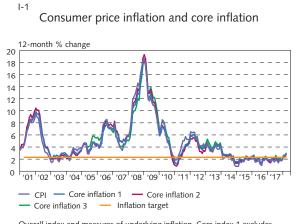


ECONOMIC INDICATORS CENTRAL BANK OF ICELAND

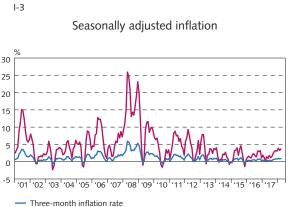
Contents

- 2 I Inflation and inflation expectations
- 5 II Output and demand
- 9 III Foreign trade and external economic conditions
- 13 IV Labour market and wages
- 16 V Public finances
- 18 VI Asset markets
- 21 VII Financial markets

I Inflation and inflation expectations



Overall index and measures of underlying inflation. Core index 1 excludes prices of agricultural products and petrol, and Core index 2 excludes prices of public services as well. Core index 3 is Core index 2 excluding the effects of changes in real interest rates on the housing component of the CPI. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

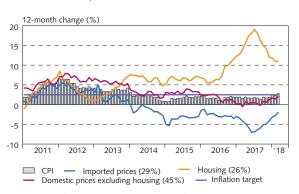


Annualised three-month inflation rate

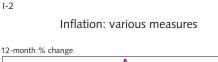
This inflation measurement is very volatile but indicates how inflation pressures are developing. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

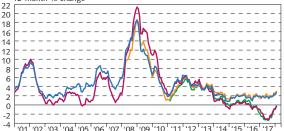
Imported and domestic inflation

1-5



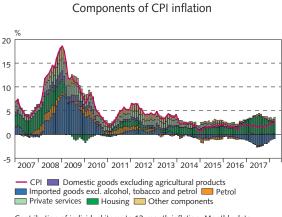
Imported inflation is estimated using imported food and beverages and the price of new motor vehicles and spare parts, petrol, and other imported goods. Domestic inflation is estimated using the price of domestic goods and the price of private and public services. The figures in parentheses show the current weight of these items in the CPI. Monthly data Sources: Statistics Iceland, Central Bank of Iceland,





- CPI excluding housing — Core inflation 3 excluding tax effects CPI • Core inflation 4 excluding tax effects

Core index 4 is the consumer price index excluding prices of agricultural products, petrol, public services and owner-equivalent rent. Monthly data. Source: Statistics Iceland.



Contribution of individual items to 12-month inflation. Monthly data. Source: Statistics Iceland.

I-6

1-4

Production and retail prices of domestic goods

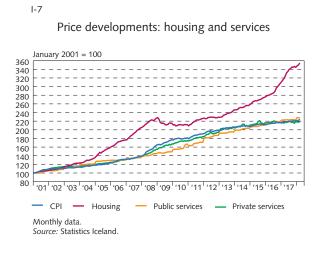


- Producer prices of domestic goods
- Retail prices of domestic goods in the CPI

Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

I Inflation and inflation expectations





I-8

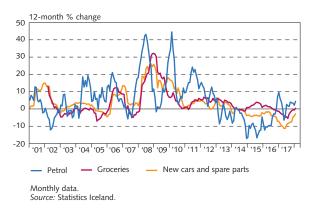
I-10

I-12

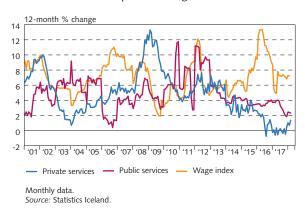
the cost of living in owner-occupied housing and changes with housing market values and real mortgage interest rates. Monthly data. *Source:* Statistics Iceland.

1-9

Price developments: various components

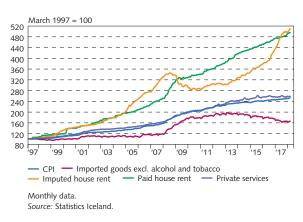


Price developments: wages and services



I-11

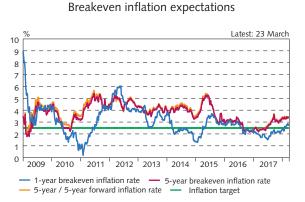
Price developments: goods, housing and services





Distribution of price increases in the CPI

The share of goods categories that rise in price is a 3-month centred average. Monthly data. Source: Statistics Iceland.

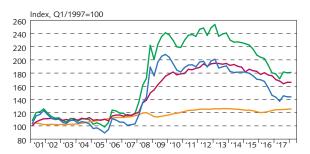


Breakeven inflation expectations are calculated from yield spreads between nominal and index-linked Government and Government-backed bonds (5-day moving averages). Daily data. Source: Central Bank of Iceland.

I-15

I-13

Import price levels and exchange rate developments



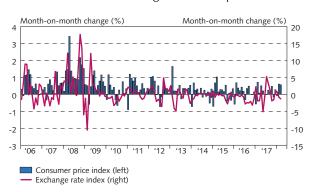
Import-weighted exchange rate index Price of imported goods excluding alcohol and tobacco

Trading partners' implicit export price deflator in foreign currency Trading partners' implicit export price deflator in domestic currency Import-weighted exchange rate index and price of imported goods excluding alcohol and tobacco in the CPI. Trading partners' implicit export price deflator is weighted using the import weights from the narrow trade-weighted basket and its latest value is based on the Bank's most recent baseline forecast.

Quarterly data. Sources: Statistics Iceland, Central Bank of Iceland.

I-17

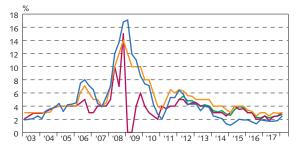
Price level and exchange rate developments



The exchange rate index is calculated based on a narrow trade basket. Monthly data Sources: Statistics Iceland, Central Bank of Iceland.

I-14

Inflation expectations of businesses, households and market one year ahead and current inflation



Inflation — Household inflation expectations

- Businesses' inflation expectations

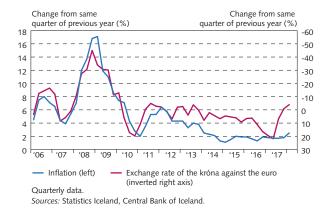
Market expectations

Inflation expectations according to surveys carried out by Gallup and the Central Bank. Respondents are asked about inflation 12 months ahead and median figures are used. Businesses' inflation expectations were measured on an irregular basis before Q3/2006 so until then measurements are interpolated. Quarterly data

Sources: Gallup, Statistics Iceland, Central Bank of Iceland.

