0,00 | Bullet | 0,47 | 0,46 |
| <i>Nominal T-bonds</i> | | | | | | | |
| RIKB 21 0805 | IS0000031482 | 05.08.2019 | 05.08.2021 | 3.50 | Bullet | 0.93 | 0.93 |
| RIKB 22 1026 | IS0000020717 | 26.10.2011 | 26.10.2022 | 7.25 | Bullet | 1.97 | 2.15 |
| RIKB 23 0515 | IS0000032191 | 15.05.2020 | 15.05.2023 | 1.50 | Bullet | 2.66 | 2.70 |
| RIKB 25 0612 | IS0000019321 | 12.06.2009 | 12.06.2025 | 8.00 | Bullet | 4.18 | 4.78 |
| RIKB 28 1115 | IS0000028249 | 15.11.2016 | 15.11.2028 | 5.00 | Bullet | 6.81 | 8.21 |
| RIKB 31 0124 | IS0000020386 | 24.01.2011 | 24.01.2031 | 6.50 | Bullet | 8.03 | 10.40 |
| <i>Inflation-linked T-bonds</i> | | | | | | | |
| RIKS 21 0414 | IS0000020014 | 14.04.2010 | 14.04.2021 | 3.80 | Bullet | 0.62 | 0.62 |
| RIKS 26 0216 | IS0000030732 | 16.02.2018 | 16.02.2026 | 1.50 | Bullet | 5.26 | 5.46 |
| RIKS 30 0701 | IS0000020576 | 01.07.2011 | 01.07.2030 | 3.25 | Bullet | 8.74 | 9.83 |
| RIKS 33 0321 | IS0000021251 | 21.03.2012 | 21.03.2033 | 3.00 | Bullet | 10.89 | 12.55 |
| Average of benchmark series | | | | | | 4.6 | 5.4 |

* Macaulay.

Foreign marketable debt

| Issues | ISIN | Date of issue | Maturity date | Interest. % | Type of bond | Duration* | Years to maturity |
|-----------------------------|--------------|---------------|---------------|-------------|--------------|-----------|-------------------|
| | US451029AE22 | | | | | | |
| USD 5.875% 11 May 2022 | USX34650AA31 | 11.05.2012 | 11.05.2022 | 5.875 | Bullet | 1.64 | 1.69 |
| EUR 0.5% 20 Dec 2022 | XS1738511978 | 13.12.2017 | 20.12.2022 | 0.500 | Bullet | 2.29 | 2.30 |
| EUR 0.1% 20 Jun 2024 | XS2015295814 | 20.06.2019 | 20.06.2024 | 0.100 | Bullet | 3.80 | 3.80 |
| EUR 0.625% 3 Jun 2026 | XS2182399274 | 03.06.2020 | 03.06.2026 | 0.625 | Bullet | 5.66 | 5.75 |
| Average of benchmark series | | | | | | 3.8 | 3.8 |

* Macaulay.



Government debt

Domestic central government debt 31 July 2020 in m.kr.

