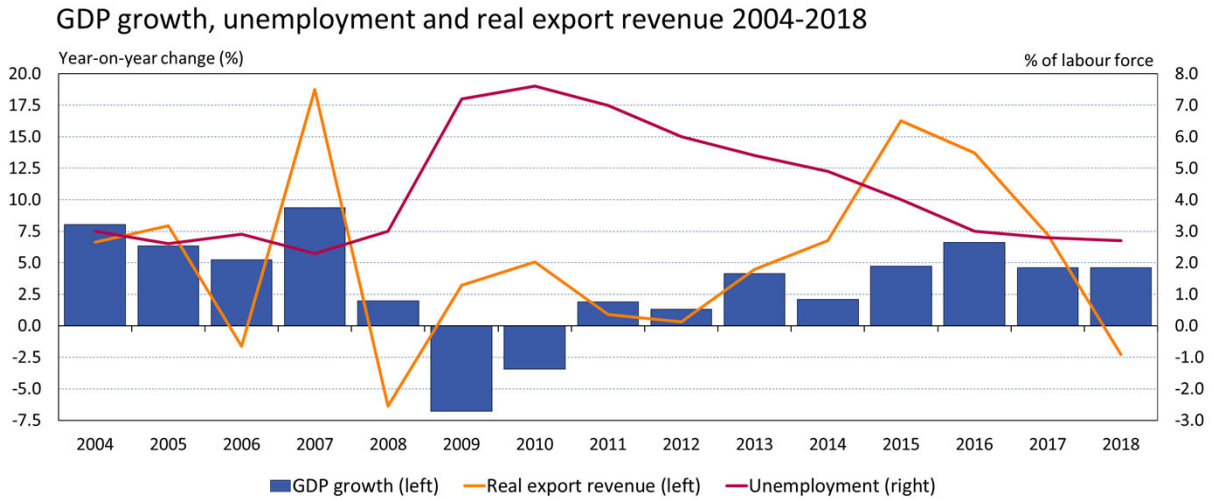


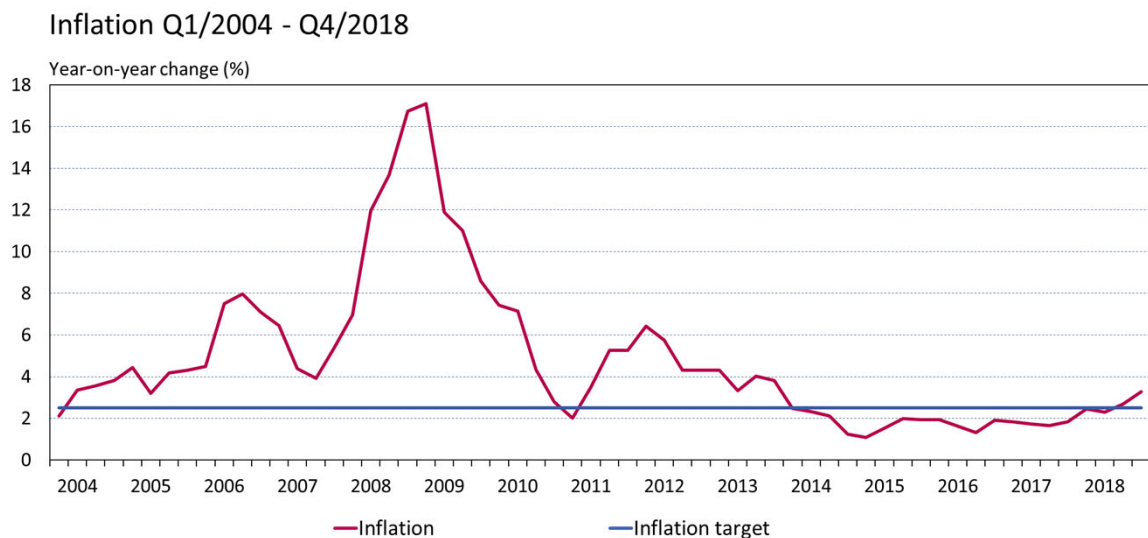
Appendix with charts: Economic developments 2004-2018