I-16

Inflation and exchange rate against euro



I-18

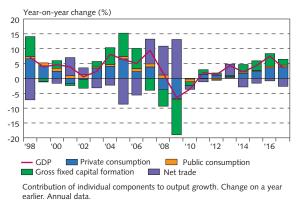
Inflation in Iceland and Europe



Harmonised indices of consumer prices. Monthly data. Source: Statistics Iceland

II-1

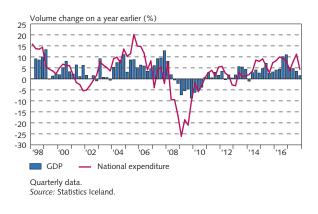
Contribution of individual components to output growth



Sources: Statistics Iceland, Central Bank of Iceland.

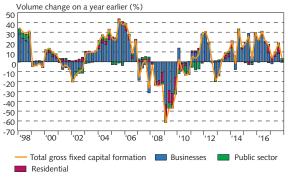
II-3

Output growth and national expenditure



II-5

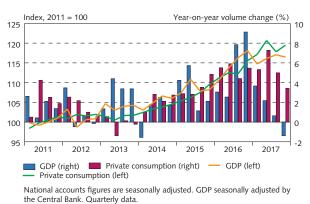
Gross fixed capital formation



Contribution of individual items to gross capital formation. Quarterly data. *Source:* Statistics Iceland.



GDP and private consumption per capita

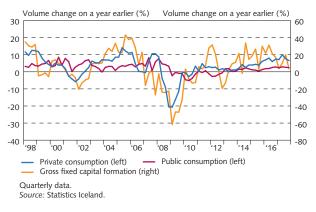


Sources: Statistics Iceland, Central Bank of Iceland.

11-4

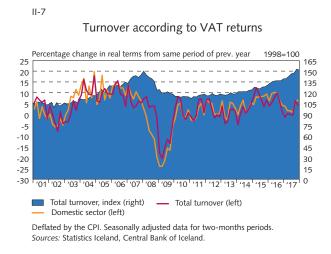
II-6

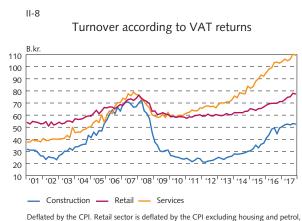
Private consumption, public consumption and gross fixed capital formation





II Output and demand



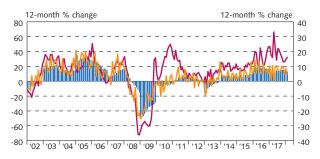


Deflated by the CPI. Retail sector is deflated by the CPI excluding housing and petrol, and construction sector is deflated by the CPI. Seasonally adjusted data for two-month periods. *Sources*: Statistics Iceland. Central Bank of Iceland.

11-9

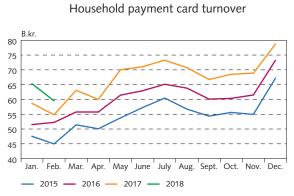
II-11

Payment card turnover



Household domestic payment card turnover year-to-date (right)
Household turnover abroad (left)
Household domestic payment card turnover (right)

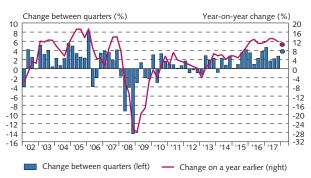
Debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.



Debit and credit card turnover deflated by the CPI excluding the housing component. Foreign turnover deflated by the import-weighted exchange rate index. Based on latest monthly prices and exchange rates. Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.



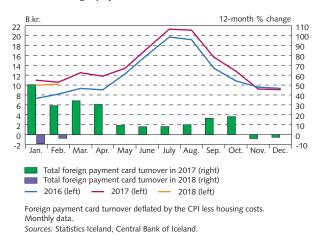
Total household payment card turnover



Seasonally adjusted debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Points show 2-month average of values in January and February. Quarterly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

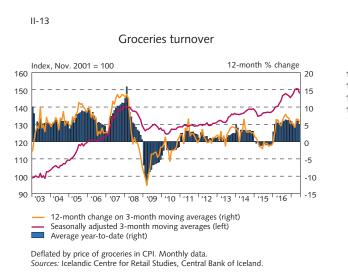


Foreign payment card turnover in Iceland



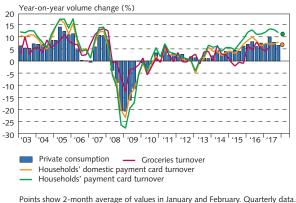
6

II Output and demand



II-15

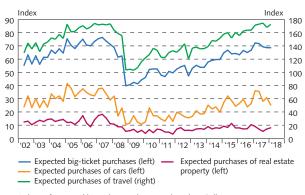
Private consumption, groceries and payment card turnover



Points show 2-month average of values in January and February. Quarterly data Sources: Icelandic Centre for Retail Studies, Statistics Iceland, Central Bank of Iceland.

II-17

Indices of expected big-ticket purchases



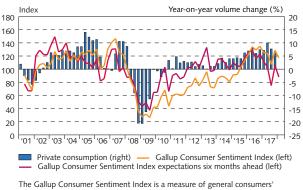
Indices of expected big-ticket purchases are based on Gallup consumer sentiment survey. The index for expected big-ticket purchases is an average of the other three indices. Quarterly data. *Source:* Gallup.



Seasonally adjusted. Deflated by price indices of each component. Monthly data. Sources: Icelandic Centre for Retail Studies, Central Bank of Iceland.

II-16

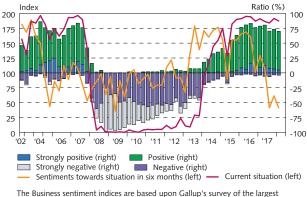
Private consumption and Gallup Consumer Sentiment Index



sentiment towards the economy and the labour market. Quarterly data. Sources: Gallup, Statistics Iceland.

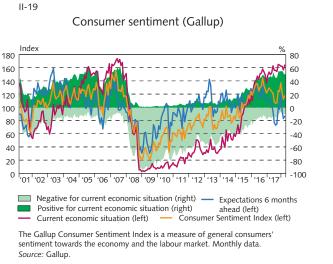
II-18

Corporation expectations towards the economic situation and outlook



companies in Iceland conducted 4 times a year. The columns show the sentiments towards the current situation of the economy. Source: Gallup.

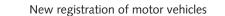
II Output and demand

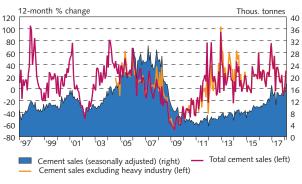


II-20 Consumer sentiment (Gallup) Inde 150 140 130 120 110 100 90 80 70 Jan. 'Feb.' Mar.' Apr. 'May' June' July Aug. Sept.' Oct.' Nov.' Dec. 2015 - 2016 2017 2018 The Gallup Consumer Sentiment Index is a measure of general consumers' sentiment towards the economy and the labour market. Monthly data.

II-22

Source: Gallup.





