

28 January 2022



The Republic of Iceland Investor Presentation in relation to the EMTN programme

Republic of Iceland



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Introduction

Republic of Iceland

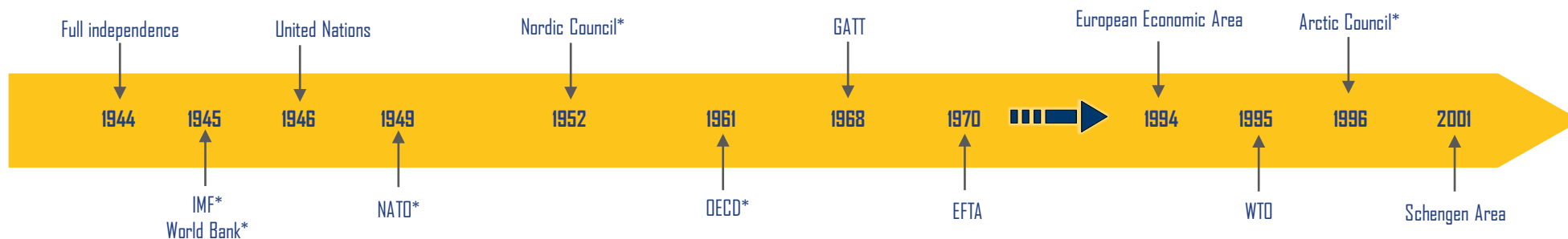


Key Facts about Iceland

Territory	<ul style="list-style-type: none"> • 103,000 sq. km / 39,756 sq. miles
Capital	<ul style="list-style-type: none"> • Reykjavik
Population	<ul style="list-style-type: none"> • 374,830
Currency	<ul style="list-style-type: none"> • Icelandic Króna (ISK). December 2021 monthly average: • 1 USD = 130.18 ISK • 1 EUR = 147.14 ISK
GDP per capita	<ul style="list-style-type: none"> • USD 56,066 (2020)¹
Long term credit ratings	<ul style="list-style-type: none"> • Moody's: A2 • S&P: A • Fitch: A
Distance to Iceland	<ul style="list-style-type: none"> • Flying time 5.5 h. and 3 h. to New York and London respectively



Political Milestones



¹ Source: IMF, PPP, international dollars per capita. *Founding member.



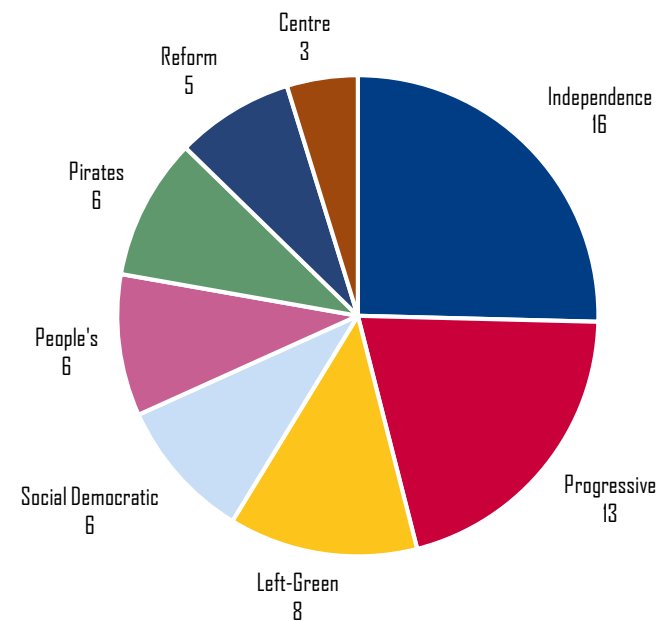
Re-election of the Government

Following the parliamentary elections in September, the second cabinet of a coalition government of the Independence Party, the Left-Green Movement and the Progressive Party was formed.

The government has put emphasis on balancing economic, social and environmental factors, with special focus on:

- **The Economy and Public Finances:** The Government's priority will be to continue to promote economic and social stability.
- **Climate Change:** The ideology of sustainability, just transition and increased competitiveness will be the Government's guiding principles in the current transformation in the face of climate threats and technological change that is affecting all areas of society.
- **Digital Transformation:** Systematic efforts will be made to strengthen network and telecommunications security. Emphasis will be placed on increasing public confidence in information technology, personal data protection and the importance of freedom of expression.

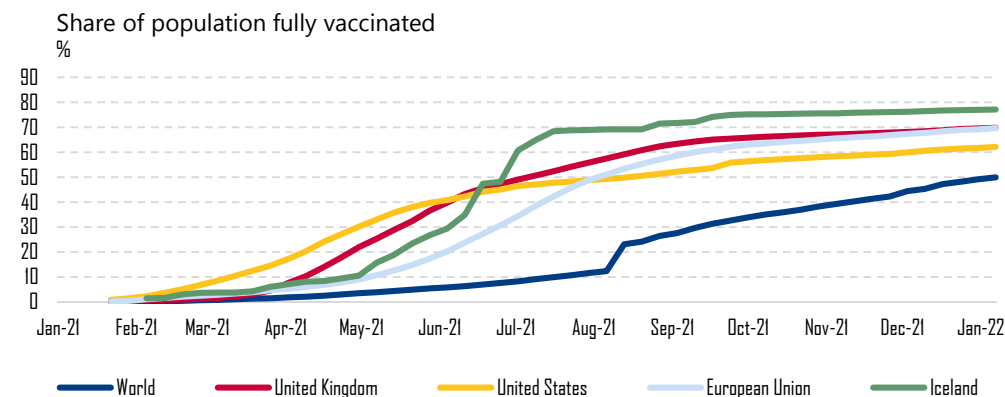
Composition of the newly elected Parliament
Number of parliamentary seats by party



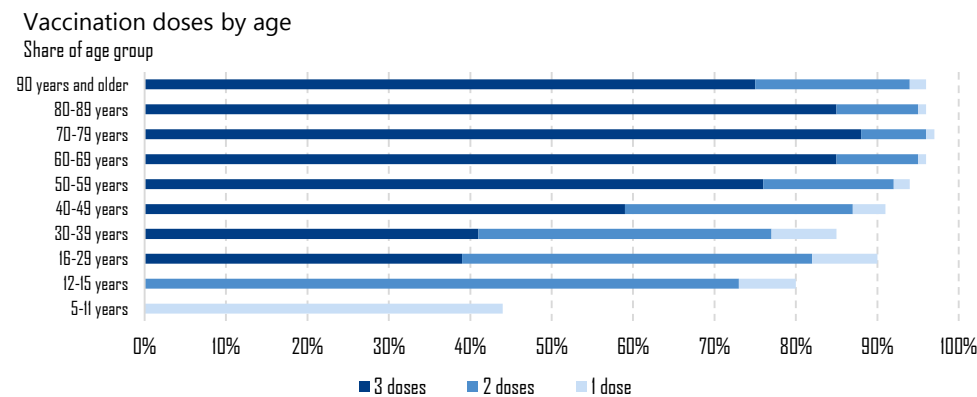


COVID-19 situation and response

- Iceland has relied heavily on extensive testing and contact-tracing, while social restrictions have been less stringent than in many mainland European countries. This in turn contributed to less contraction in domestic demand.
- Vaccination participation is high, with approximately 78% of the total population fully vaccinated (2 doses). Of the total population, 53% have received a booster dose.
- Effective vaccine distribution and high vaccine participation might have played a role in mitigating the severity of recent COVID-19 cases. As the pandemic has evolved and with a large proportion of the population vaccinated, further easing of restrictions is made possible.
- The government announced on 28 January 2022 the intention to lift all restrictions by mid-March 2022, as long there will be no new variants of the virus and no increase in serious illnesses that put excessive strain on the health care system.
- Covid-19 fiscal measures are discussed later in this presentation.



Source: Our World In Data. Weekly data.



Source: Directorate of Health, Department of Civil Protection and Emergency Management. Data from January 25, 2022.



Macroeconomic developments

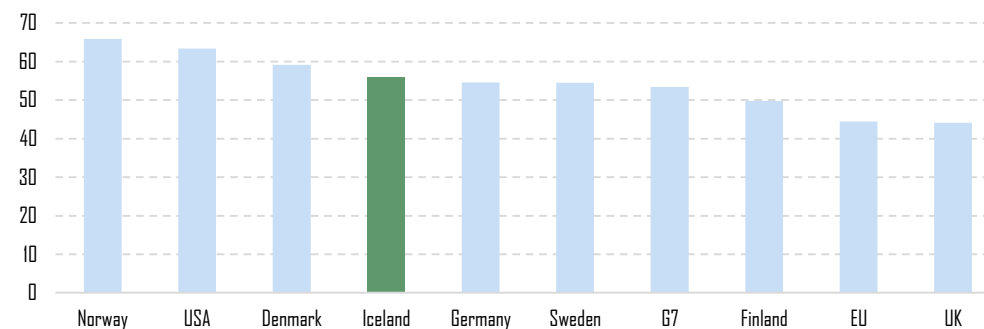
Republic of Iceland



Gross domestic product

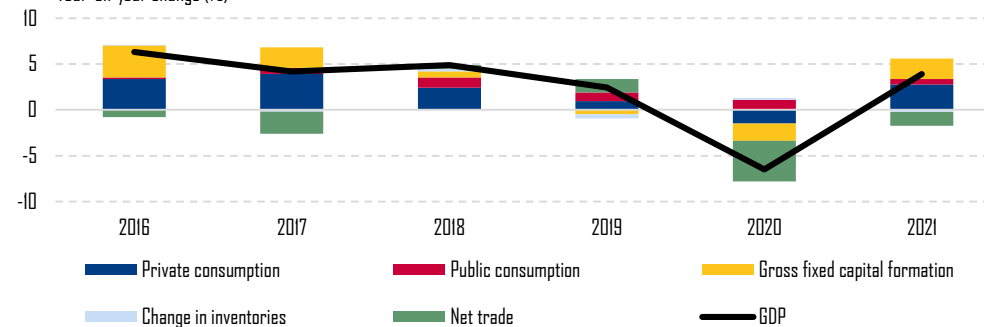
- COVID-19 has affected both net exports and national expenditure. Restrictions on economic activity requiring close social proximity have also had a significant impact. This was evident in the change in composition of consumption, as services and travel expenditure decreased while the share of durable goods increased.
- However, the impact of the pandemic on household spending patterns has diminished since last year, with strong year-on-year growth in private consumption since Q2/2021.
- The tourism sector has recovered quite robustly and leading indicators suggest a relatively fast rebound once European and North-Atlantic travel resumes.
- Over the first three quarters of 2021, GDP growth measured 4.1% year-on-year, seeing 5.7% growth in domestic demand and a negative contribution of 1.6 percentage points from net exports.

GDP per capita in 2020
PPP, thousand international dollars per capita



Source: IMF, Current prices.

