

Norges Bank's financing agreement with Sedlabanki Islands

In May 2008 Norges Bank and Sedlabanki Islands agreed on a swap facility entitling Sedlabanki Islands to borrow EUR 500 million when and if the need arises. The agreement was set to mature on 31 December 2008. Norges Bank announced on 3 November 2008 that the agreement would be extended to 31 December 2009 on certain conditions. At the same time, Norges Bank expressed its willingness to offer Sedlabanki Islands a medium-term loan of EUR 500 million with a maturity of up to 5 years. This loan would require a state guarantee. In a press release of 3 November 2008 from the Ministry of Finance, Minister of Finance Kristin Halvorsen stated that the Government would submit a proposal to the Storting as soon as possible for a state guarantee for such a loan.

Norges Bank also made its loans conditional on the IMF Executive Board's approval of Iceland's Stand-By Arrangement and financing from other countries. These conditions have now been fulfilled. On 19 November 2008, the IMF's Executive Board approved Iceland's Stand-By arrangement. [Reference is made to the IMF website](#). In a joint statement of 20 November 2008, the Ministers of Finance in Denmark, Finland, Norway and Sweden stated that these Nordic countries had decided to provide medium-term financing to Iceland within the framework of the IMF-supported program. [Reference is made to the website of the Ministry of Finance](#).

On 20 November 2008, Sveriges Riksbank and Danmarks Nationalbank also extended their swap agreements with Sedlabanki Islands.

PUBLISHED 20 November 2008 17:00