| Issues | Nominal amount. beg. of month | Inflation compensation | Issue/ buybacks nominal | Inc. inflation compensation. end of month | Years to maturity | Market value | % of domestic debt |
|--|-------------------------------|------------------------|-------------------------|---|-------------------|----------------|--------------------|
| <i>T-bills</i> | | | | | | | |
| RIKV 20 0805 | 25,550 | | -25,550 | 0 | 0.00 | 0 | 0.0% |
| RIKV 20 0915 | 28,650 | | 0 | 28,650 | 0.04 | 28,641 | 3.2% |
| RIKV 20 1005 | 22,850 | | 0 | 22,850 | 0.10 | 22,827 | 2.5% |
| RIKV 20 1116 | 26,752 | | 0 | 26,752 | 0.21 | 26,680 | 3.0% |
| RIKV 20 1215 | 20,850 | | 0 | 20,850 | 0.29 | 20,771 | 2.3% |
| RIKV 21 0115 | 30,610 | | 0 | 30,610 | 0.37 | 30,457 | 3.4% |
| RIKV 21 0215 | 0 | | 14,500 | 14,500 | 0.46 | 14,410 | 1.6% |
| Total | 155,262 | | | 144,212 | 0.23 | 143,786 | 15.9% |
| <i>Nominal T-bonds</i> | | | | | | | |
| RIKB 21 0805 | 60,234 | | 0 | 60,234 | 0.93 | 61,662 | 6.6% |
| RIKB 22 1026 | 81,059 | | 0 | 81,059 | 2.15 | 90,997 | 8.9% |
| RIKB 23 0515 | 0 | | 26,805 | 26,805 | 2.70 | 26,684 | 3.0% |
| RIKB 25 0612 | 94,488 | | 0 | 94,488 | 4.78 | 119,575 | 10.4% |
| RIKB 28 1115 | 72,070 | | 0 | 72,070 | 8.21 | 84,401 | 8.0% |
| RIKB 31 0124 | 94,026 | | 6,390 | 100,416 | 10.40 | 134,718 | 11.1% |
| Total | 401,877 | | | 435,072 | 5.49 | 518,036 | 48.0% |
| <i>Inflation-linked T-bonds</i> | | | | | | | |
| RIKS 21 0414 | 62,171 | 20,686 | 0 | 82,985 | 0.62 | 85,516 | 9.2% |
| RIKS 26 0216 | 23,467 | 1,896 | 0 | 26,052 | 5.46 | 29,178 | 2.9% |
| RIKS 30 0701 | 73,727 | 20,410 | 0 | 94,283 | 9.83 | 125,585 | 10.4% |
| RIKS 33 0321 | 34,172 | 8,114 | 0 | 42,352 | 12.55 | 59,335 | 4.7% |
| Total | 193,537 | 51,106 | | 245,672 | 6.73 | 299,615 | 27.1% |
| <i>Other central government debt *</i> | | | | | | | |
| Inflation-linked debt | | | | 31,393 | 6.16 | | 3.5% |
| Nominal debt | | | | 50,001 | 0.04 | | 5.5% |
| Total domestic debt | | | | 906,349 | 4.71 | | 100.0% |

*Mostly loan from Íl-fund and government indexed 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> | | | | |
| USD 5.875% 11 May 2022 | 1.000 | 92 | 12,665 | 1.69 |
| EUR 0.5% 20 Dec 2022 | 500 | 500 | 82,150 | 2.30 |
| EUR 0.1% 20 Jun 2024 | 500 | 500 | 82,150 | 3.80 |
| EUR 0.625% 3 Jun 2026 | 500 | 500 | 82,150 | 5.75 |
| Total | | | 259,115 | 3.84 |



Central government debt. total in m.kr.

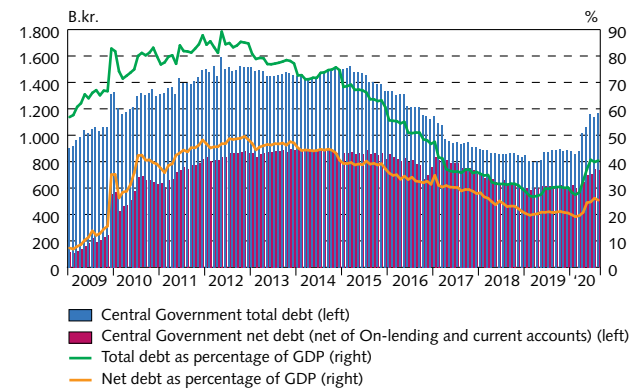
| | Nominal inc./ inflation compensation | Weighted time to maturity |
|--|---|------------------------------|
| Nominal debt | 629,284 | 3.85 |
| Inflation-linked debt | 277,065 | 6.66 |
| Foreign currency debt | 259,115 | 3.84 |
| Total | 1,165,464 | 4.52 |
| Total debt as percentage of GDP * | | 40.4 |

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

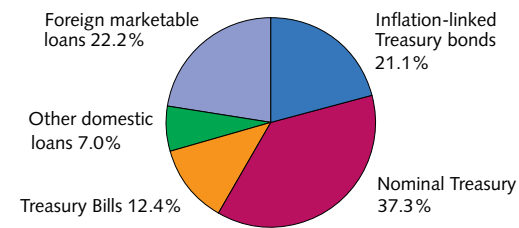
Net debt in m.kr.

| On-lending and cash at the Central bank | Nominal incl./ inflation compensation end of month |
|--|--|
| Nominal on - lending | 20,781 |
| Inflation-linked on - lending | 35,561 |
| FX linked on - lending | 8,204 |
| Cash ISK | 147,770 |
| Cash FX | 220,950 |
| Total on-lending | 433,265 |
| | |
| Nominal debt | 460,733 |
| Inflation-linked debt | 241,504 |
| Foreign currency debt | 29,962 |
| Net central government debt | 732,199 |
| Total net debt as percentage of GDP | 25.4 |