GDP growth and contribution of subcomponents
Year-on-year change (%)



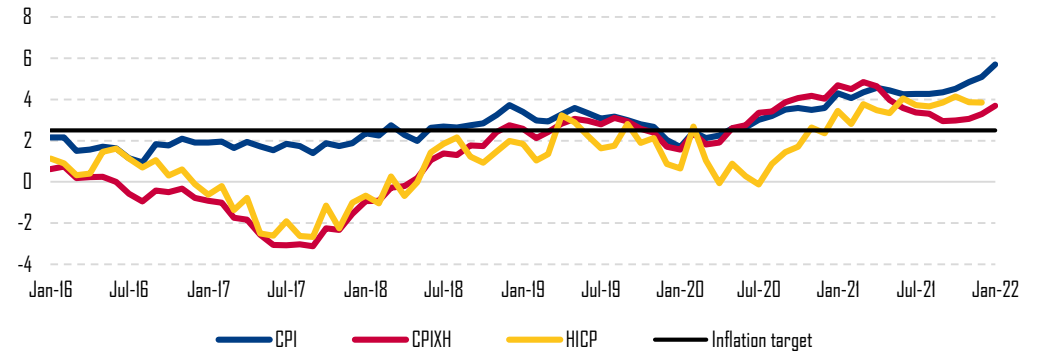
Source: Statistics Iceland, Central Bank of Iceland. GDP for Q4 2021 is according to the Central Bank of Iceland's forecast.



Inflation (1/2)

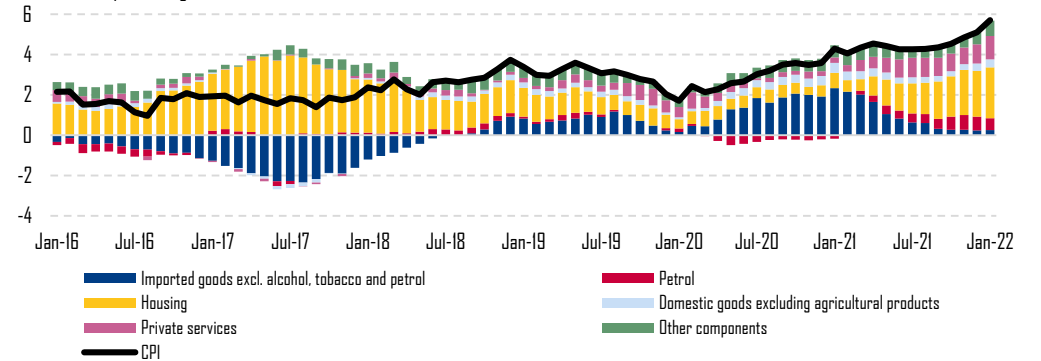
- Headline inflation has been consistently above 4% since the beginning of 2021 and measured 5.7% in January 2022. The inflation target is 2.5%.
- Rising housing prices have weighed heavily on inflation over the past year, and in January 2022 nearly half of the inflation stemmed from the housing component of the CPI.
- Inflation excluding housing measured 3.7% and has fallen since the middle of 2021.
- Fuel prices also had some impact, as global oil prices are higher now than before the pandemic and at their highest level since late 2014.
- Underlying inflation is relatively high, measuring 4.4% in January 2022, according to the average of various measures.

Various measures of inflation
Year-on-year change (%)



Source: Statistics Iceland, Central Bank of Iceland.

Components of CPI inflation
Year-on-year change (%)



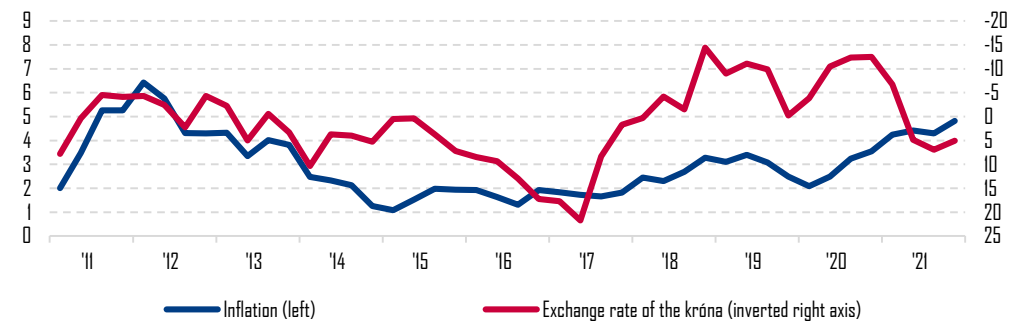
Source: Statistics Iceland.



Inflation (2/2)

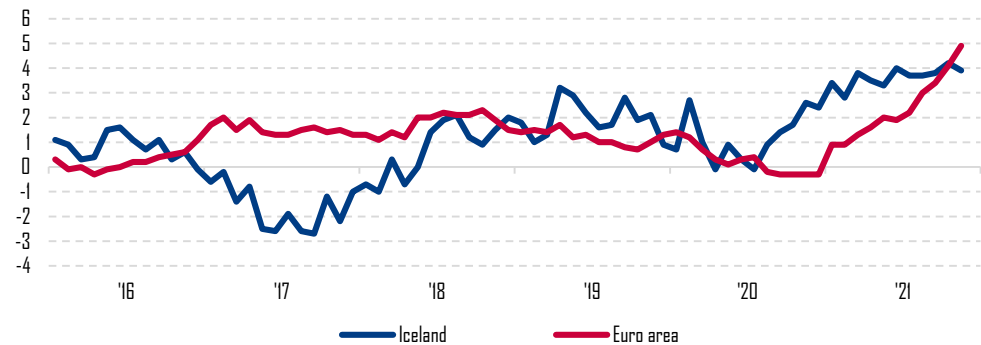
- In 2021, the Icelandic króna appreciated by 2.5% in trade-weighted terms and 5.8% against the euro.
- At year-end 2021, the trade-weighted index was still about 6% lower than when the pandemic reached Iceland.
- Inflation averaged 5% among Iceland's EEA trading partners in Q4/2021.

Inflation and exchange rate of the króna
Year-on-year change (%)



Source: Statistics Iceland, Central Bank of Iceland. Based on the narrow trade-weighted exchange rate of the króna. Quarterly data.

Inflation in Iceland and Europe
Year-on-year change (%)

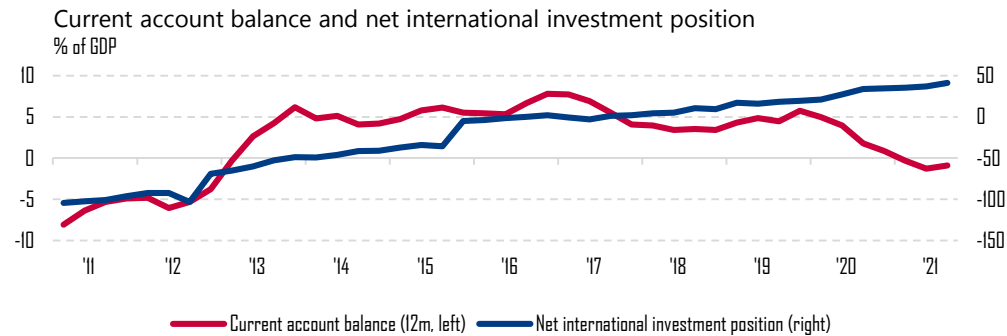


Source: Statistics Iceland. Harmonised indices of consumer prices. Monthly data.

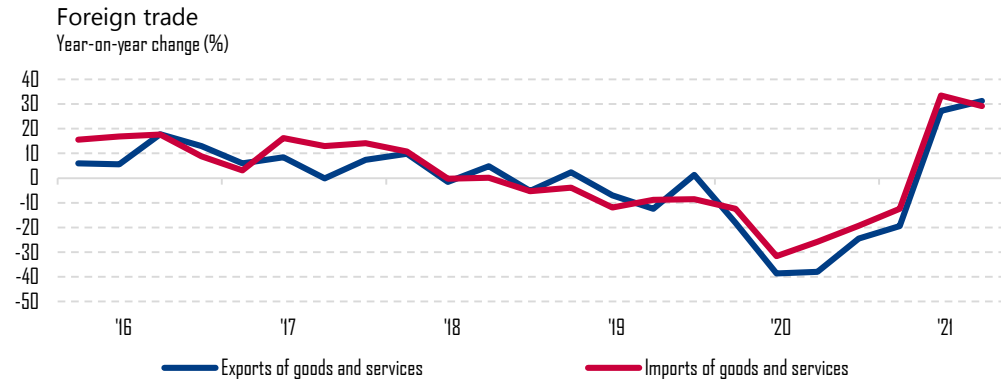


Foreign trade and external position

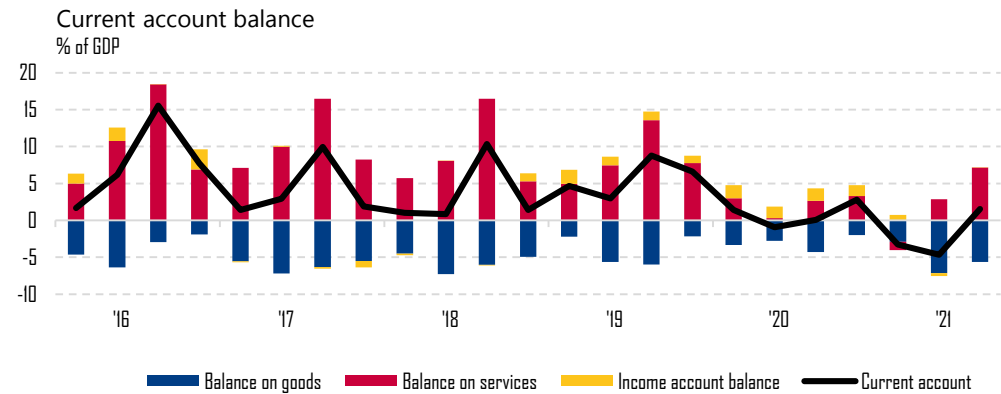
- The pandemic has caused large compositional changes to the current account that are assumed to be mainly temporary.
- The current account balance showed a deficit of 2% of GDP for the first three quarters of 2021, compared to a small surplus in 2020 when it measured 0.9% of GDP for the year as a whole.
- The surplus on the services balance increased by 1.2% of GDP year-on-year in the first three quarters of 2021, and measured roughly 3.2%, due mainly to a recovery in the tourism industry.
- The deficit on goods trade increased by 1.8% of GDP in the first three quarters of 2021, representing a larger increase in imported goods than exported goods, while both grew considerably from the previous year.



Source: Statistics Iceland, Central Bank of Iceland. Quarterly data. 2008Q4-2015Q4: NIIP is based on underlying position, i.e. adjusted for the effects of settling the failed banks' estates and assuming equal distribution of assets to general creditors.



Source: Statistics Iceland. Quarterly data.