Cement sales

II-21

Monthly data. Sources: Aalborg Portland hf., Sementsverksmiðjan hf., Central Bank of Iceland.

12-month % change of a 3 month moving average Number (thous.) 3.2 140 2.8 110 2.4 80 2.0 50 1.6 20 1.2 -10 0.8 -40 0.4 -70 0.0 -100 '97 '99 '01 '03 '05['] '07 '09 '11 '13 '15 ¹17 Car registrations, seasonally adjusted (right) - Car registrations (left)

New motor vehicle registrations include new and used vehicles in all categories (passenger cars, motor coaches and delivery and transport vehicles). Monthly data.

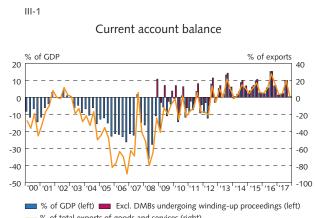
Sources: The Icelandic Transport Authority, Statistics Iceland, Central Bank of Iceland.



Number (thous.) 4 20 15 3 10 2 0 ·02 '08 100 '06 . 16 4 30 Insolvencies (left) New registrations (left) Feb Feb Ratio of total insolvencies to total number of companies (right) Ratio of total number of new registrations to total number of companies (right) Annual and cumulative monthly data. Source: Statistics Iceland.

Corporate insolvencies and new company registrations

III Foreign trade and external economic conditions



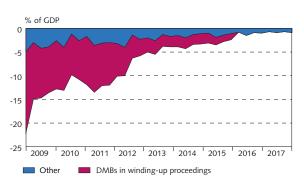
— % of total exports of goods and services (right) Current account balance excluding DMBs undergoing winding-up proceedings is also adjusted for the failed DMBs' financial intermediation services indirectly

measured (FISIM). From 2016 there is no difference between these figures and official figures for current account balance. Quarterly data. *Sources:* Statistics Iceland, Central Bank of Iceland.



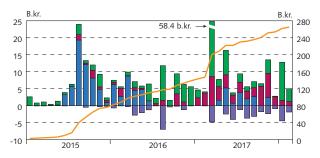
111-3

III-5



From 2016 there is no difference between income account balance (other) and income account balance total, because the share of DMBs in WuP was wound up year-end 2015. Net current transfers are included in primary income. Quarterly data.

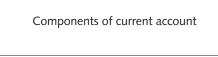
Sources: Statistics Iceland, Central Bank of Iceland.

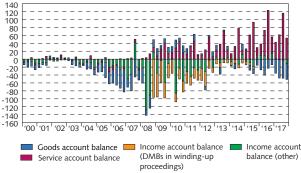


Capital flows due to registered new investment

Capital inflows into government bonds (left) Capital outflows (left) Capital inflows into listed shares (left) — Cumulative net capital flows (right) Other capital inflows (left)

Other inflows in March 2017 derive almost entirely from non-residents' acquisition of a holding in a domestic commercial bank. Monthly data. *Source:* Central Bank of Iceland.





From 2016 there is no difference between income account balance (other) and income account balance total, because the share of DMBs in WuP was wound up year-end 2015. Net current transfers are included in primary income. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

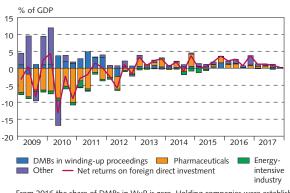


III-6

111-2

B.kr

Net returns on foreign direct investment

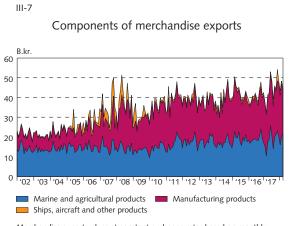


From 2016 the share of DMBs in WuP is zero. Holding companies were established to hold the assets and liabilities of the former estates in line with the compositional proposals in December 2015 and are now categorized as "Other". Quarterly data. *Sources*: Statistics Iceland, Central Bank of Iceland.





Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.



Merchandise export values at constant exchange rates based on monthly average export-weighted exchange rate index (broad trade basket). Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.

III-9

100

80

60

40

20

0

-20

-40

'03

'04 '05 '06 '07

Marine products

Quarterly data. Source: Statistics Iceland

Year-on-year volume change (%)

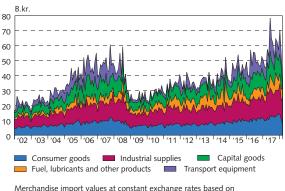
Main export products

'08 '09 '10 '11 '12 '13 '14 '15 '16 '17

Metals — Other manufacturing products



Components of merchandise imports

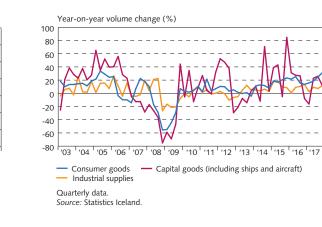


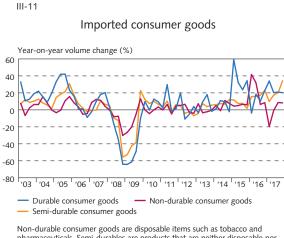
Merchandise import values at constant exchange rates based on import-weighted exchange rate index (broad trade basket). Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

III-10

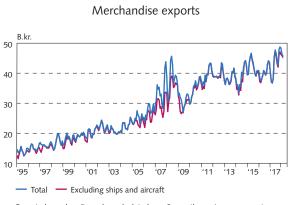
III-12

Main import products

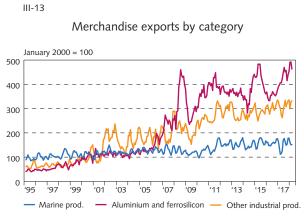




Non-durable consumer goods are disposable items such as tobacco and pharmaceuticals. Semi-durables are products that are neither disposable nor durable, such as clothing. Consumer durables are products with a long life-time, such as household appliances. Quarterly data. *Source*: Statistics lceland.

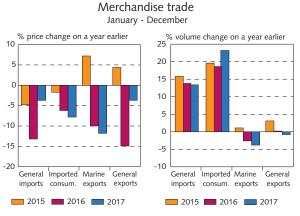


Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.



Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

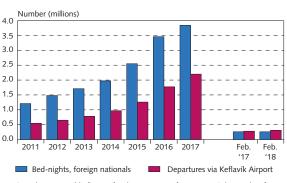
III-15



Cumulative price and volume indices from beginning of year. General imports are total imports excluding ships, aircraft, and sundry items (residual). General exports are total exports excluding ships, aircraft, and sundry items (residual). Monthly data. *Source*: Statistics Iceland.