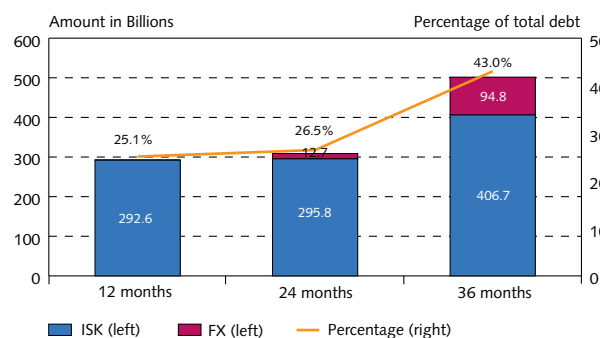
Changes in central government debt



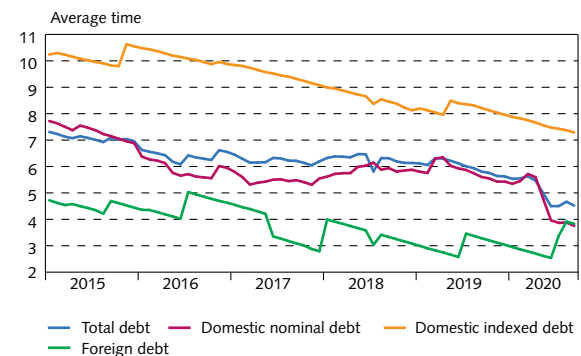
Total market value of benchmark issues



Percentage of debt maturing next;



Average Time to Maturity



Swaps

31 July 2020

Inflation swaps in ISK (m.kr.)

| Year | New | | Expired | | Outstanding at year-end | |
|------|---------------------|----------------|---------------------|----------------|-------------------------|----------------|
| | Number of contracts | Nominal amount | Number of contracts | Nominal amount | Number of contracts | Nominal amount |
| 2018 | 22 | 28,000 | 0 | 0 | 22 | 28,000 |
| 2019 | 0 | 0 | 0 | 0 | 22 | 28,000 |
| 2020 | 0 | 0 | 0 | 0 | 22 | 28,000 |
| 2021 | 0 | 0 | 20 | 26,000 | 2 | 2,000 |
| 2022 | 0 | 0 | 0 | 0 | 2 | 2,000 |
| 2023 | 0 | 0 | 0 | 0 | 2 | 2,000 |
| 2024 | 0 | 0 | 0 | 0 | 2 | 2,000 |
| 2025 | 0 | 0 | 2 | 2,000 | 0 | 0 |
| 2026 | 0 | 0 | 0 | 0 | 0 | 0 |

Interest rate type (m.kr.)

| | Without swaps | | With swaps | |
|-----------------------------------|--|---------------|---|---------------|
| | Nominal amount with accrued indexation (ISK) | Proportion. % | Nominal value with accrued indexation (ISK) | Proportion. % |
| Icelandic fixed interest rates | 435,072 | 37% | 435,072 | 37% |
| Icelandic indexed interest rates | 277,065 | 24% | 247,462 | 21% |
| Icelandic floating interest rates | 194,213 | 17% | 222,213 | 19% |
| Foreign fixed interest rates | 259,115 | 22% | 259,115 | 22% |
| Foreign floating interest rates | 0 | 0% | 0 | 0% |
| Total | 1,165,464 | 100% | 1,163,861 | 100% |

Effect of swaps on Treasury debt (m.kr.)

| | Nominal amount with accrued indexation (ISK) | Market value (ISK) | Proportion. % | Duration |
|-----------------------------------|--|--------------------|---------------|-------------|
| <i>Government debt</i> | | | | |
| Nominal debt | 629,284 | 725,544 | 54% | 3,53 |
| Inflation-linked debt | 277,065 | 335,958 | 24% | 6,45 |
| Foreign currency debt | 259,115 | 271,729 | 22% | 3,81 |
| Total | 1,165,464 | 1,333,230 | 100% | 4,32 |
| <i>Government debt with swaps</i> | | | | |
| Nominal debt | 657,284 | 753,536 | 56% | 3,40 |
| Inflation-linked debt | 247,462 | 305,140 | 21% | 6,96 |
| Foreign currency debt | 259,115 | 271,729 | 22% | 3,81 |
| Total | 1,163,861 | 1,330,405 | 100% | 4,30 |