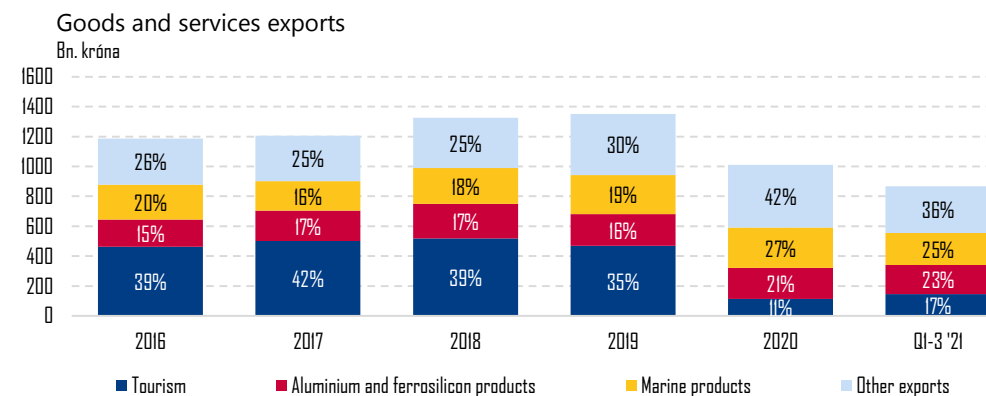
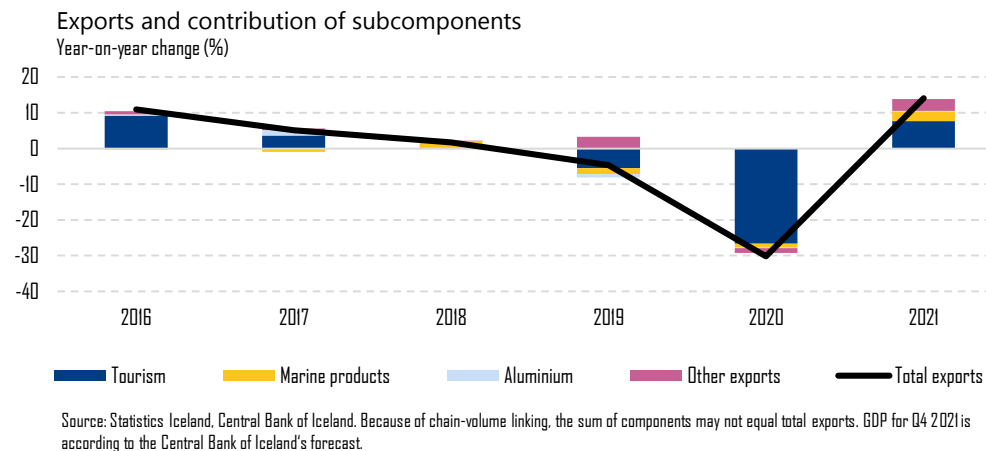


Source: Statistics Iceland, Central Bank of Iceland. Quarterly data.



Composition of exports

- Tourist visits to Iceland have dropped to around 700,000 in 2021 compared to around 2 million in 2019.
- It is assumed that capacity in the tourism sector has been largely preserved throughout the pandemic, and that the recovery will be a swift one when overseas travel normalises.
- There are indications that tourists stayed longer and spent more, on average, in 2021 than in previous years.
- Icelandic marine product prices fell steeply in 2020, owing to the impact of the pandemic. They started to rise again in Q2/2021, mainly due to a strong capelin season. Marine products picked up even more in Q3, as trading partners eased public health restrictions and market conditions improved.
- Exports of aluminium and other goods grew markedly during Q3/2021, concurrent with sharply rising prices. The price of Iceland's aluminium exports is expected to be 43% higher in 2021 than in 2020.

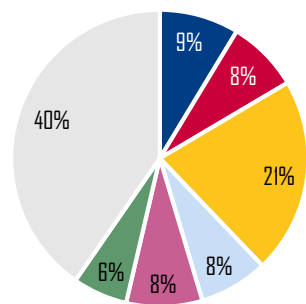




Imports and tourist arrivals

- Iceland is a small open economy, with imports and exports of goods and services amounting to 34% of GDP.
- Trade openness for the last 20 years, measured as the ratio of imports and exports of goods and services to GDP, averaged 84%, which is well above the OECD average.
- The euro area constitutes the largest trading area, accounting for 37% of imports and 52% of exports in 2020.
- In 2019 the US dollar was used in 45,1% of all trade in goods and the euro 34,4%.
- Imports of goods and services grew by 10.4% quarter-on-quarter in Q2/2021, led by imports of aircraft.

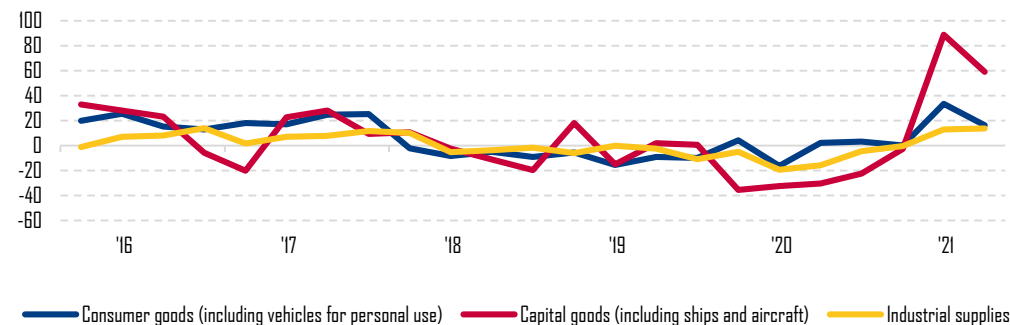
Share of imports by country, 2020



■ USA
 ■ UK
 ■ Nordics
 ■ Germany
 ■ Netherlands
 ■ China
 ■ Other

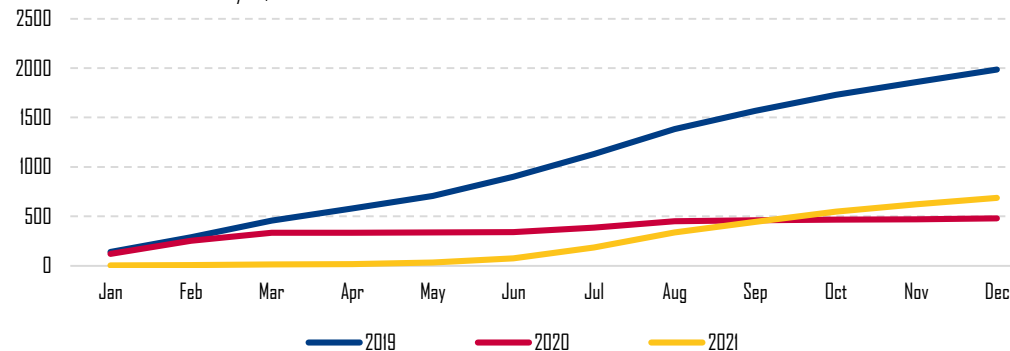
Source: Statistics Iceland

Main import products
Year-on-year volume change (%)



Source: Statistics Iceland. Quarterly data.

Foreign nationals' departures via Keflavík Airport
Cumulative total for each year, thousands



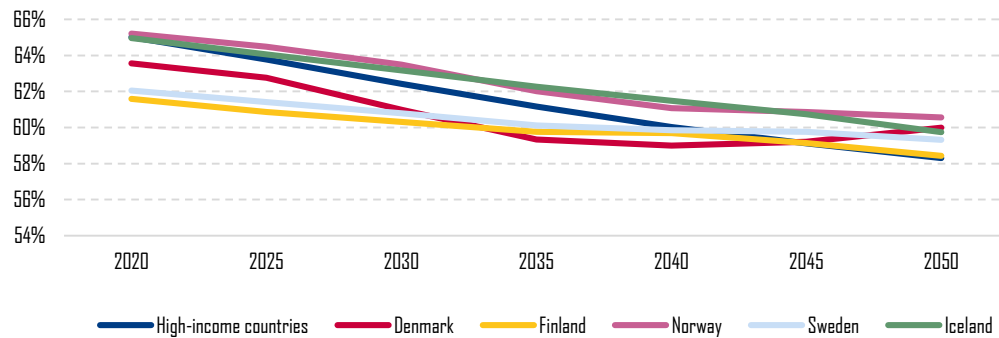
Source: Icelandic Tourist Board, Central Bank of Iceland.



Labour market (1/2)

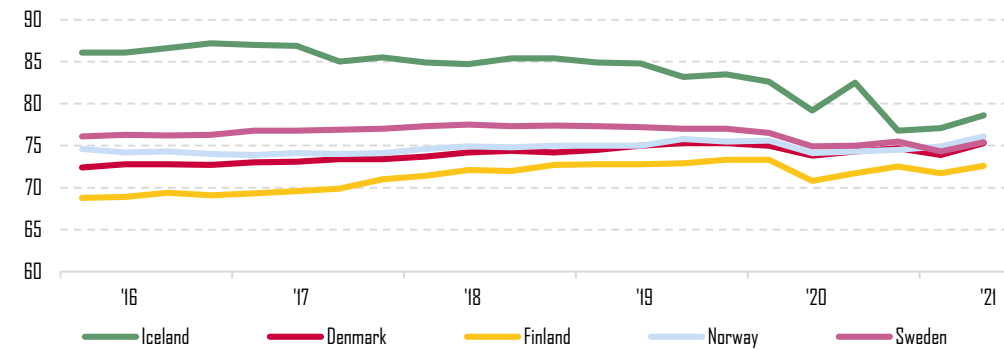
- Labour force participation rate in Iceland has been the highest among European countries while the unemployment rate has been among the lowest.
- As in many advanced economies, employment has shifted towards services.
- Labour market conditions deteriorated following the onset of the COVID-19 pandemic. The collapse in tourism, along with social distancing and public health measures, resulted in significant job losses in exposed sectors, with tourism-related sectors being most affected.

Projected share of 15–64-year-olds in total population



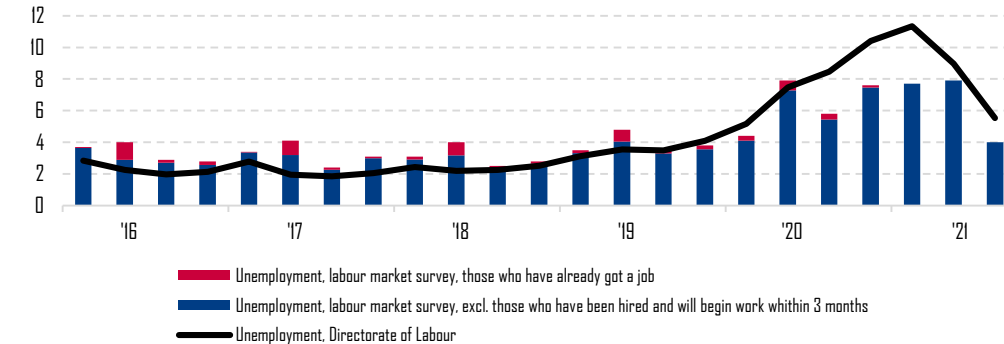
Source: United Nations Population Projections.

Employment rate in the Nordic countries
% of population aged 15-64



Source: Eurostat.

Unemployment rate
% of labour force

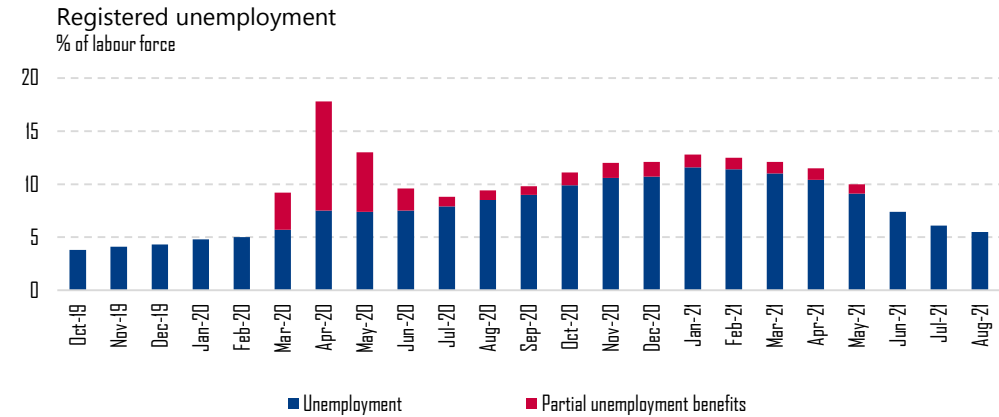


Source: Statistics Iceland, Directorate of Labour.