Foreign tourists and hotel bed-nights

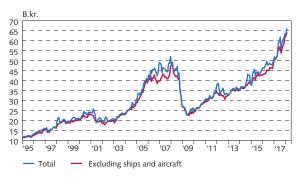
III-17



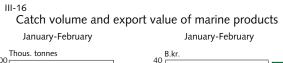
Cumulative monthly figures for departures are for January-February but figures for bed-nights are for January. Annual and cumulative monthly figures. *Sources:* Icelandic Tourist Board, Statistics Iceland.

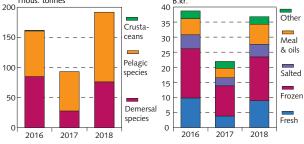
III-14

Seasonally adjusted merchandise imports



Imported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). The index of foreign price levels is calculated by weighting together the consumer price indices in main trading partner countries using a currency basket. Monthly data. *Sources:* Statistics Iceland, Central Bank of Iceland.

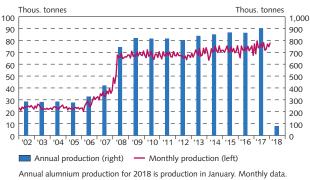




Cumulative catch volume from beginning of year. Cumulative value of marine exports from beginning of year; nominal fob value. Monthly data. *Sources*: Directorate of Fisheries, Statistics Iceland.

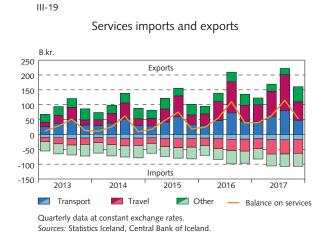
III-18

Aluminium production



Annual alumnium production for 2018 is production in January. Monthly data. *Source:* Statistics Iceland.

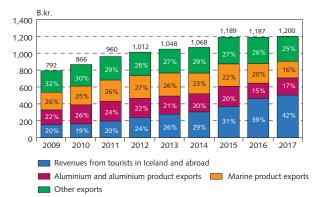
III Foreign trade and external economic conditions



Global crude oil and gasoline prices

'13 '14 '15 '16 111-20

Goods and services exports



Revenues from tourists in Iceland and abroad is the sum of "Travel" and Item 1.2.1, "Passenger transport by air". Annual data. Sources: Statistics Iceland, Central Bank of Iceland.

III-22

USD/barrel

140 130

120

110 100

90 80

70

60

50 40

30

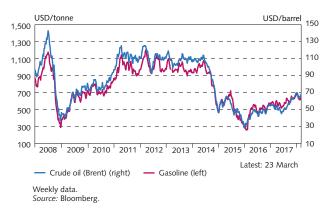
20

18

17 Latest: 23 March

Gasoline NW Europe 95 (left)

Global crude oil and gasoline prices





III-21

1,300 1,200

1,100

1,000 900

800

700

600

500

400

300

200

100

'03

USD/tonn

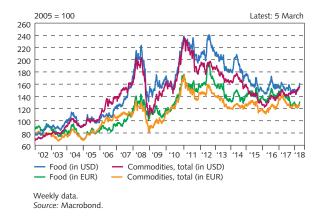
Commodity prices in international markets

Monthly averages, most recent daily prices, and forward prices 12 months

'04' '05' '06' '07' '08' '09' '10' '11' '12

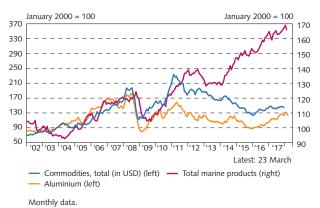
Crude oil Europe (DTD Brent) (right)

ahead in US dollars. Sources: Bloomberg, Nymex



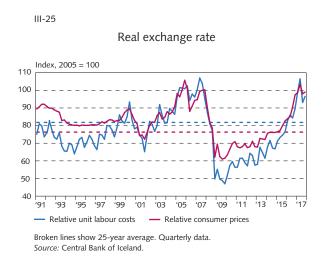
111-24

Global commodity prices and Icelandic export prices



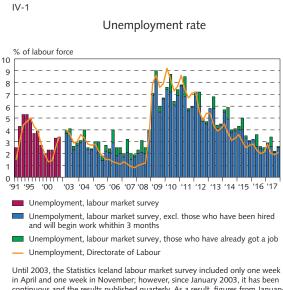
Sources: London Metal Exchange, Macrobond, Statistics Iceland.

III Foreign trade and external economic conditions





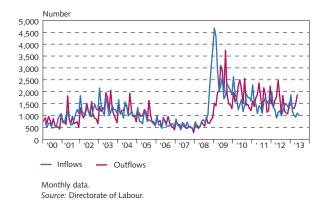
IV Labour market and wages



Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly data.

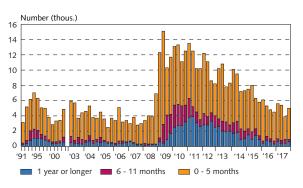
Sources: Directorate of Labour. Statistics Iceland.

Unemployment register: Inflows and outflows





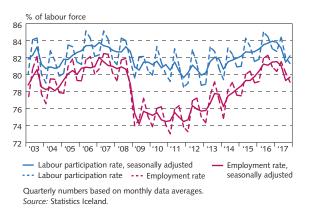
Unemployment by duration



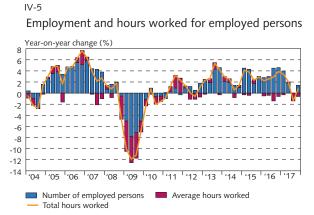
Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly data. Source: Statistics Iceland.



Labour participation rate and employment rate



IV-3



Employed persons are those who worked at least one hour during the reference week or were absent from work that they were hired to carry out. Quarterly numbers based on monthly data averages. *Source*: Statistics leeland.

IV-7

0

-2

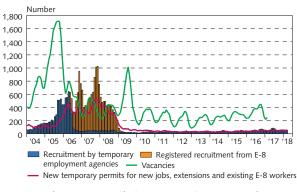
-6

-8



-10 -12 -14 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 15 16 🔲 Age 16-24 📕 Age 25-54 📕 Age 55-74 🛛 — Total hours worked Quarterly data. Source: Statistics Iceland

IV-9

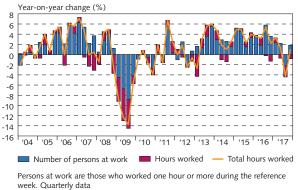


Vacancies and foreign labour

3-month moving average. The E-8 countries are Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic, and Hungary. Monthly data. *Source:* Directorate of Labour.



Employment and hours worked for persons at work

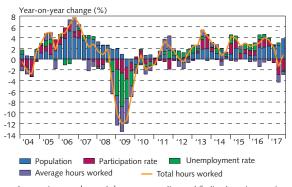


Source: Statistics Iceland.