Investors T-bonds and bills

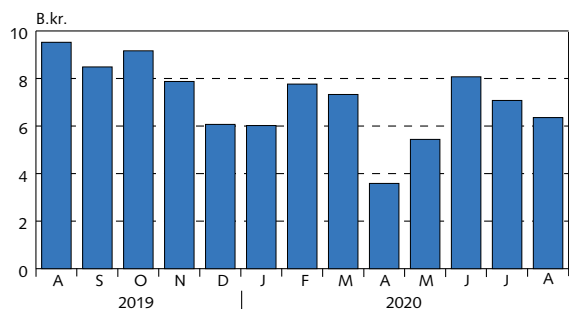
Data not available now
due to the implementation of a new
settlement system at NASDAQ CSD



Market Information

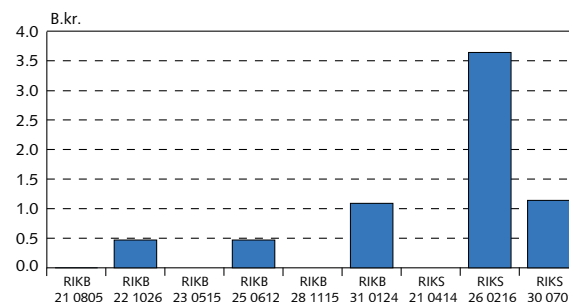
Securities lending facility. redemption profile and turnover

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

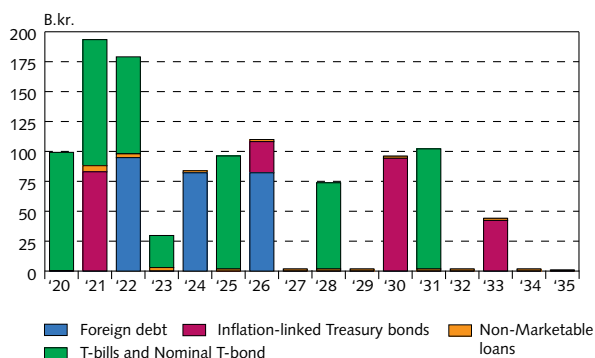


* Calculated at market price.

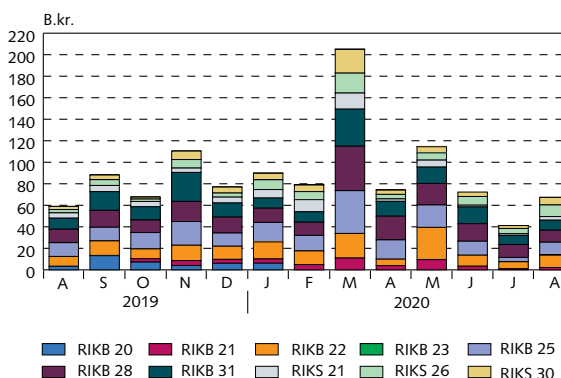
Outstanding amount in the securities lending facility* by series at the end of last month



