



TERMS OF BUYBACK OF TREASURY BONDS

Buyback date 12 January 2018

1. The Minister of Finance, acting on behalf of the Treasury, has decided to buy Treasury bonds using an auction format, in accordance with the Medium-Term Debt Management Strategy and with reference to the provisions of the Act on Government Debt Management, no. 43/1990, with subsequent amendments, and the agreement between the Ministry of Finance and the Central Bank of Iceland concerning the Government Debt Management agency, dated 18 October 2010. The purpose of the buyback is to reduce Treasury debt and refinancing risk, as the size of the series in question is now 70 b.kr. *The date of the buyback is Friday 12 January 2018. The date of payment and settlement is Wednesday 17 January 2018.*
2. The Treasury offers to buy back the following Treasury bond series:

<u>Series</u>	<u>ISIN</u>	<u>Maturity date</u>
RIKH 18 1009	IS0000019453	09.10.2018
3. The Central Bank reserves the right, on behalf of the Treasury, to accept some or all of the bids placed, or to reject all of them. The buyback will have a multiple-price format; i.e., all successful bids will be accepted at the price submitted.
4. Only primary dealers are authorised to submit bids. The minimum amount of each bid is 1 m.kr. Bids shall be submitted in multiples of 1 m.kr.
5. Bids may only be sent to the Central Bank through the Bloomberg Auction System between 10:30 and 11:00 on the auction date (Icelandic time). Bids shall be presented as prices, with three decimal places.
6. The Central Bank declares itself free of all liability for offers that do not reach the Central Bank due to system error or for any other reason. Parties can obtain a confirmation of the receipt of their bids by calling the Treasury and Market Operations Department of the Central Bank of Iceland (tel: +354 569 9633). Offers that reach the Central Bank and are registered to individual terminals in the Bloomberg Auction System are binding and are the responsibility of the person who is registered for that terminal. It is permissible to amend or withdraw offers by sending an appropriate message through the Bloomberg Auction System to the Central Bank before 11:00 hrs. on the auction date. If problems arise because of the use of the Bloomberg Auction System, the terms of the Form of Auction Process & BAS Back-Up Memorandum, which has been sent to all primary dealers that are authorised to submit offers, shall apply.
7. The Treasury reserves the right to reject bids entirely or accept bids in part.
8. The results of the buyback will be published on the Nasdaq Iceland Exchange and sent to the primary dealers by e-mail.
9. Treasury bonds that the Treasury agrees to buy back in the auction must be received by the Central Bank before 12:00 hrs. on the date of payment, and payment will be remitted before 16:00 hrs. on the same day.
10. No special compensation is paid in relations to the buy-back.
11. This is a copy of the original Icelandic version of the Terms of Auction in case of discrepancy the Icelandic version shall prevail.