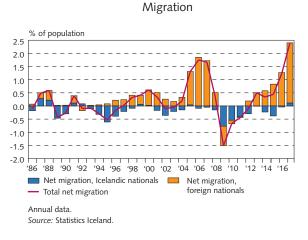


IV-10

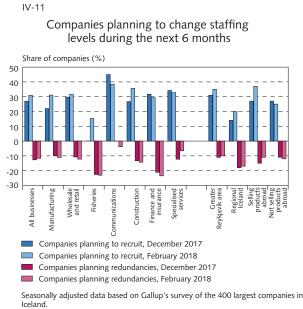
Total working hours



Increase in unemployment shows as a negative contribution to an increase in total working hours. Quarterly numbers based on monthly data averages. *Sources:* Statistics Iceland, Central Bank of Iceland.



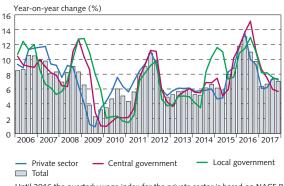
IV Labour market and wages



Sources: Gallup, Central Bank of Iceland.

IV-13



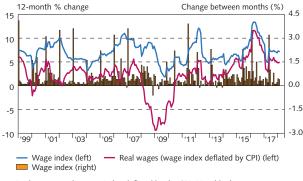


Until 2016 the quarterly wage index for the private sector is based on NACE Rev. 1.1. From 2016 and onwards the quarterly wage index for the private sector is based on NACE Rev. 2.0. Also, additional economic activities have been added. Quarterly data.

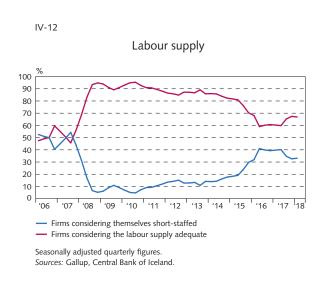
Sources: Statistics Iceland, Central Bank of Iceland

IV-15

Nominal and real wages

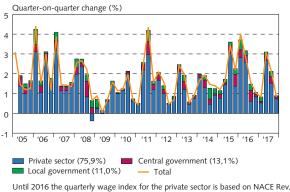


Real wages are the wage index deflated by the CPI. Monthly data. *Source*: Statistics Iceland.



IV-14

Sector contribution to wage growth

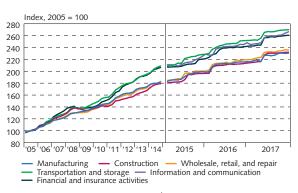


1.1. From 2016 and onwards the quarterly wage index for the private sector is based on NACE Rev. 2.0. Also, additional economic activities have been added. The figures in parentheses show the weight of these items in the wage index. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland

IV-16

Private sector wage index by selected sectors

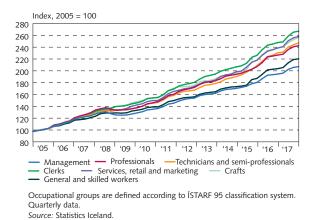


Quarterly data for 2005-2014 based on ISAT 95 classification system, but monthly data from beginning of 2015 onwards based on ISAT 08 classification system. Due to changes in classification and sampling the data are not fully comparable between these periods. *Source*: Statistics Iceland.

IV Labour market and wages

IV-17

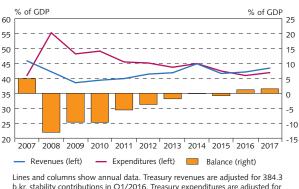
Private sector wage index by occupational group



V Public finances

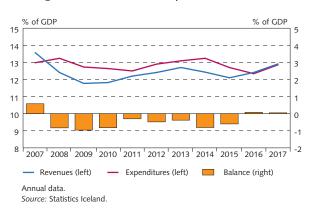
V-1

General government revenues, expenditures and balance



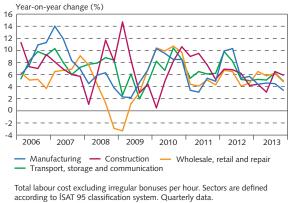
b.kr. stability contributions in Q1/2016. Treasury expenditures are adjusted for 105.1 b.kr. special payment to LSR A-division in Q4/2016. Annual data. Source: Statistics Iceland.

V-3



Local government revenues, expenditures and balance

Private sector labour cost index by sector

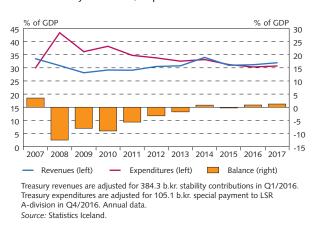


Source: Statistics Iceland.



V-4

Treasury revenues, expenditures and balance



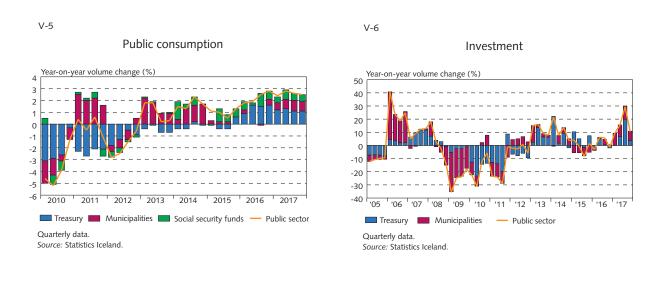


Income balance as share of income

Treasury revenues are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Treasury expenditures are adjusted for 105.1 b.kr. special payment to LSR A-division in Q4/2016. Four quarter moving average. Quarterly data. Source: Statistics Iceland.

IV-18

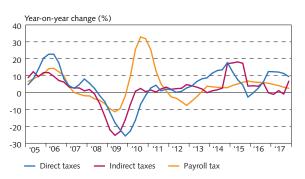
V Public finances



V-8

V-7

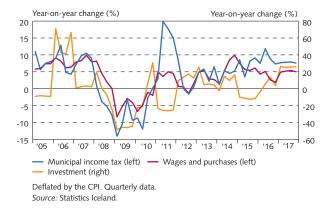
Tax revenues



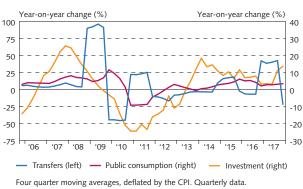
Direct taxes are adjusted for 384.3 b.kr. stability contributions in Q1/2016. Four quarter moving averages, deflated by the CPI. Quarterly data. Source: Statistics Iceland.

V-9

Local government revenues and expenditures



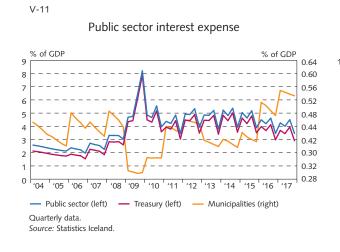




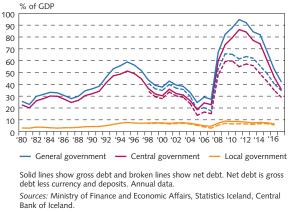
Source: Statistics Iceland.