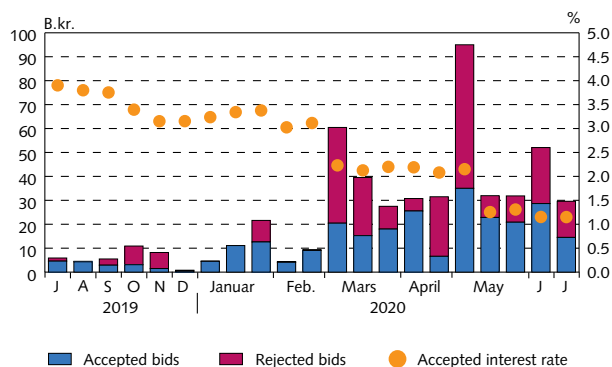
Redemption profile of government debt



Monthly trading volume in T-Bonds on NASDAQ Iceland Exchange

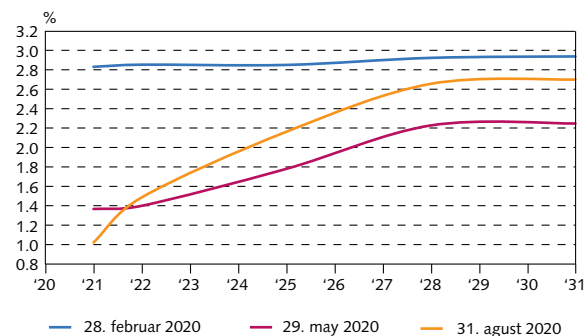


Auction of Treasury bills



Yield curves

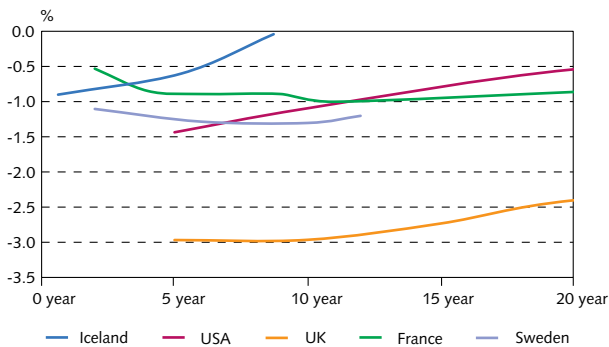
Nominal yield curves



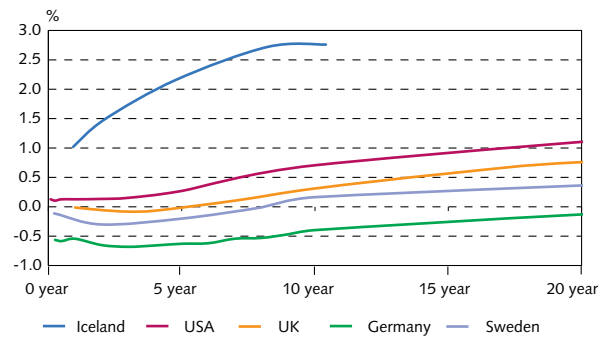


Market Information

Yield curve inflation-linked T-bonds

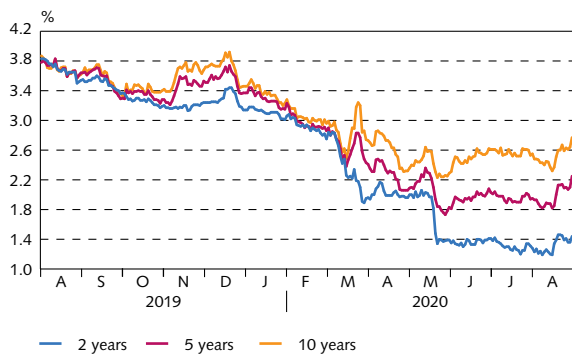


Yield curve Treasury bills and nominal T-bonds

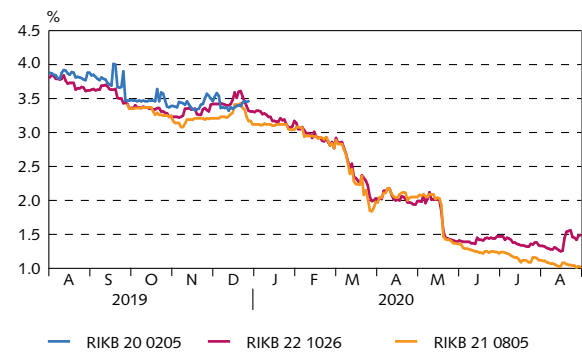


Yield for Treasury bonds

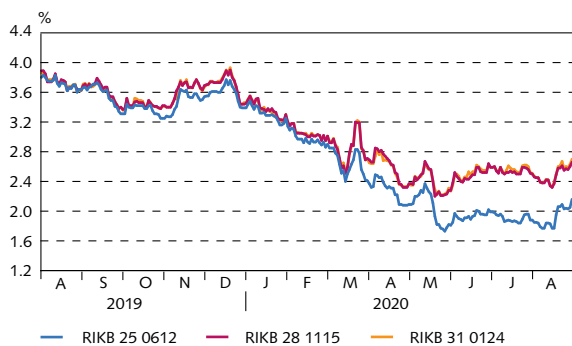
Generic Yield



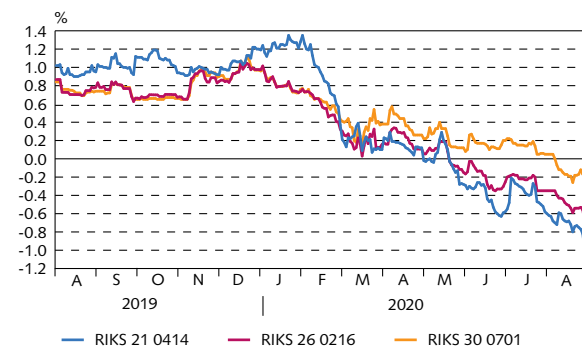
Yield for short and medium term nominal T-bonds