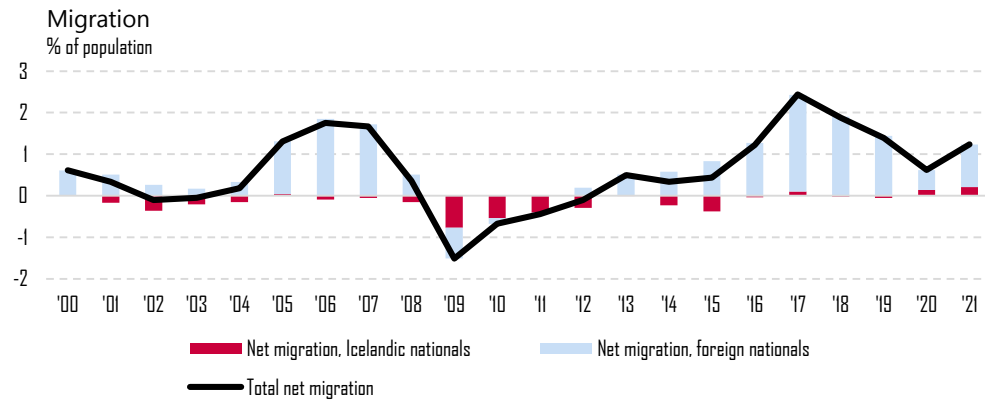


Labour market (2/2)

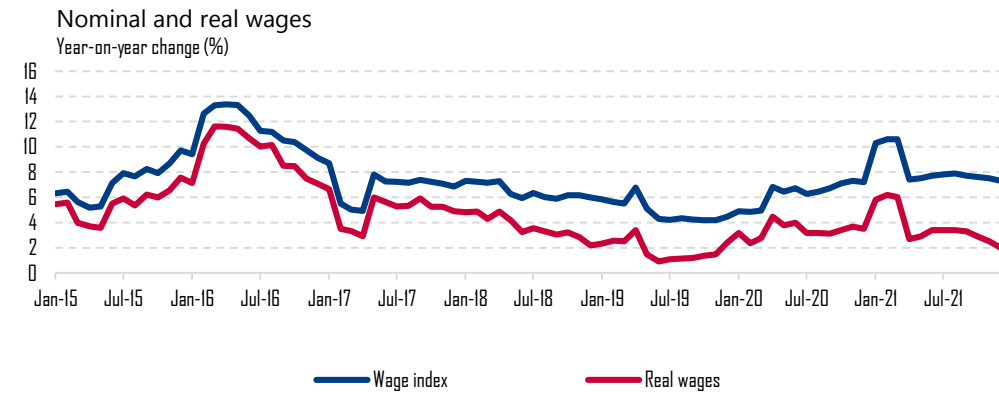
- Following the 2004 enlargement of the European Economic Area, migration of foreign nationals in tandem with the business cycle has substantially increased the flexibility of the Icelandic labour market.
- Migration of foreign workers continues to follow the recovery of the domestic economy, owing to the large number of job vacancies that have not yet been filled.
- The labour market recovery from COVID-19 has been strong. In Q3/2021 the participation rate exceeded its pre-pandemic level and the unemployment rate and total hours worked were close to levels seen before the pandemic. Long-term unemployment has also fallen rapidly, but it is still relatively high in historical terms.



Source: Directorate of Labour. Monthly data.



Source: Statistics Iceland. 2021 data is preliminary.



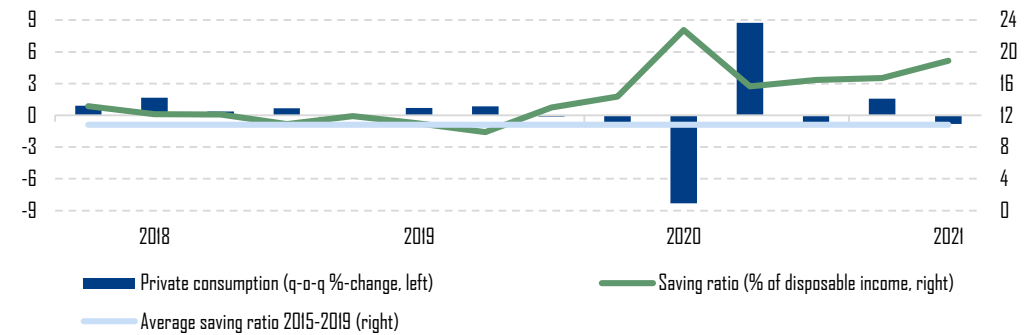
Source: Statistics Iceland. Real wages are the wage index deflated by the CPI. Monthly data.



Private consumption and households

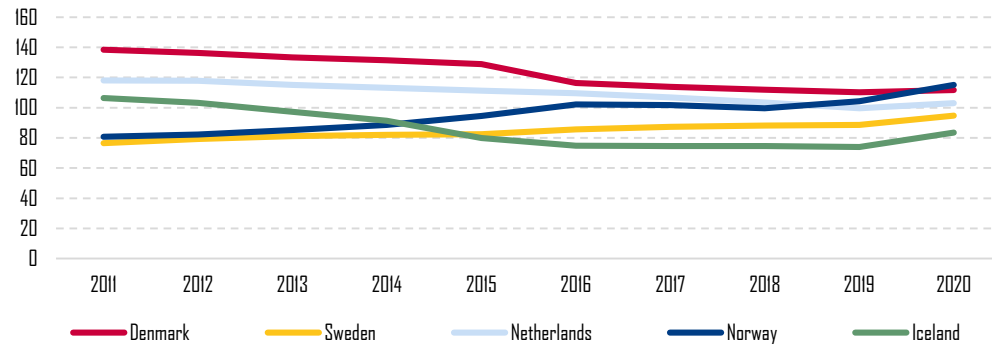
- Favourable economic environment in the years from 2011 to 2018, with low unemployment and strong economic growth supported businesses and households in deleveraging and strengthening their financial position.
- Higher asset prices and lower debt have improved the balance sheets of businesses and households thus increasing the asset quality of the banks, as residential and commercial properties are mostly used for loan collateral.
- Household deposits with the banking system increased by 8.5% year-on-year in Q3/2021. The growth rate has eased somewhat, although it remains relatively robust.

Private consumption and household saving



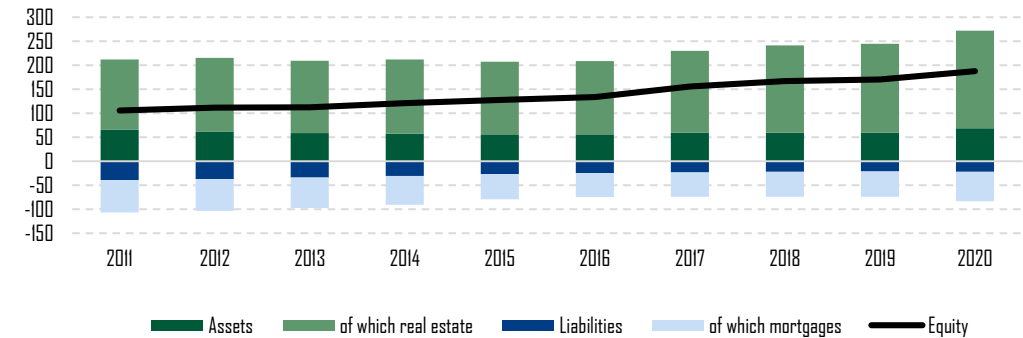
Source: Statistics Iceland, Central Bank of Iceland. The saving ratio is calculated based on the Central Bank of Iceland's disposable income estimates. Seasonally adjusted figures.

Household debt
% of GDP



Source: Eurostat, Statistics Iceland, Central Bank of Iceland.

Household assets and liabilities
% of GDP

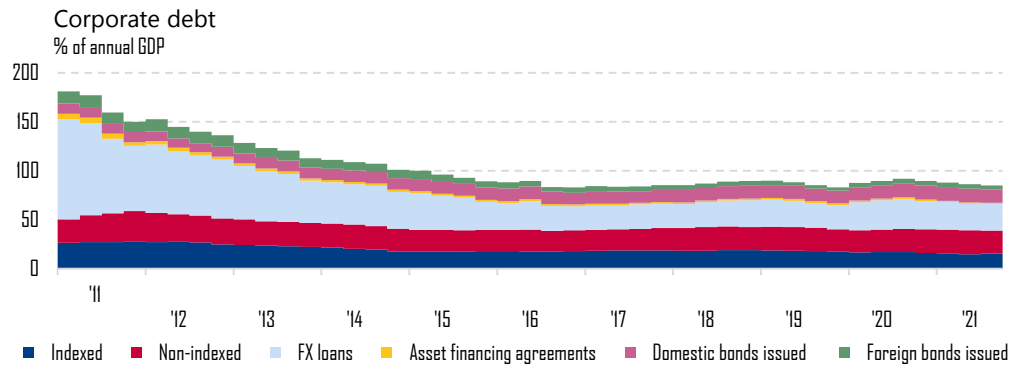


Source: Statistics Iceland, Central Bank of Iceland.

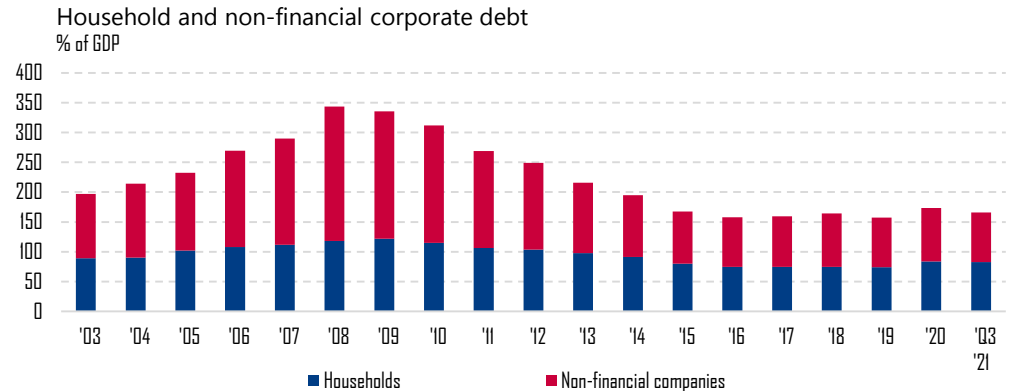


Private sector debt

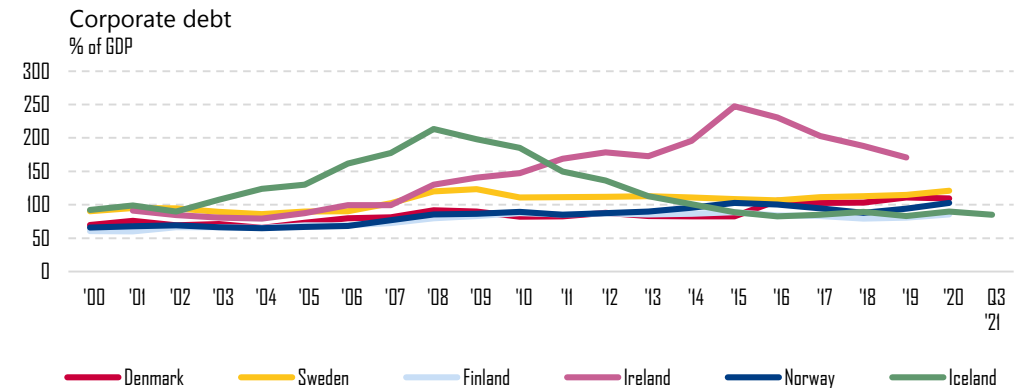
- The household debt-to-GDP ratio is higher than before the pandemic, but household indebtedness is still relatively modest.
- Loan-to-value (LTV) ratios on new mortgages have increased, on average, partly because of rising house prices, although the increased share of first-time buyers is also a factor.
- At the end of Q2/2021, corporate debt contracted by 6.2% year-on-year in real terms. Much of this contraction stems from the appreciation of the króna over the period, which lowered foreign-denominated debt in Icelandic króna terms.
- Exchange rate movements have a significant impact on corporate debt, as over a third of Icelandic companies' debts are denominated in foreign currencies.