V Public finances

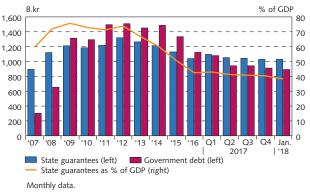


V-12 Debt of general, central, and local government



V-14

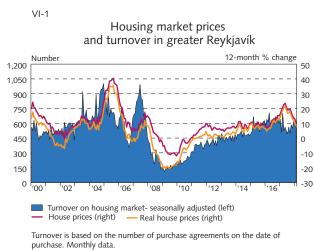
State guarantees and gross debt



Sources: Government Debt Management, Statistics Iceland, Central Bank of Iceland.

VI Asset markets

V-13



Sources: Registers Iceland, Statistics Iceland, Central Bank of Iceland.

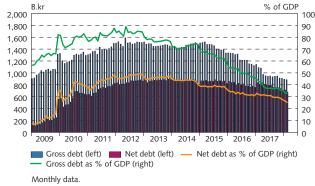
VI-2

Housing market prices in greater Reykjavík



Price per sq.m. (immediate payment). 3-month average. Monthly data. Sources: Registers Iceland, Statistics Iceland.

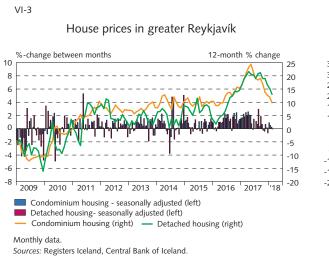
Central government debt



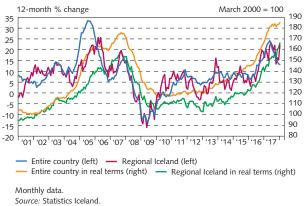
Sources: Government Debt Management, Statistics Iceland, Central Bank of Iceland.

18

VI-5



Market price of residential housing



VI-6

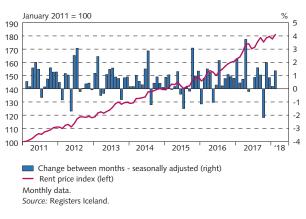
160

150

Index, January 2011 = 100

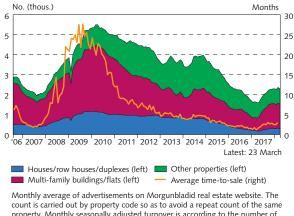
VI-4

Rent, house prices and paid rent in real terms



Rent price index in greater Reykjavík

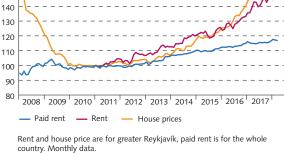




Advertised capital area property and average time to sale

Monthly average of advertisements on Morgunbladid real estate website. The count is carried out by property code so as to avoid a repeat count of the same property. Monthly seasonally adjusted turnover is according to the number of officially registered purchase agreements. The average time to sale is the length of time (in months) that it takes to sell advertised property divided by the turnover for the month in question.

Sources: Morgunbladid Real Estate Website (mbl.is), Registers Iceland.



Sources: Registers Iceland, Statistics Iceland

VI-8

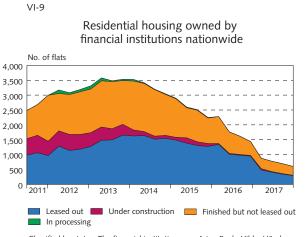
B.k 50 lending 40 30 20 10 0 -10 -20 -30 -40 -50 -60 Prepayr -70 2013 2014 2015 2016 2017 2018 Non-indexed Indexed Foreign-denominated lending Net new lending

New DMB mortgage lending to

households and prepayments of older loans

Net new lending consists of new lending net of prepayments of older loans. Most recent figures are preliminary. Monthly data. *Source*: Central Bank of Iceland.

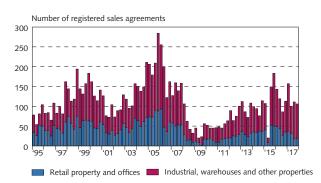
VI Asset markets



Classified by status. The financial institutions are: Arion Bank, Hilda, Hömlur, Íslandsbanki, Housing Financing Fund, Klettur, Landey, MP Bank, and KM Quarterly data. Source: Central Bank of Iceland.

VI-11

Turnover of commercial properties



Before June 2006 turnover is based on purchase day, otherwise on day of registered sales agreement. Quarterly data. Sources: Registers Iceland, Central Bank of Iceland

VI-13

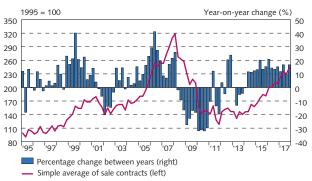


Share prices by sector

Export companies — Real estate Telecom and technology companies Average change in share price of listed companies in selected sectors, adjusted for dividend payments and share capital reductions. Daily data. Source: Nasdaq Iceland.

VI-10

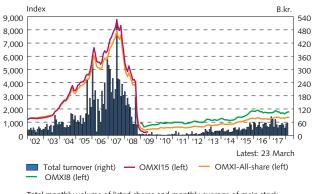
Commercial property real prices in greater Reykjavík



Weighted average of industrial, retail, and office housing. Data are subject to uncertainty due to sparsity and divergence of measurements. Latest data is preliminary. Quarterly data. Sources: Registers Iceland, Central Bank of Iceland.

VI-12

Equity market

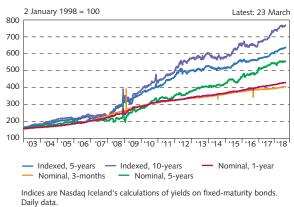


Total monthly volume of listed shares and monthly average of main stock indices

Source: Nasdaq Iceland.

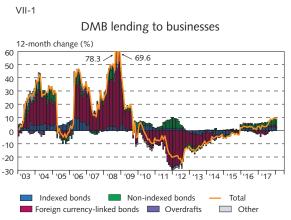


Bond indices



Source: Nasdaq Iceland

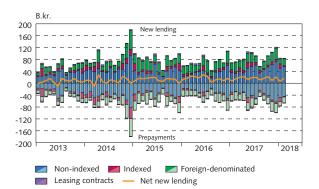
20



Stock of loans from DMBs, the HFF and other credit institutions, pension funds, insurance companies, and State credit funds. Contribution of individual components to lending growth. Loans are assessed at claim value. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. *Source:* Central Bank of Iceland.