Yield for long term nominal T-bonds



Yield for inflation linked T-bonds



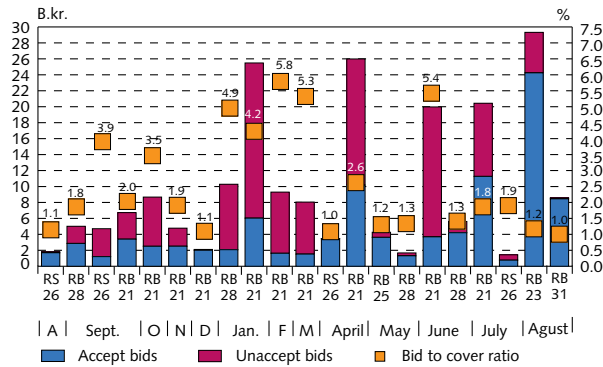
Auctions of Treasury bonds and bills

Auction in 2020. 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 | | | | | | | | | | | |
| 10.01.20 | RIKB 28 1115 | 10,281 | 9,212 | 49 | 10 | 3.45 | 2,078 | 1,862 | 186 | 2,286 | |
| 31.01.20 | RIKB 21 0805 | 25,486 | 25,331 | 43 | 16 | 3.07 | 6,037 | 6,000 | 439 | 6,478 | |
| 21.02.20 | RIKB 21 0805 | 9,282 | 9,200 | 39 | 10 | 2.85 | 1,614 | 1,600 | 43 | 1,657 | |
| 20.03.20 | RIKB 21 0805 | 8,045 | 7,892 | 36 | 6 | 2.04 | 1,529 | 1,500 | 143 | 1,674 | |
| 03.04.20 | RIKB 21 0805 | 17,552 | 17,250 | 33 | 30 | 2.14 | 11,752 | 11,550 | 740 | 12,505 | |
| 17.04.20 | RIKB 21 0805 | 25,987 | 25,540 | 36 | 31 | 2.10 | 10,175 | 10,000 | 445 | 10,628 | |
| 08.05.20 | RIKB 25 0612 | 4,263 | 3,340 | 21 | 18 | 2.19 | 3,625 | 2,840 | 0 | 3,625 | |
| 08.05.20 | RIKB 28 1115 | 1,674 | 1,400 | 12 | 10 | 2.42 | 1,316 | 1,100 | 0 | 1,316 | |
| 05.06.20 | RIKB 21 0805 | 19,973 | 19,480 | 14 | 2 | 1.27 | 3,691 | 3,600 | 300 | 3,999 | |
| 05.06.20 | RIKB 28 1115 | 5,617 | 4,700 | 38 | 25 | 2.41 | 4,206 | 3,520 | 0 | 4,206 | |
| 03.07.20 | RIKB 21 0805 | 20,435 | 19,950 | 18 | 7 | 1.21 | 11,268 | 11,000 | 1,000 | 12,292 | |
| 21.08.20 | RIKB 23 0515 | 29,322 | 29,470 | 52 | 30 | 1.69 | 24,247 | 24,370 | 2,435 | 26,670 | |
| 21.08.20 | RIKB 31 0124 | 8,590 | 6,350 | 19 | 18 | 2.59 | 8,454 | 6,250 | 140 | 8,644 | |
| Total | | 186,506 | 179,115 | | | | 89,993 | 85,192 | 5,870 | 95,980 | |
| Indexed | | | | | | | | | | | |
| Indexed T-Bonds | | | | | | | | | | | |
| 03.04.20 | RIKS 26 0216 | 3,473 | 3,250 | 0 | 0 | 0 | 3,458 | 3,050 | 134 | 3,610 | |
| 03.07.20 | RIKS 26 0216 | 1,438 | 1,309 | 0 | 0 | 0 | 767 | 649 | 0 | 767 | |
| Total | | 4,911 | 4,559 | | | | 4,225 | 3,699 | 134 | 4,377 | |
| | | | | | | | | | | Total value | 100,357 |
| Switch auction | | | | | | | | | | | |
| Total | | 0 | 0 | | | | 0 | 0 | 0 | 0 | |
| T-Bills | | | | | | | | | | | |
| 30.01.20 | RIKV 20 0715 | 4,533 | 4,600 | 17 | 16 | 3.24 | 4,435 | 4,500 | | | |
| 30.01.20 | RIKV 20 1116 | 10,814 | 11,102 | 12 | 12 | 3.34 | 10,814 | 11,102 | | | |
| 30.01.20 | RIKV 21 0115 | 20,928 | 21,610 | 14 | 11 | 3.38 | 12,212 | 12,610 | | | |
| 27.02.20 | RIKV 20 0715 | 4,351 | 4,400 | 15 | 12 | 3.02 | 4,054 | 4,100 | | | |
| 27.02.20 | RIKV 20 1116 | 9,194 | 9,400 | 18 | 15 | 3.12 | 8,851 | 9,050 | | | |
| 30.03.20 | RIKV 20 0513 | 60,293 | 60,450 | 5 | 3 | 2.23 | 20,397 | 20,450 | | | |
| 30.03.20 | RIKV 20 0715 | 39,307 | 39,550 | 20 | 14 | 2.12 | 15,156 | 15,250 | | | |
| 30.03.20 | RIKV 21 0115 | 27,023 | 27,500 | 24 | 14 | 2.20 | 17,688 | 18,000 | | | |
| 29.04.20 | RIKV 20 0805 | 30,577 | 30,750 | 14 | 12 | 2.19 | 25,406 | 25,550 | | | |
| 29.04.20 | RIKV 20 1116 | 31,148 | 31,500 | 20 | 5 | 2.08 | 6,526 | 6,600 | | | |
| 11.05.20 | RIKV 20 0615 | 94,813 | 95,000 | 17 | 13 | 2.15 | 34,931 | 35,000 | | | |
| 28.05.20 | RIKV 20 1005 | 31,812 | 31,950 | 20 | 8 | 1.25 | 22,751 | 22,850 | | | |
| 28.05.20 | RIKV 20 1215 | 31,625 | 31,850 | 18 | 8 | 1.31 | 20,702 | 20,850 | | | |
| 29.06.20 | RIKV 20 0915 | 51,938 | 52,050 | 27 | 16 | 1.15 | 28,588 | 28,650 | | | |
| 30.07.20 | RIKV 21 0215 | 29,417 | 29,600 | 18 | 14 | 1.15 | 14,410 | 14,500 | | | |
| Total | | 477,773 | 481,312 | | | | 246,923 | 249,062 | | | |