Deep post-crisis contraction but full recovery with strong growth in export sectors



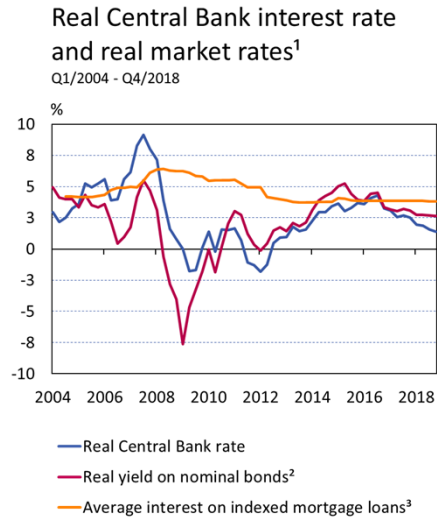
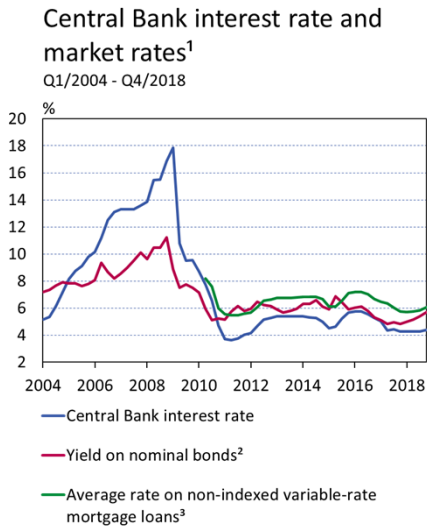
Sources: Statistics Iceland, Central Bank of Iceland.

Inflation peaked in 2009 after currency collapsed, then declined steadily, falling below the target in late 2010



Source: Statistics Iceland.

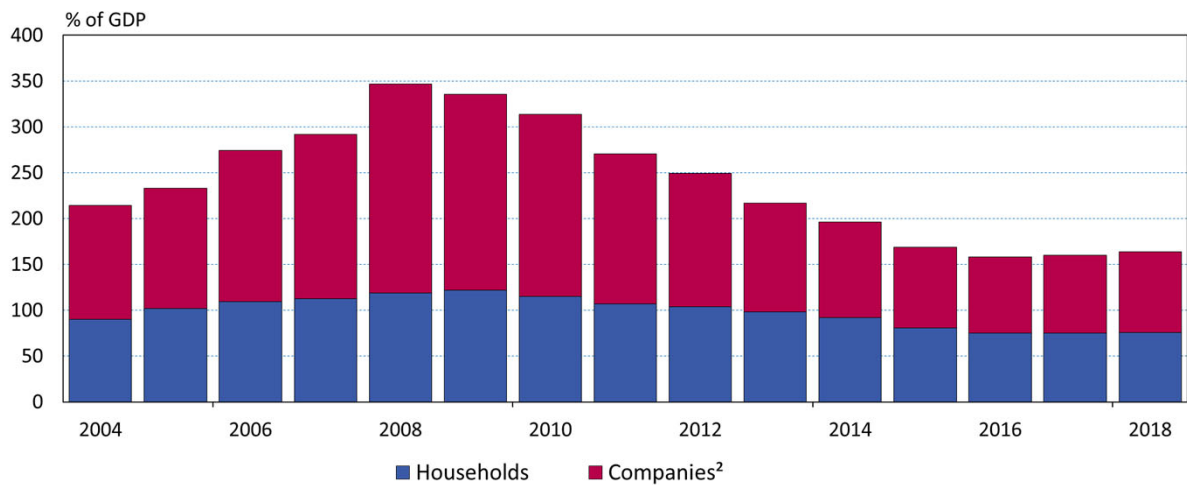
Central Bank key rate peaked at 18% but fell rapidly as disinflation set in



1. In terms of twelve-month inflation. 2. Five-year rate from the estimated nominal yield curve. 3. Simple average lowest lending rates from the three largest commercial banks. Fixed-rate period of five years or more on indexed mortgage loans.
 Source: Central Bank of Iceland.

