

# Description of Treasury bond

## RIKB 21 0805



The Ministry of Finance and Economic Affairs handles Treasury borrowing, issuance and sale of Treasury securities in the domestic market, and other debt management for the Treasury. As is authorised by law, the Ministry has entrusted the Central Bank of Iceland with executing the said tasks pursuant to a contractual agreement on Treasury debt management between the Ministry of Finance and Economic Affairs and the Central Bank of Iceland, dated 29 January 2019. Treasury debt management shall be carried out on the basis of the Ministry's issued debt management strategy in accordance with each National Budget. The Central Bank of Iceland's Government Debt Management Department issues Treasury securities on behalf of the Ministry of Finance and Economic Affairs in the name of Government Debt Management, on the Treasury's account and at the Treasury's risk.



## Description of Treasury bond: RIKB 21 0805

<b>Issuer</b>	The Issuer, on behalf of the Treasury of the Republic of Iceland, is the Government Debt Management, national identification no. 471283-0459, Kalkofnsvegur 1, 150 Reykjavík. Telephone: +354 569 9600, website: <a href="http://www.lanamal.is">www.lanamal.is</a> .
<b>Responsibility for description</b>	The Government Debt Management is responsible for this Description.
<b>Authorisation</b>	It has been decided to sell Treasury bonds in the series RIKB 21 0805, on the basis of the authorisation contained in Article 5 of the National Budget for the year 2019. Sales in the series are based on the authorisation contained in the annual fiscal budget for each year.
<b>Terms of auction</b>	<p>Bond auctions are subject to General terms of auction for Treasury bonds, which are published in the Government Debt Management website, unless otherwise stated explicitly in each instance.</p> <p>The bonds will be delivered in electronic form upon cash payment, unless otherwise stated explicitly in each instance.</p>
<b>Identification</b>	Bonds in the series will be issued electronically by a central securities depository in units of one Icelandic króna. The bonds will be issued in Icelandic krónur. The minimum unit of trade is one króna nominal value. The identity code of the series is RIKB 21 0805. The ISIN number of the series is IS0000031482. The series is open.
<b>Maturity, interest, and payment dates</b>	<p>The interest period is from 5 August and through 4 August of the following year. The first interest period is calculated from 5 August 2019.</p> <p>Interest is paid retroactively, on interest payment dates, once a year, on 5 August of each year, beginning on 5 August 2020. If an interest payment date falls on a weekend or other holiday, the interest payment date will shift to the next business day immediately thereafter, but the interest period will remain unchanged. On interest payment dates, interest is paid for the entirety of the interest period concerned, irrespective of when during that period the bond auction took place.</p> <p>The bonds are non-indexed and bear 3.50% annual interest.</p> <p>The maturity date is 5 August 2021. On the maturity date, the last interest payment is made, together with the nominal value of the bond.</p>
<b>Yield to maturity and selling rate</b>	The yield and selling price are determined by market conditions at any given time.
<b>Record date and ex-date</b>	Entitlement to payment on a Treasury bond is determined by the registration of title on the date of record. The date of record is one banking day before the payment date and is determined by the registration of title at the central securities depository following the depository's last regularly scheduled settlement on that day.
<b>Taxes</b>	Tax treatment of the bonds shall be in accordance with current tax law at any given time.



<b>Payment arrangements</b>	All payments remitted for the bond issue shall take place electronically.
<b>Expiry</b>	The expiry, due to lapse of time, of claims deriving from the bonds is governed by the Act on the Expiration of Obligations, no. 150/2007.
<b>Day count rule</b>	The day count rule for the price and accrued interest calculation is on actual/actual basis. The ICMA method will be used for the calculation.
<b>Resolution of disputes</b>	The bonds are subject to Icelandic law. In the event of legal action in connection with the bonds, such action may be brought before the District Court of Reykjavik, in accordance with the provisions of Chapter 17 of the Code of Civil Procedure, no. 91/1991.
<b>Transfer of title and ownership authorisation</b>	The bonds may only be transferred to a named party. A national identification number must be provided with the name of the beneficiary. Account operators as defined in the Act on Electronic Registration of Title to Securities, no. 131/1997, are the only entities authorised to act as intermediaries in the transfer of the bonds. Registration of title to electronic security certificates in a central securities depository, following final entry by the central securities depository, grants the registered owner legal authority to the rights of which he is the registered owner. There are no other restrictions on the transfer of title to the bonds.
<b>Call provisions</b>	The bonds do not contain any call provisions.
<b>Pre-emptive purchase rights</b>	There are no pre-emptive purchase rights in effect with respect to issuance of bonds in the series.
<b>Listing</b>	Bonds sold are expected to be admitted for trading on a regulated securities market.
<b>Manager</b>	The Central Bank of Iceland, Kalkofnsvegur 1, 150 Reykjavik, is the manager of this issue and will be responsible for its listing.
<b>Purpose of the issue</b>	The aim of the issue is to acquire domestic funds for the Treasury and to improve price formation in the domestic bond market.
<b>Market making</b>	The series is subject to the provisions of an agreement with primary dealers regarding Government securities issues and market making in the secondary market. Market making with the issue in the secondary market is to begin at the time the series is listed on a regulated securities market.
<b>Clean price</b>	The price of the bond on a regulated securities market shall be quoted in terms of the clean price, without interest.
<b>Information and documents</b>	The Description for Treasury bonds RIKB 21 0805, as well as other information and documents in connection with the issue, can be obtained from the website <a href="http://www.lanamal.is">www.lanamal.is</a> . Further information can be obtained from the Treasury and Market Operations Department of the Central Bank of Iceland.
<b>Interpretation and translation</b>	In case of a discrepancy between this Description and the signed Description registered with the securities depository, the depository's version shall prevail. In case of a discrepancy between the English and Icelandic versions of this document, the Icelandic shall prevail.