VII-3

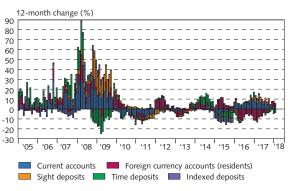
Net new lending from DMBs and HFF to firms



Net new lending consists of new lending net of prepayments of older loans. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

Companies' deposits

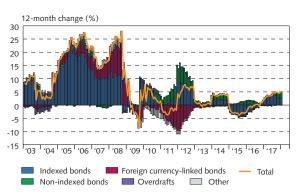
VII-5



Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Further information can be found on the monetary statistics pages of the Central Bank website. Data from October 2008 are preliminary. Monthly data. *Source*: Central Bank of Iceland.



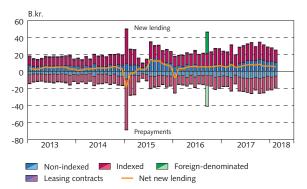




Stock of loans from DMBs, the HFF and other credit institutions, pension funds, insurance companies, and State credit funds. Contribution of individual components to lending growth. Loans are assessed at claim value. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Most recent figures are preliminary. Monthly data. *Source*: Central Bank of Iceland.

VII-4

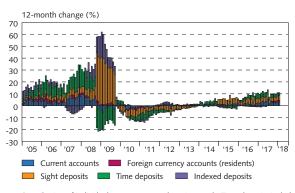
Net new lending from DMBs and HFF to households



Net new lending consists of new lending net of prepayments of older loans. Most recent figures are preliminary. Monthly data. Source: Central Bank of Iceland.

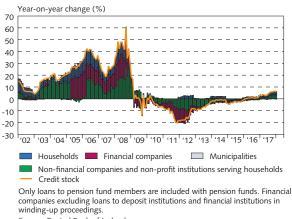
VII-6

Household deposits



Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings Further information can be found on the monetary statistics pages of the Central Bank website. Data from October 2008 are preliminary. Monthly data. *Source*: Central Bank of Iceland.

Credit system lending to resident borrowers



Source: Central Bank of Iceland

VII-9

M3 and domestic bank credit

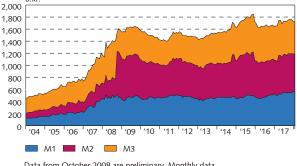


Loans are assessed at claim value. The series "credit in real terms" represents loans deflated by the CPI. Changes have been made to loan classification during the period shown. The data are therefore not fully comparable within the period. Further information can be found on the monetary statistics pages of the Central Bank website. Data from October 2008 are preliminary. Monthly data. Sources: Statistics Iceland, Central Bank of Iceland.



B.kr

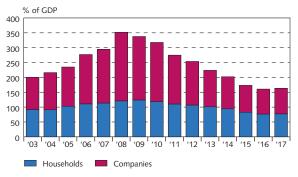
Money holdings



Data from October 2008 are preliminary. Monthly data. Source: Central Bank of Iceland.

VII-8

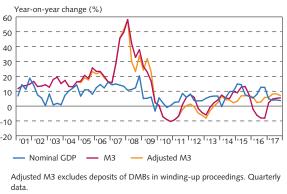
Household and non-financial corporate debt



Debt owed to financial undertakings and market bonds issued. Companies excluding financial institutions (which includes holding companies). Sources: Statistics Iceland, Central Bank of Iceland,

VII-10

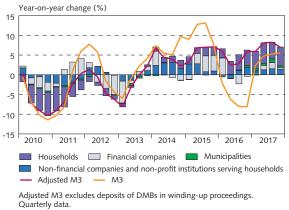
Nominal GDP and M3



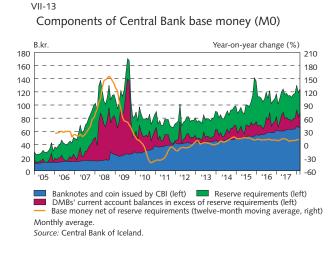
Sources: Statistics Iceland, Central Bank of Iceland,

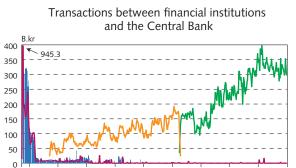


Components of money holdings



Source: Central Bank of Iceland.





2013

2015

2014

2016

2017

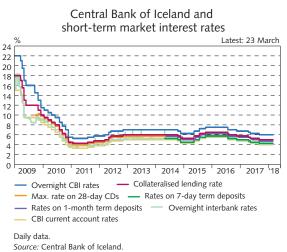


VII-17

08 2009

2010

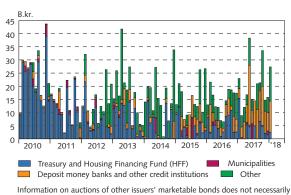
2011 2012



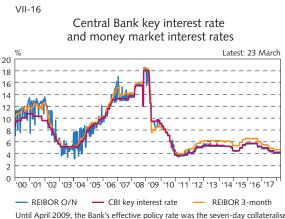


VII-14

Bond auctions



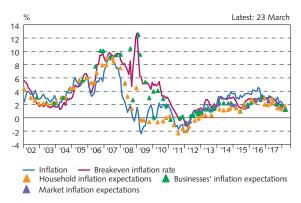
include all of their issued bonds. Monthly data Sources: Icelandic Securities Depository, Central Bank of Iceland.



Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the effective rate is the Bank's seven day term deposit rate. Weekly data Source: Central Bank of Iceland.



Central Bank of Iceland real interest rates



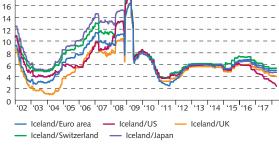
According to 12-month inflation. Real interest rates according to breakeven infation rate on Treasury notes are calculated based on Treasury note (RIKB 13 0517) and Treasury bond (RIKS 15 1001) yields until June 2004, and on the difference between the nominal and indexed yield curves onwards (monthly average). Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and the maximum rate on 28-day CDs. From May 2014, the effective rate is the Bank's seven day term deposit rate. Monthly data. Sources: Gallup, Statistics Iceland, Central Bank of Iceland



20

18

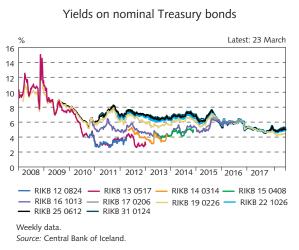
Short-term interest rate differential Latest: 23 March %





Source: Thomson Reuters.