Source: Statistics Iceland, Central Bank of Iceland. Debt owed to foreign financial undertakings and market bonds issued. Quarterly data. GDP for Q4 2021 is according to the Central Bank of Iceland's forecast.



Source: Statistics Iceland, Central Bank of Iceland. Debt owed to financial undertakings and market bonds issued. GDP for Q4 2021 is according to the Central Bank of Iceland's forecast.



Source: Eurostat, Statistics Iceland, Central Bank of Iceland.



Financial sector

Republic of Iceland



Financial conditions and FX reserves

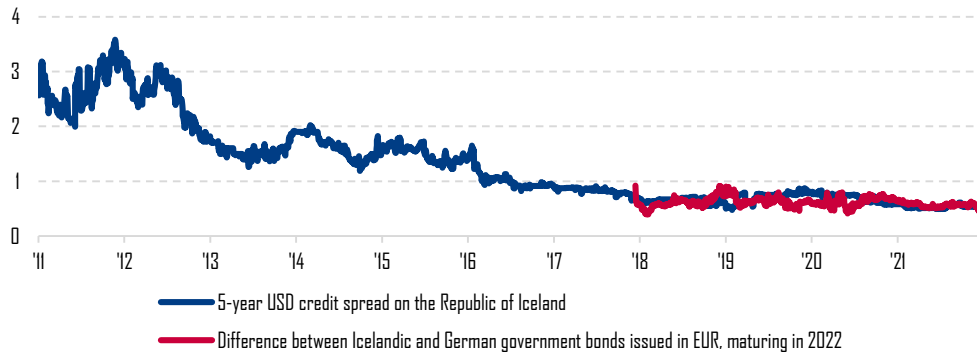
- The Central Bank of Iceland has raised the policy rate by 125 basis points since May 2021, as inflation has been higher and more persistent than expected.
- The key policy rate was 2% at the end of 2021, 75 basis points lower than in February 2020 before the pandemic reached Iceland.
- At year-end 2021, the Central Bank's international reserves amounted to a total of 7.1 bn. USD, about 0.3 bn. greater than at year-end 2020. The reserves total 30% of GDP and 40% of broad money holdings (M3), and cover ten months' worth of goods and services imports.

Central Bank of Iceland key interest rate (%)



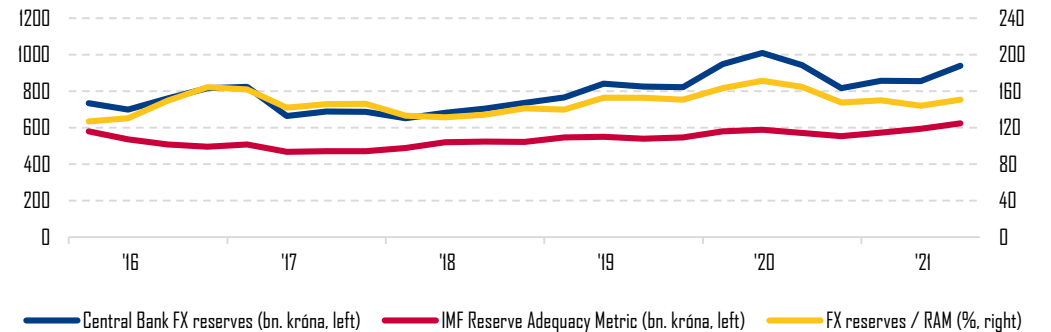
Source: Central Bank of Iceland. Until April 2009, the Bank's effective policy rate was the seven-day collateralised lending rate, and from April to September 2009 it was the current account rate. From September 2009 to May 2014, the effective policy rate was the average of the current account rate and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

Risk premia on the Icelandic Treasury %



Source: Bloomberg, Refinitiv Datastream.

Central Bank FX reserves and reserve adequacy

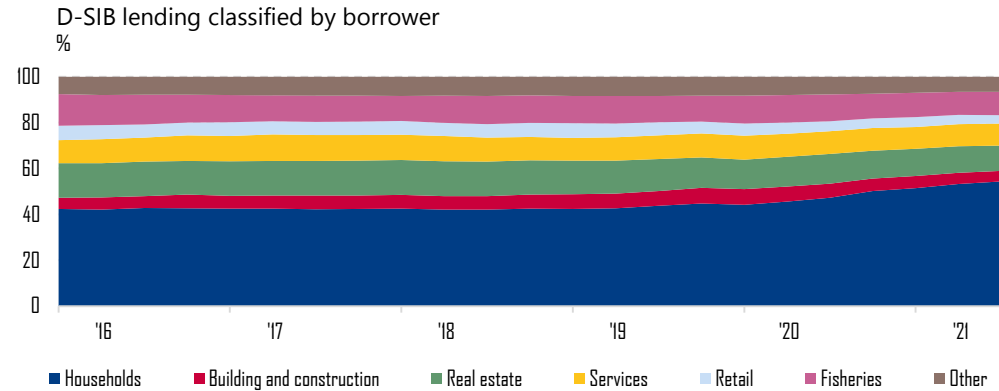


Source: Central Bank of Iceland.

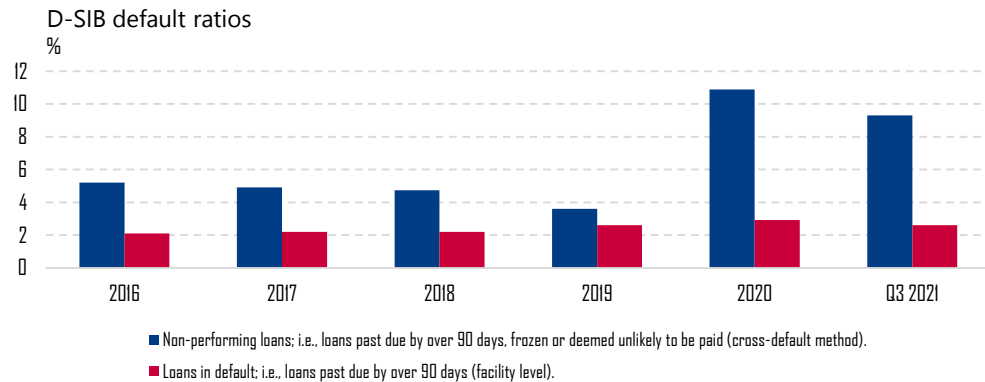


Banks (1/2)

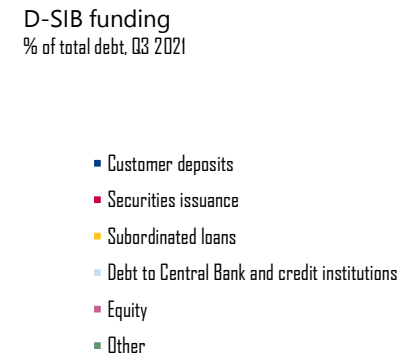
- The three largest commercial banks, classified as Domestic Systemically Important Banks (D-SIBs), are well capitalized. According to the D-SIBs' Q3/2021 financial results, their combined capital ratio was 24.8% at the end of the quarter.
- Issuance of covered bonds has been the main market funding instrument in ISK. The increase in covered bonds was roughly 60 bn ISK in the first half of 2021.
- Changes in the D-SIBs' default ratios in 2020 and 2021 are mainly due to the decline in tourism.



Source: Central Bank of Iceland. Share of total lending to households and operating companies. Quarterly data.



Source: Central Bank of Iceland. Parent companies, book value. EBA definition for non-performing loans used from 2018 onwards.

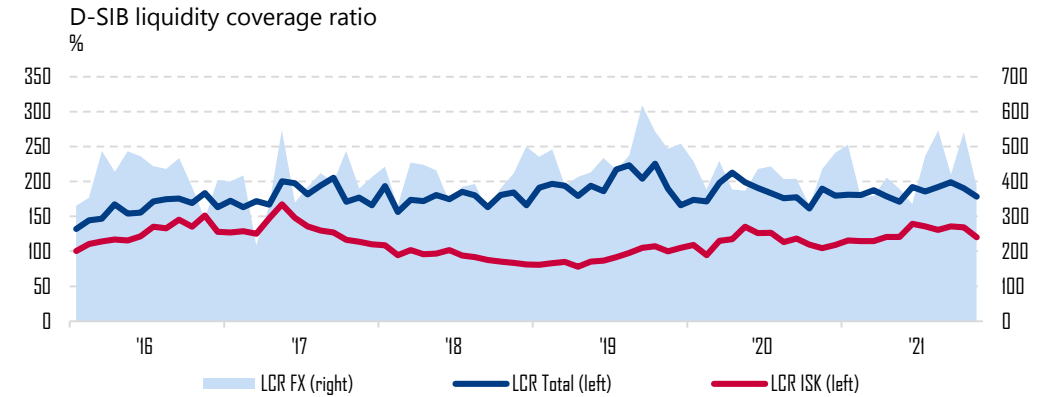


Source: Statistics Iceland, Central Bank of Iceland. Parent companies.