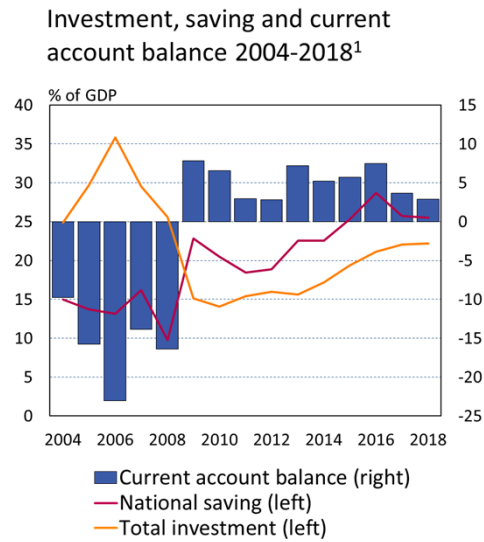
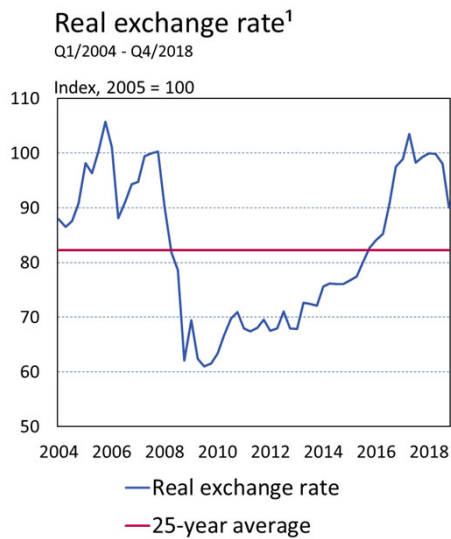
Private sector debt level low in historical context

Household and non-financial corporate debt 2004-2018¹



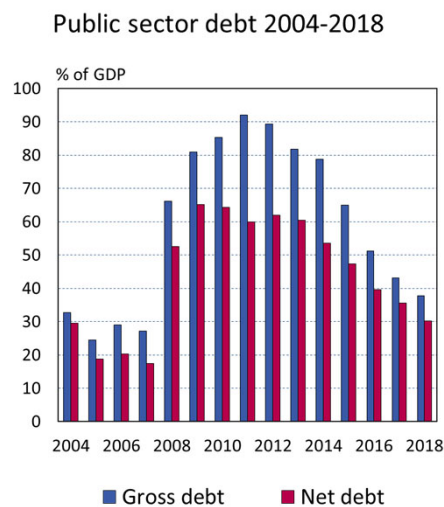
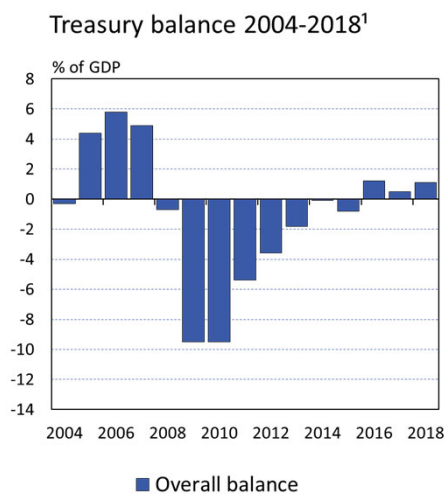
1. Debt owed to financial undertakings and market bonds issued. 2. Excluding financial institutions (which includes holding companies).
 Sources: Statistics Iceland, Central Bank of Iceland.