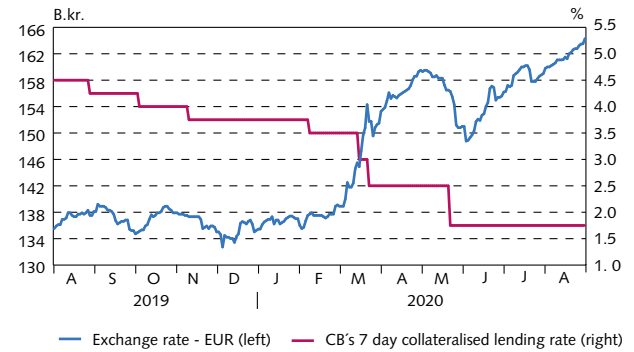
Auctions of Treasury bonds

Latest auction results of Treasury bonds at market value



Exchange rate development

Euro exchange rate versus 7 days collateralised lending rate

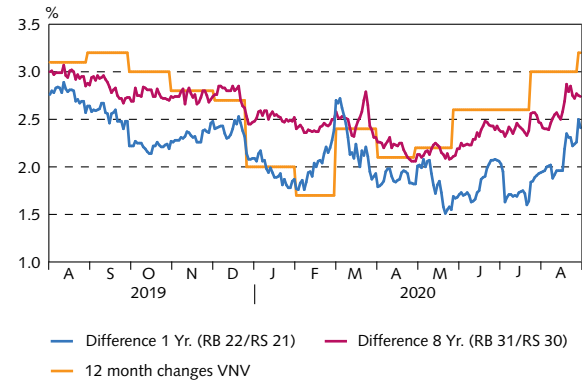


Primary dealers

Primary dealers in government securities

| | Telephone | Bloomberg |
|-----------------|---------------|-----------|
| Íslandsbanki | +354 440 4000 | ISLA |
| Arion banki | +354 444 6000 | ARIO |
| Kvika banki hf. | +354 540 3200 | KVIK |
| Landsbankinn | +354 410 4000 | LAIS |

Inflation premium nominal T-bonds



Auctions of the month

| | |
|--------------------|---------------------------|
| 18 September. 2020 | Auction of Treasury bonds |
| 29 September. 2020 | CPI announcement |
| 29 September. 2020 | Auction of Treasury bills |