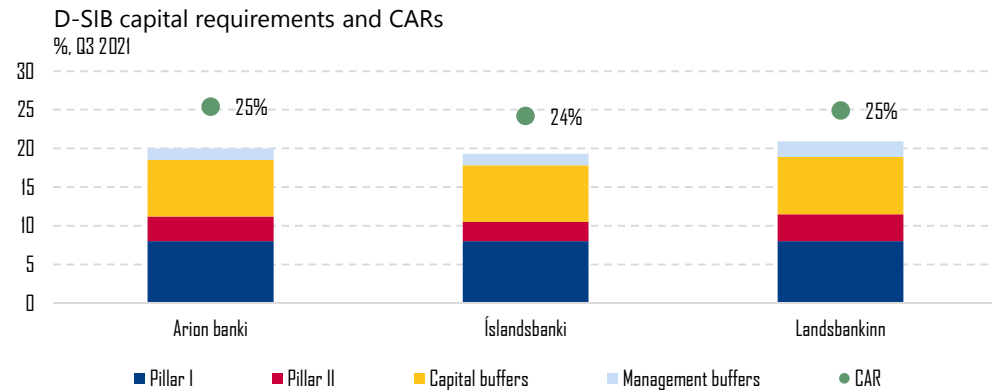


Banks (2/2)

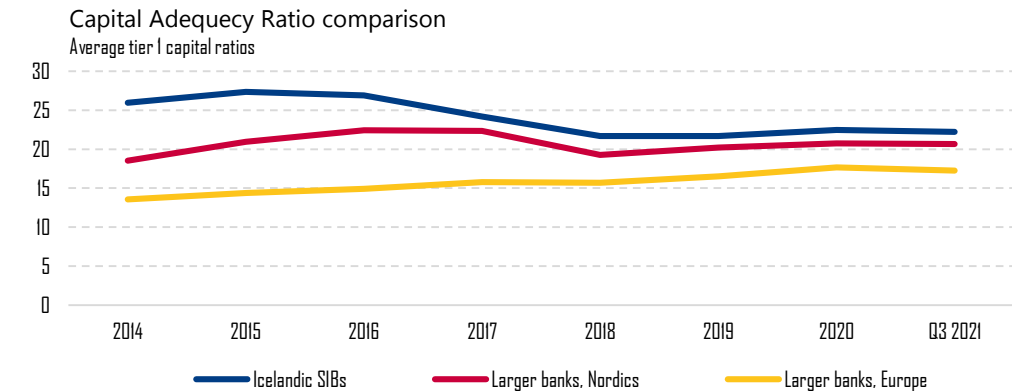
- The D-SIBs' combined liquidity ratio (LCR) was 198% at the end of Q3/2021, whereas the regulatory minimum is 100%. The Central Bank also requires the banks to have a LCR ratio of 50% at minimum for ISK and a minimum LCR ratio for foreign currencies at 100%.
- At the end of Q3/2021, the D-SIBs' LCR ratio in ISK was 125% and 533% in foreign currencies.
- D-SIBs have high leverage ratios, as measured in terms of the Capital Requirements Directive 4 definition.
- According to the Q3/2021 results, the leverage ratio of D-SIBs ranged from 12.4% to 14.3%, while the minimum regulatory ratio was 3%.
- The D-SIBs' combined leverage ratio was 13.4% at the end of Q3/2021.



Source: Central Bank of Iceland. Consolidated figures. Monthly data.



Source: Central Bank of Iceland.



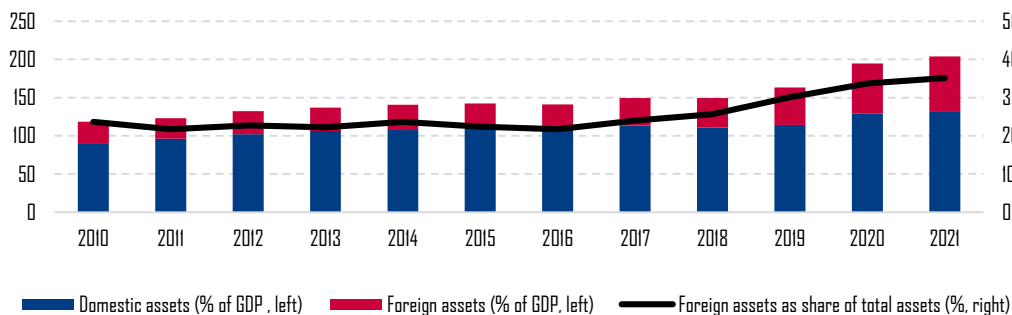
Source: Central Bank of Iceland.



Financial system

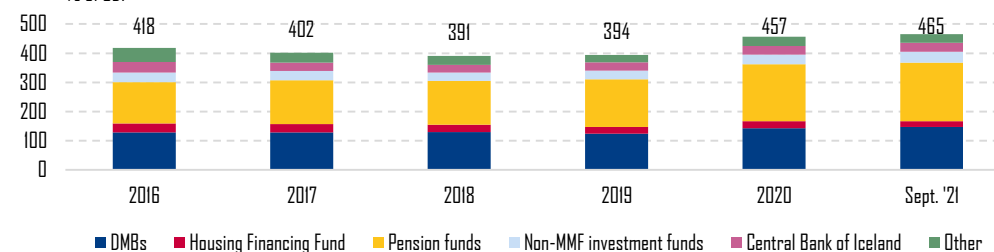
- The pension savings' total assets came to just over 6,000 bn. ISK at year-end 2020, or twice year-2020 GDP. Private pensions' foreign-denominated assets totaled just under 1,900 bn. ISK at the end of 2020, an increase of 25% or almost 400 bn. ISK during the year. Of that total, new foreign-denominated investment totaled an estimated 56 bn. ISK.
- The funds are obliged to limit their exposure to exchange rate risk by ensuring that at least 50% of their total assets are denominated in the same currency as their liabilities.
- The share of foreign-denominated assets in pension funds' portfolios has never been higher. It rose by 4 percentage points year-on-year, to an average of 37% by year-end 2020.

Pension funds' assets



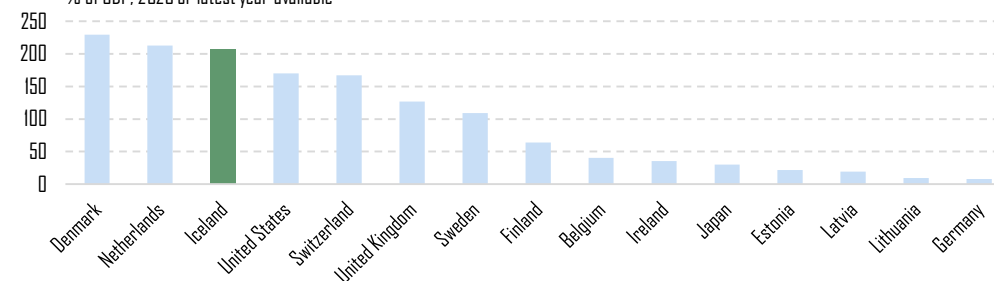
Source: Central Bank of Iceland. GDP for Q4 2021 is according to the Central Bank of Iceland's forecast.

Financial system assets
% of GDP



Source: Statistics Iceland, Central Bank of Iceland, Parent companies. Other: Failed financial institutions that have undergone composition are included with other financial institutions as of the time their composition agreements were approved. The Central Bank of Iceland Holding Company ehf. (ESI) is also included with other financial institutions from its establishment in December 2009 until its dissolution in February 2019. The Housing Financing Fund (HFF) merged with the Iceland Construction Authority on 1 January 2020. HFF assets 2020 and 2021 are the assets of the IL Fund, which took over the processing of the HFF's assets and liabilities at the beginning of 2020. GDP for Q4 2021 is according to the Central Bank of Iceland's forecast.

Assets in retirement savings plans
% of GDP, 2020 or latest year available



Source: OECD (2021), "Assets in retirement savings plans and public pension reserve funds", in Pensions at a Glance 2021: OECD and G20 Indicators. OECD Publishing, Paris."



Government debt management

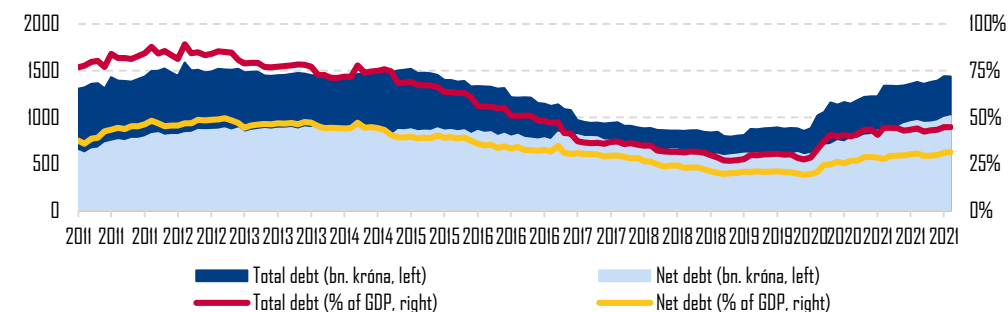
Republic of Iceland



Debt profile (1/3)

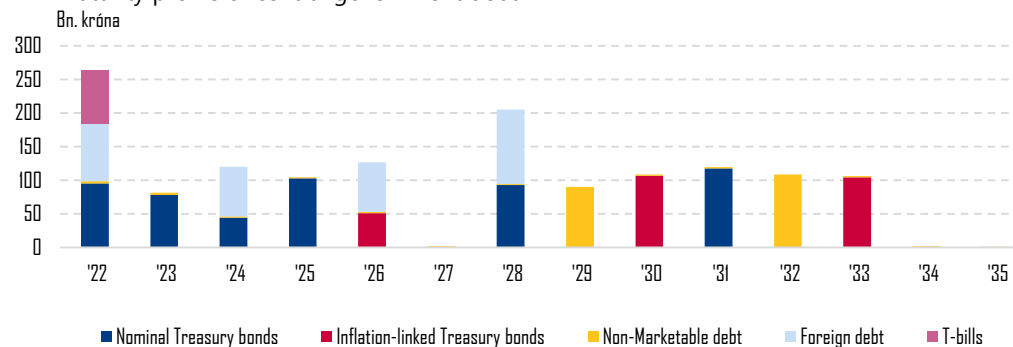
- The central government total debt-to-GDP decreased between 2015 and 2019. However, due to the COVID-19 pandemic the total debt-to-GDP has increased and was 44.7% at the end of 2021. Net central government debt, taking into account on-lending and foreign and krona deposits at the Central Bank of Iceland, was 31.5% of GDP at year-end 2021.
- At the end of December 2021, total central government debt amounted to 1,440. bn. ISK, including foreign debt of 344 bn. ISK equivalent.
- The Treasury had at the end of December 2021 the equivalent of 305 bn. ISK in foreign currency deposits with the Central Bank of Iceland and the net central government debt amounted to 1,013 bn. ISK.
- Foreign bonds of EUR 500 million and USD 92 million will mature in 2022. It is assumed that the euro-denominated maturity will be refinanced, although this will depend on market conditions and the Treasury's position. It is also possible that a green bond will be issued this year.
- A domestic nominal Treasury bond of 95 bn. ISK will mature in 2022. A new index-linked 15-year bond was issued in January 2022 and a new nominal 20-year bond issue is planned as well. Other series will be expanded during the year. Planned Treasury bond issuance for 2022 in the domestic market totals 160 bn. ISK.
- The non-marketable debt consists primarily of loans from the ÍL fund (formerly The Housing Financing Fund).

Central government debt



Source: Government Debt Management. Net debt is net of on-lending and current accounts. GDP for Q4 2021 is according to the Central Bank of Iceland's latest forecast. Monthly data.

Maturity profile of central government debt



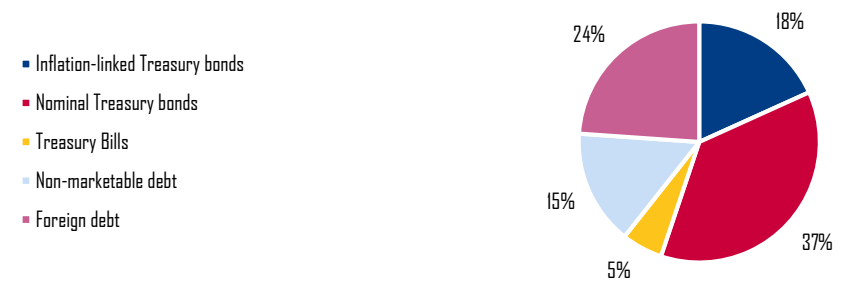
Source: Government Debt Management.