Real depreciation and upward shift in savings propensity created a dramatic turnaround in the current account



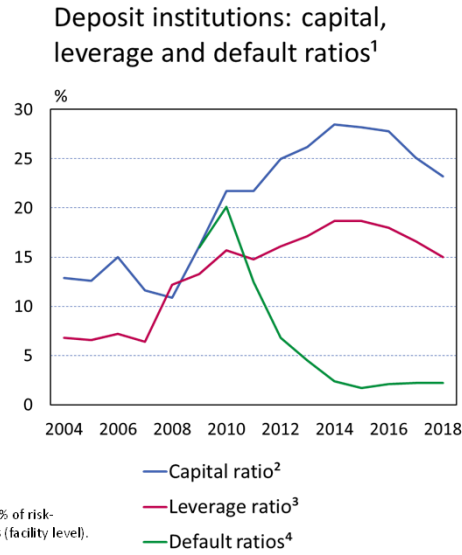
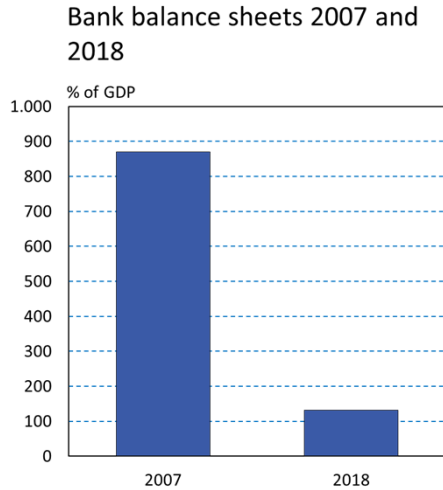
1. Current account balance and national saving based on estimated underlying current account balance in 2008-2015.
Sources: Statistics Iceland, Central Bank of Iceland.

Post-crisis public sector position was tight but has improved greatly



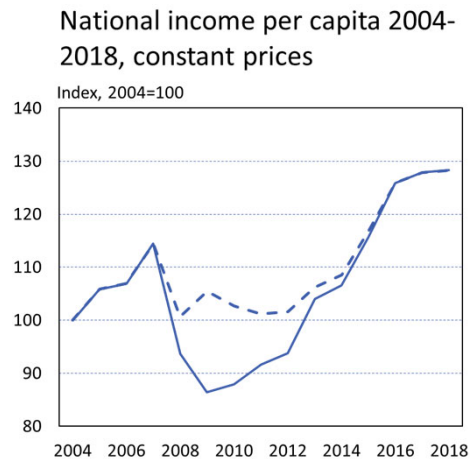
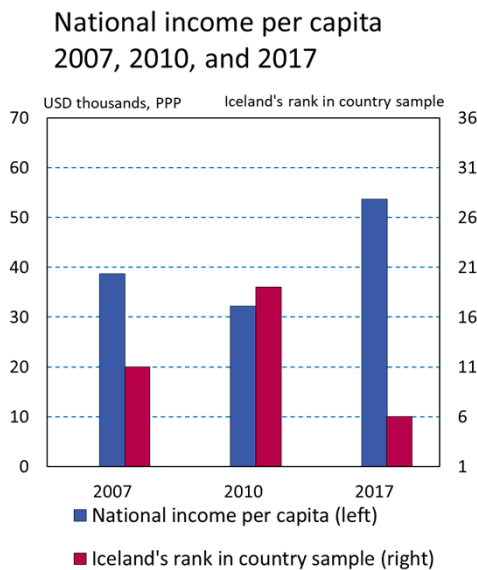
1. In 2016 to 2018, overall balance is adjusted for stability contributions, accelerated write-downs of indexed mortgage loans, special payment to LSR A-division and dividends in excess of the National Budget.
Sources: Ministry of Finance and Economic Affairs, Statistics Iceland, Central Bank of Iceland.

Banking system now focuses mainly on domestic households and businesses and is much more resilient than before



1. Domestic systemically important banks, consolidated figures. Average of ratios. 2. Capital base as % of risk-weighted assets. 3. IFRS Tier 1 leverage ratio. 4. Loans in default; i.e., loans past due by over 90 days (facility level). Sources: Deposit institutions' financial statements. Statistics Iceland, Central Bank of Iceland.

Iceland has more than recovered its position in the national income league



1. National income based on estimated underlying current account balance in 2008-2015. Sources: Thomson Reuters, Statistics Iceland, Central Bank of Iceland.