VII-21



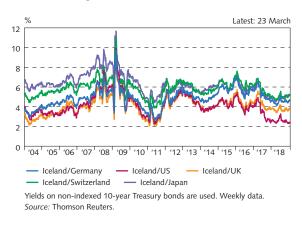
VII-23

Yields on DMB nominal covered bonds



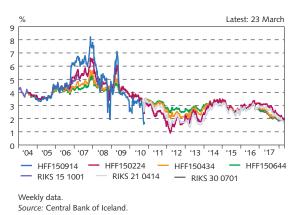
VII-20

Long-term interest rate differential



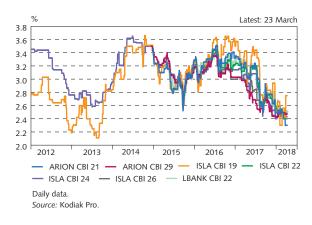


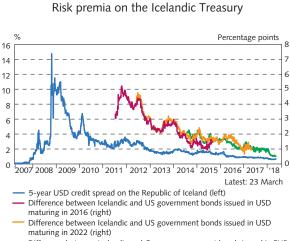
Yields on indexed Treasury and HFF bonds





Yields on DMB indexed covered bonds





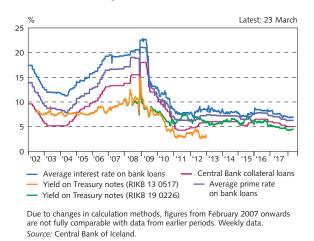






VII-27





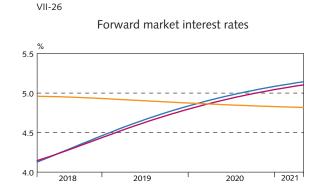
VII-29

Latest: 23 March 9.0 8.5 8.0 7.5 7.0 6.5 6.0 5.5 5.0 2011 2010 2012 2013 2014 2015 2016 2017 '18 Arion bank — Íslandsbanki — Average pension fund lending rates Landsbankinn hf

Interest rates on nominal housing loans

Lowest floating rates for non-indexed housing loans. No data for Arion bank for the time periods 11 March 2010 - 11 February 2011 and 11 May - 1 December 2013. Average pension fund lending rates is the average of the lending rates charged by Gildi, and Lifsverk. 10-day data except for pension fund data, which are monthly.

Source: Central Bank of Iceland.



Forward interest rates calculated based on interbank market interest and yields on Treasury notes, using the Nelson-Siegel method. The valuation is subject to some uncertainty because of the small number of Treasury notes underlying the calculations. *Source*: Central Bank of Iceland.

- 23 February 2018

23 March 2017

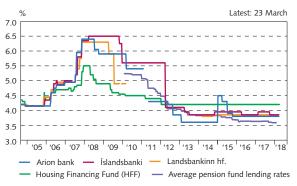


23 March 2018

Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data. *Source:* Central Bank of Iceland.



Interest rates on indexed housing loans



Lowest fixed rates for indexed housing loans. Housing Financing Fund interest rates are indexed housing loan rates with prepayment penalty for December 2005 onwards, and without prepayment before that time. Average pension fund lending rates is the average of the lending rates charged by Almenni, Festa, Frjålsi, Gildi, LSR, The pension fund of commerce, and Söfnunarsjöður lífeyrisréttinda. 10-day data except for pension fund data, which are monthly. *Sources:* Housing Financing Fund, Central Bank of Iceland.

Average indexed interest rates

250

230

210

190

170

150

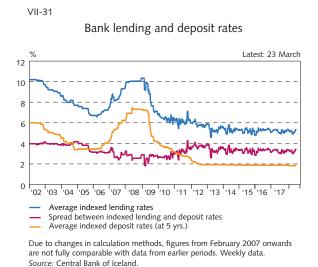
130

110

90

70

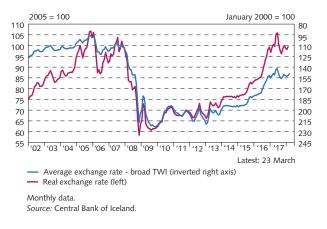
50 '02



Exchange rate of foreign currencies against the króna

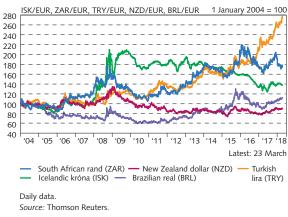
VII-32

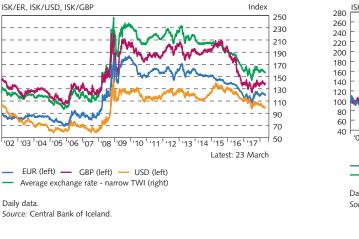
Nominal and real effective exchange rate of the króna



VII-34

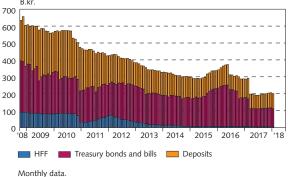
Exchange rate of the euro against high-yielding currencies





B.kr

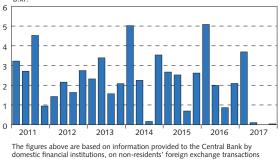
VII-35



Non-residents's króna assets

Sources: Icelandic Securities Depository, Central Bank of Iceland.

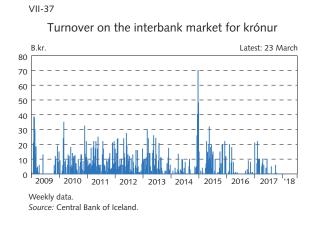
VII-36



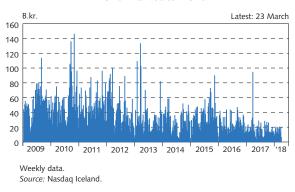
The figures above are based on information provided to the Central Bank by domestic financial institutions, on non-residents' foreign exchange transactions involving payments of interest and indexation on deposits with domestic financial institutions and ISK-denominated bonds issued by domestic parties. In comparing the amounts, it should be borne in mind that regulatory provisions on foreign exchange transactions involving interest payments have changed between periods. The Central Bank considers data from the years 2009 and 2010 not reliable enough for official publication. The data imply, however, that foreign exchange transactions resulting from non-residents' interest payments have been on the decline between these periods. Quarterly data.

Source: Central Bank of Iceland.

Non-residents' repatriation of domestic interest payments B.kr

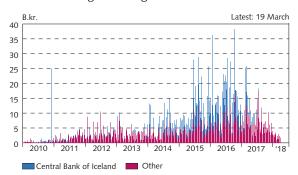


Bond market turnover



VII-39

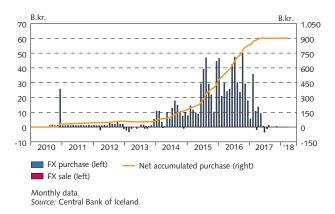
Foreign exchange market turnover



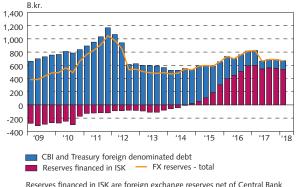
Weekly data.

Source: Central Bank of Iceland.

VII-40 Central Bank intervention in foreign exchange market



VII-41



Central Bank of Iceland foreign exchange reserves

Reserves financed in ISK are foreign exchange reserves net of Central Bank and Treasury foreign-denominated debt. Q1/2018 is end of February figures. Quarterly data. Source: Central Bank of Iceland.