Debt profile (2/3)

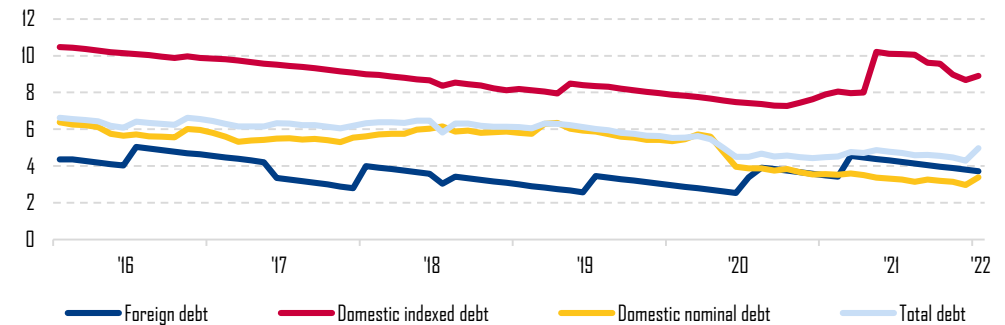
- The Medium-Term Debt Management Strategy lays down the government's debt financing plans for the next five years.
- The strategy is based on the fiscal plan and sets forth targets and criteria for Treasury debt management over the specified period.
- The key objective of the strategy is to ensure that the government's financing needs and payment obligations are met at the lowest possible cost over the medium- to long-term, in a way that is consistent with a prudent degree of risk, and to promote the maintenance and further development of efficient primary and secondary markets for domestic government securities.
- Debt management guidelines 2022-2026:
 - The structure of debt portfolio:
 - Non-indexed debt 50-70%
 - Indexed debt 20-30%
 - Foreign debt 15-25%
 - The average time to maturity of the debt portfolio must be at least five years and no longer than seven years.

Composition of central government debt



Source: Government Debt Management

Average time to maturity of government debt including swaps
Years



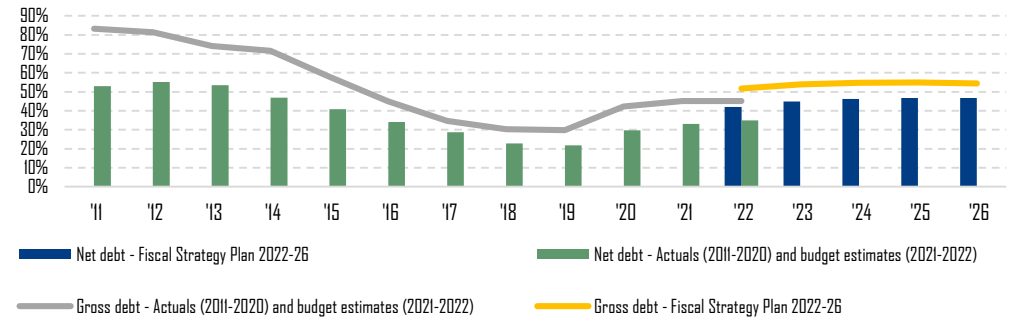
Source: Government Debt Management



Debt profile (3/3)

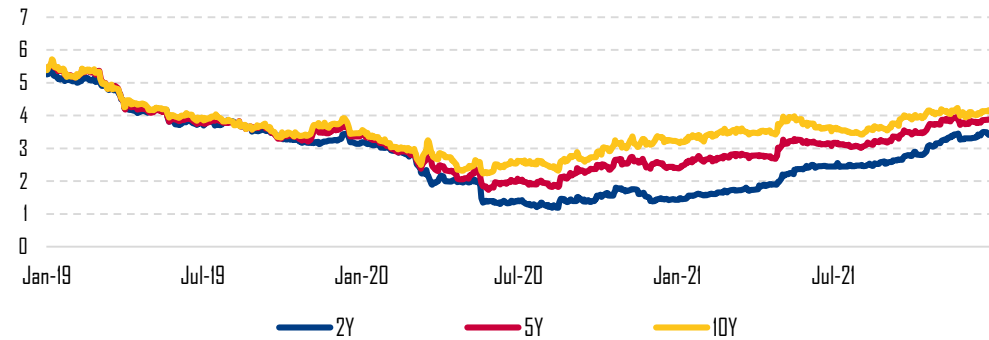
- According to the fiscal plan for 2022-2026, the ratio of central government debt to GDP is projected to be approximately 54% by 2026.

Central government debt, Public Finance Act definition
% of GDP



Source: Ministry of Finance and Economic Affairs, Fiscal Strategy Plan 2022-26, 2022 budget. Gross debt: Total liabilities of AI-part of central government, excluding pension liabilities and accounts payable. Net debt: Total liabilities of AI-part of central government, excluding pension liabilities and accounts payable/receivable, minus currency and bank deposits. 2-26, 2022

Zero-coupon yield for Treasury bonds
%



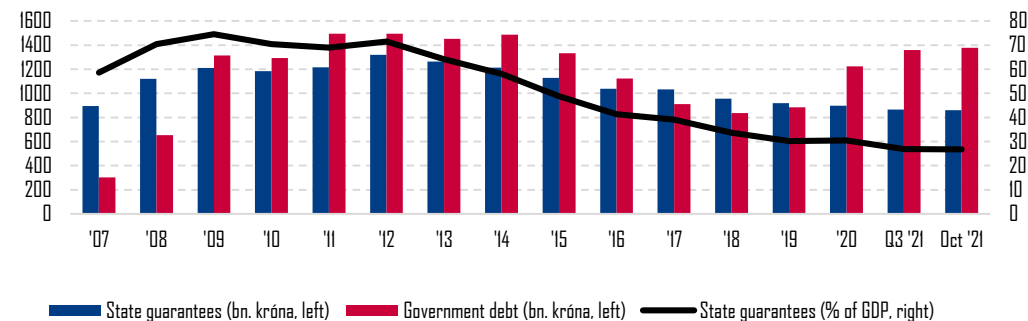
Source: Government Debt Management. Domestic nominal bonds.



State guarantees

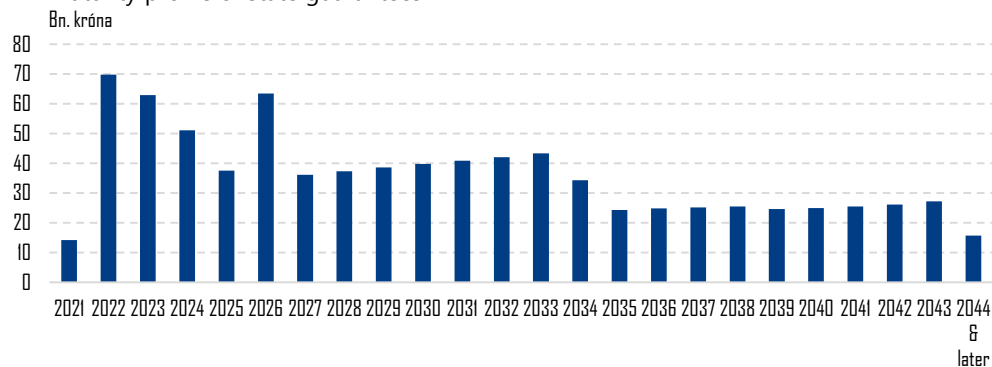
- At the end of November 2021, state guarantees amounted to 854 bn. ISK or 27% of GDP. The vast majority of state guarantees are denominated in Icelandic króna. The largest share of state guarantees covers the ÍL fund or 85%.
- In response to the COVID-19 pandemic, at the end of November 2021 the Treasury has issued guarantees for 11.2 bn. ISK of new operating loans to companies fulfilling certain conditions.

State guarantees and gross debt



Source: Government Debt Management, Statistics Iceland, Central Bank of Iceland. 2021: GDP according to the Central Bank of Iceland's latest forecast.

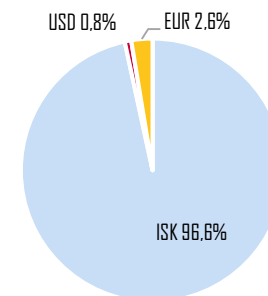
Maturity profile of state guarantees



Source: Government Debt Management.

Currency composition of state guarantees

End-November 2021



Source: Government Debt Management.



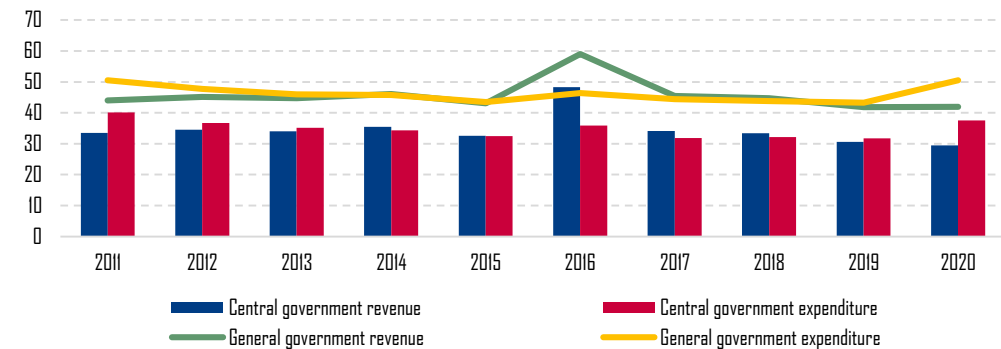
Fiscal discipline

Republic of Iceland

Framework of public finances

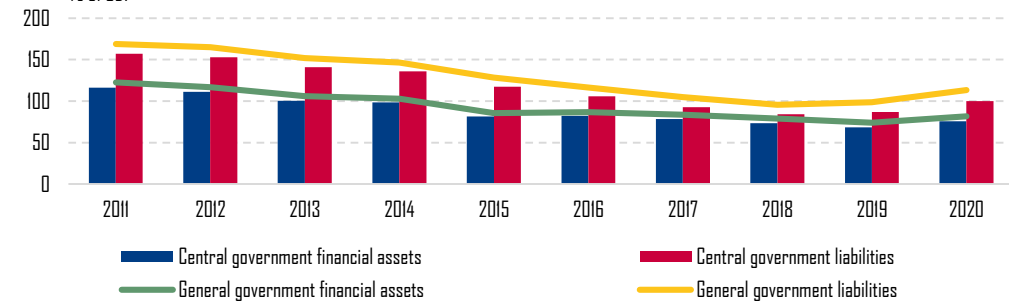
- Public finance policy and planning is carried out according to the 2015 Public Finance Act. The Act stipulates that the government must publish its policy and planning while abiding to fiscal rules and principal values.
- Statutory Publications:
 - Fiscal Policy Statement for the next five years must be issued from the formation of a government. The statement should list the objectives of public finances and set budget and debt targets for the five years.
 - Fiscal Plan is submitted annually for the next five years (rolling spring plan). It entails further elaboration of the objectives of fiscal policy.
 - Annual Budget is also submitted annually and is consistent with the targets of the Fiscal Plan.
- Fiscal rules (have been suspended until 2026 due to COVID-19):
 - Overall balance rule for a 5-year horizon.
 - Max deficit 2.5% of GDP in any year.
 - Debt rule (net debt shall be lower than 30% of GDP).
 - Debt reduction rule (if net debt exceeds 30% of GDP, the part in excess thereof shall be reduced by at least 1/20 each year).
- Principal values:
 - Sustainability, prudence, stability, predictability, transparency.