Iceland Sovereign Credit Rating

| | Confirm | Foreign currency | | Domestic currency | | Outlook |
|---------|----------|------------------|------------|-------------------|------------|----------|
| | | Long-Term | Short-Term | Long-Term | Short-Term | |
| Moody's | Nov. '19 | A2 | | A2 | | Stable |
| S&P | May '20 | A | A-1 | A | A-1 | Stable |
| Fitch | May '20 | A | F-1+ | A | F-1+ | Negative |

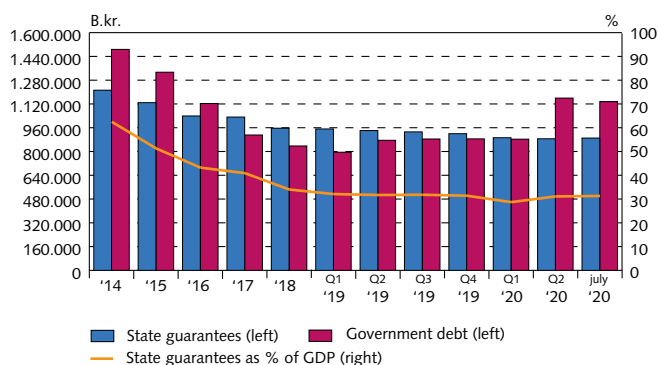


State guarantees

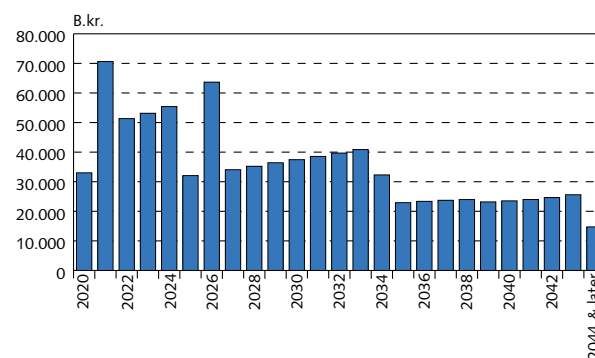
State guarantees 2016-2020

| M.kr. | July | Outstanding end of year | | | |
|--|----------------|-------------------------|----------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Lending agencies | 815,547 | 825,323 | 849,610 | 865,609 | 830,231 |
| ÍL - Fund | 745,567 | 753,380 | 777,716 | 794,068 | 821,180 |
| Regional Development Fund | 12,944 | 13,046 | 11,569 | 9,970 | 9,051 |
| Icelandic Student Loan Fund | 57,036 | 58,897 | 60,325 | 61,572 | 0 |
| Co-operative and Limited Partnerships | 71,862 | 92,010 | 104,596 | 163,766 | 207,073 |
| National Power Company sf, | 66,598 | 86,546 | 93,430 | 152,567 | 195,048 |
| RARIK ohf, (Iceland State Electricity) | 817 | 901 | 1,069 | 1,242 | 1,483 |
| Farice ehf, | 0 | 0 | 5,508 | 5,547 | 5,652 |
| Isavia ohf, | 977 | 1,034 | 1,123 | 1,213 | 1,401 |
| RUV ohf, (National Broadcasting Service) | 3,111 | 3,062 | 3,012 | 2,573 | 2,886 |
| Other | 359 | 467 | 454 | 624 | 603 |
| Industries/ Municipalities | 3,122 | 2,654 | 2,603 | 2,450 | 1,872 |
| NIB - Nordic Investment Bank | 3,122 | 2,654 | 2,603 | 2,450 | 1,862 |
| Other | 0 | 0 | 0 | 0 | 10 |
| State Guarantees total | 890,531 | 919,987 | 956,809 | 1,031,825 | 1,039,177 |

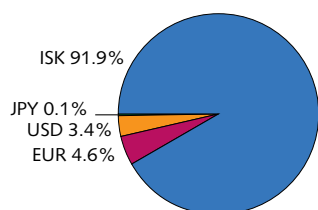
State guarantees - government debt and GDP 2014-2020



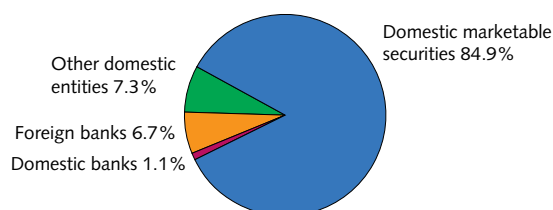
State guarantees - Maturity profile



Currency ratio



Type of lenders



Interest rate type