General/central government revenue and expenditure
% of GDP



Source: Statistics Iceland

General/central government financial assets and liabilities
% of GDP



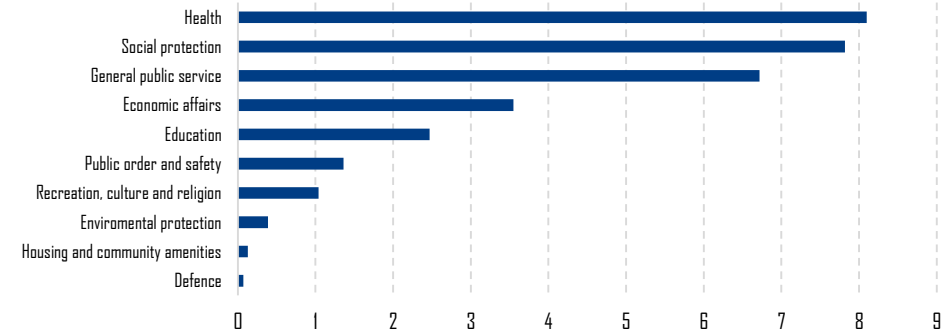
Source: Statistics Iceland. The increase in liabilities in 2019 can largely be attributed to the results of a fair value assessment of HF-fund carried out in that year. Information on the fair value of the fund's assets and liabilities prior to 2019 is not available.



Composition of expenditure and revenue

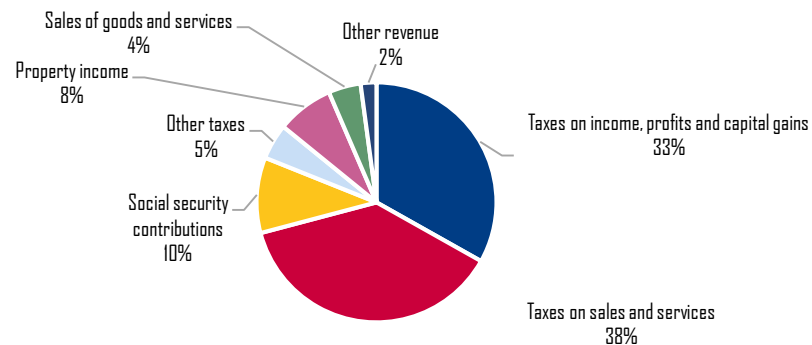
- The Central Government's revenues are comprised primarily of taxes and fees charged and collected based on various Acts. The largest sources of revenue are taxes on income, profits and capital gains and taxes on sales and services.
- The largest expenditure categories of the central government are health and social protection.

Central government expenditure by function, 2020
% of GDP



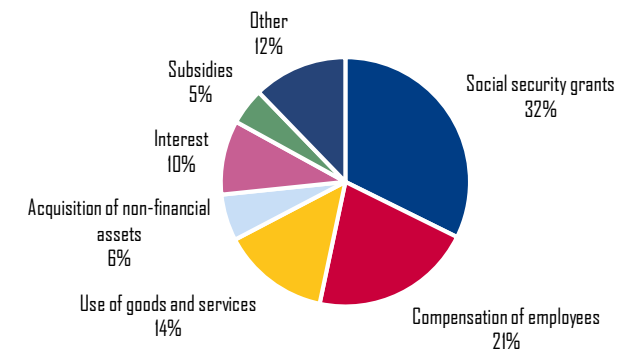
Source: Statistics Iceland.

Composition of central government revenue, 2020



Source: Statistics Iceland

Economic composition of central government expenditure, 2020



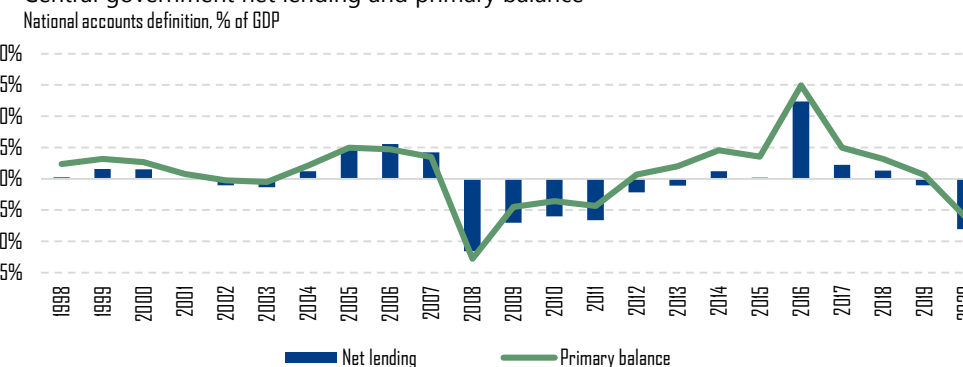
Source: Statistics Iceland.



Fiscal balance and targets

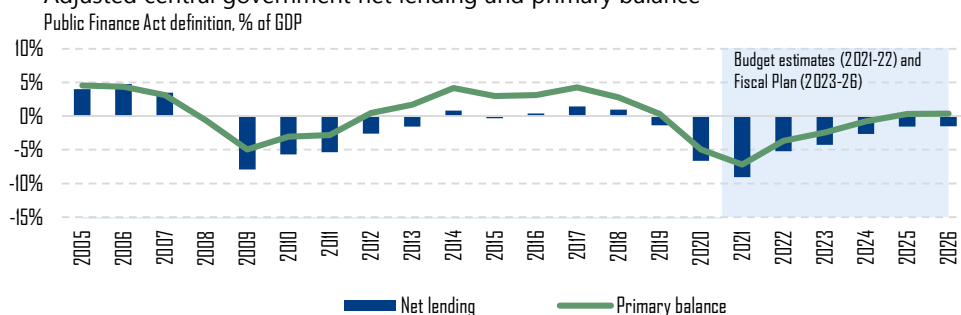
- The 2022 budget was approved by Parliament in December 2021. According to the approved budget, the central government deficit in 2022 is expected to amount to 186 bn. ISK and to decrease by around 100 bn. ISK from 2021.
- The budget was made on the basis of the 2018-2022 Fiscal Policy Statement, amended in 2020 to allow for increased deficits due to the COVID-19 pandemic, and the 2022-2026 Fiscal Strategy Plan.
- The re-elected government has submitted a draft Fiscal Policy Statement for the period 2022-2026 to Parliament. The main objective in the draft Statement is to halt the rise in the general government debt-to-GDP ratio no later than in 2026.

Central government net lending and primary balance



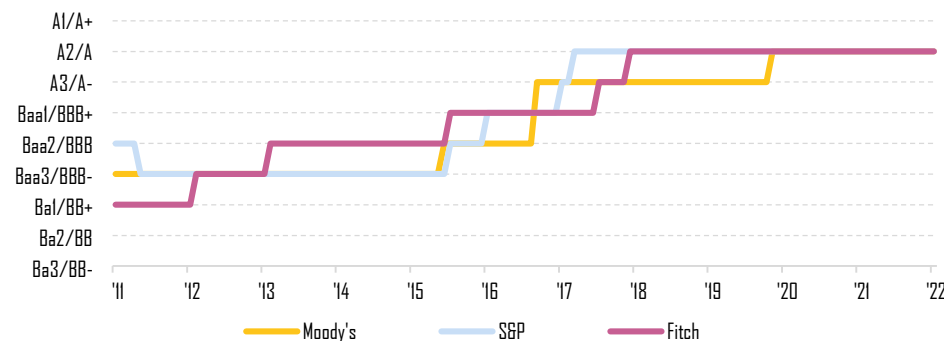
Source: Statistics Iceland.

Adjusted central government net lending and primary balance



Source: Ministry of Finance and Economic Affairs. AI-sector of central government. Net lending and primary balance are adjusted for irregular revenue and expenditure items including 2016 stability contributions, contributions to pension fund of public employees, 2008 refinancing of Central Bank and irregular excess dividends. 2021 and 2022 values are estimates from the 2022 budget as approved. 2023-26 values are according to the 2022-26 Fiscal Strategy Plan.

Iceland's credit rating history

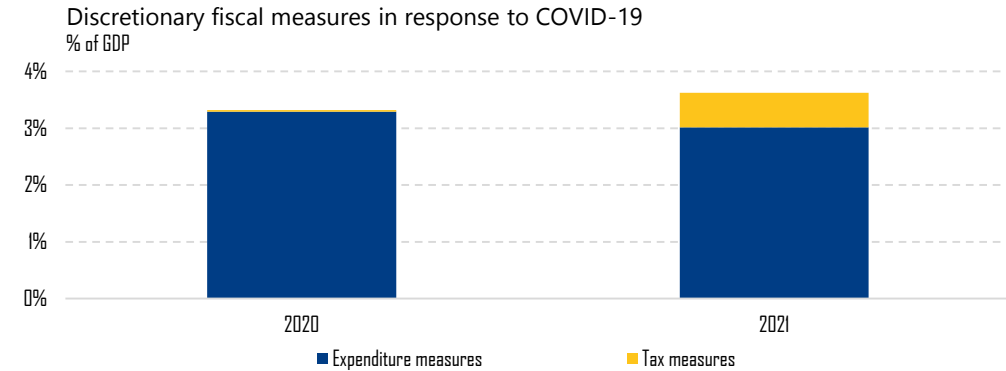


Source: Ministry of Finance and Economic Affairs.



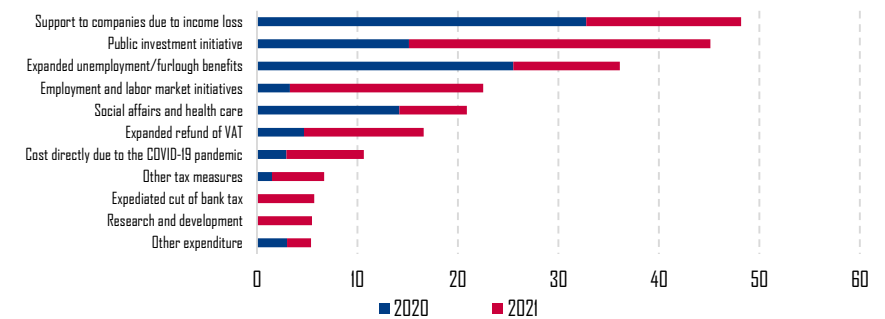
COVID-19 fiscal response

- Fiscal policy has been used decisively to counter the health and economic effects of the COVID-19 pandemic. In total, above-the-line COVID-19 related fiscal measures amounted to 3.3% of GDP in 2020 and 3.7% of GDP in 2021.
- The government implemented a broad range of policy measures aimed at supporting domestic demand and decreasing the extent of economic scarring.
- This was mainly done by:
 - providing targeted support to heavily affected businesses (such as grants, guaranteed loans, and tax deferrals);
 - maintaining employment relationships and creating jobs (with part-time unemployment benefits and hiring grants);
 - preserving the purchasing power of households (with an extension of income related unemployment benefits and a special withdrawal from 3rd pillar pensions);
 - stimulating demand (with expanded VAT refund);
 - increasing investment in infrastructure and R&D; and
 - protecting vulnerable households.



Source: Ministry of Finance and Economic Affairs. Effect of measures on fiscal balance. Does not include tax deferrals and government guarantees. 2021 GDP according to Statistics Iceland forecast.

Composition of 2020-21 fiscal measures in response to COVID-19 Bn. ISK



Source: Ministry of Finance and Economic Affairs. Effect of measures on fiscal balance. Does not include tax deferrals and government guarantees.

