

**Date of Fund Membership:**

December 27, 1945

**Standard Sources:**

Central Bank of Iceland

Statistics Iceland

**Exchange Rates:**

*Official Rate: (End of Period and Period Average):*

Central bank midpoint rate. The official rate is determined on the basis of a trade-weighted basket of currencies. Effective March 28, 2001, rates are market determined.

**International Liquidity:**

*Gold (National Valuation) (line 1and)* is obtained by converting the value in national currency, as reported in the country's standard sources, using the national currency/dollar conversion rates utilized for balance sheet purposes. These conversion rates differ from the prevailing exchange rates reported in *IFS*. † Beginning in December 1999, gold valuation is based on market prices.

**Central Bank:**

Consists of the Central Bank of Iceland (CBI) only.

Data are based on a standardized report form (SRF) for central banks, which accords with the concepts and definitions of the IMF's *Monetary and Financial Statistics Manual (MFSM)*, 2000. For the period October 2008-November 2009, *Claims on Other Depository Corporations* include claims on former commercial and savings banks that were subject to liquidation; in December 2009, these claims were transferred to a special financial holding company established by the CBI. Beginning in December 2009, *Claims on Other Financial Corporations* include claims on a special financial holding company established by the CBI to which it transferred its claims on former commercial and savings banks that were subject to liquidation. Departures from the *MFSM* methodology are explained below.

Securities issued by the CBI are recorded at the sale price rather than at current market price or fair value.

In the data for December 2010, the notional amounts of financial derivative contracts are included in *Claims on Other Depository Corporations* and Other *Liabilities to Other Depository Corporations* rather than the fair value of the financial derivative.

**Other Depository Corporations:**

Comprises commercial and savings banks and branches of Icelandic banks abroad. Beginning in October 2008, comprise commercial and savings banks resident in Iceland.

† Beginning in July 2007, data are based on a standardized report form (SRF) for other depository corporations, which accords with the concepts and definitions of the IMF's *Monetary and Financial Statistics Manual (MFSM)*. Data on public sector securities are reported net of short positions, which may result in negative values of *Claims on Central Government*. For other depository corporations in Iceland, departures from the *MFSM* methodology are explained below.

For July 2007 through September 2008, data cover commercial and savings banks and branches of Icelandic banks abroad. For July 2007 through September 2008, *Claims on Nonresidents* includes claims of branches of Icelandic banks abroad on nonresidents and *Liabilities to Nonresidents* includes liabilities of branches of Icelandic banks abroad to nonresidents.

Financial assets and liabilities for which economic sectorization is unavailable are allocated to the economic sector having the largest volume of transactions in the category. *Claims on Public Nonfinancial Corporations* includes some claims on private nonfinancial corporations and *Claims on Other Nonfinancial Corporations* may include some claims on public nonfinancial corporations.

For July through December 2007, claims on the holding companies engaged in financial intermediation are included in *Claims on Private Sector* rather than in *Claims on Other Financial Corporations*. Beginning in January 2008, claims on holding companies which do not engage in financial intermediation are included in *Claims on Other Financial Corporations* rather than in *Claims on Private Sector*.

For December 2001 through June 2007, data have less conformity with the *MFSM* methodology and therefore are not strictly comparable to data for later periods. Data cover commercial and savings banks and branches of Icelandic banks abroad. Beginning in January 2002, data reflect changes in the coverage of other depository corporations and in the classification and sectorization of financial instruments. Departures from the *MFSM* methodology are explained below.

*Claims on Nonresidents* includes claims of branches of Icelandic banks abroad on nonresidents and *Liabilities to Nonresidents* includes liabilities of branches of Icelandic banks abroad to nonresidents.

Some claims on and liabilities to nonresidents are not separately identified in reported data and are consequently included in claims on and liabilities to the resident sectors.

Claims on the holding companies engaged in financial intermediation are included in *Claims on Private Sector* rather than in *Claims on Other Financial Corporations*.

**Depository Corporations:**

† See notes to central bank and other depository corporations.

**Monetary Aggregates:**

*Broad Money:*

*Broad Money* calculated from the liability data in the sections for the central bank and other depository corporations accords with the concepts and definitions of the *MFSM* and differs from M3 described below as M3 includes small amounts of central government deposits with commercial and savings banks.

*Money (National Definitions):*

*Base Money* comprises currency in circulation and deposits, certificates of deposit, and other claims of other depository corporations on the CBI. Currency in circulation refers to notes and coins issued by the CBI.

*M1* comprises notes and coins in circulation, including those held by other depository corporations, and current account deposits in national and foreign currency of resident non-bank non-central government sectors with other depository corporations.

*M2* comprises M1 and sight deposits in national and foreign currency of resident non-bank non-central government sectors with other depository corporations.

M3 comprises M2, central government deposits with commercial and savings banks; indexed, supplementary pension, holiday pay, money market rate, and other time deposits in national and foreign currency of resident non-bank non-central government sectors with other depository corporations and savings departments of cooperatives.

M4 comprises M3 and domestic bond issues of other depository corporations held by resident non-bank non-central government sectors.

**Interest Rates:**

*Discount Rate (End of Period):*

Rate on overdrafts of other depository corporations. † Beginning in June 1994, central bank rate on loans against the 15-day notes issued by the borrowing institutions. † Beginning in March 1998, central bank's discount rate on overnight loans.

*Money Market Rate:*

End-of-month yield on the interbank overnight market.

*Treasury Bill Rate:*

Yield set by the government in the primary market. † Beginning in November 1992, annualized secondary market yield on 90-day treasury bills.

*Deposit Rate:*

Rate offered by other depository corporations on three-month deposits. † Beginning in January 2003 onward, rate offered by other depository corporations on money market accounts.

*Housing Bond Rate:*

Annualized secondary market real yield on indexed housing bonds of 25-year maturity.

*Lending Rate:*

Weighted average interest rate on general purpose loans.

*Government Bond Yield:*

Annualized secondary market real yield on indexed 10-year government bonds.

**Prices, Production, Labor:**

*Share Prices:*

Free float adjusted market capitalization weighted index of the 15 largest and most traded Icelandic companies of the OMX Stock Exchange, base December 31, 1997. † Beginning in January 2009, the index covers the six most traded Icelandic companies of the OMX Stock Exchange, base December 31, 2008. The index is rebalanced twice a year, on December 10 and June 10.

*Consumer Prices:*

Source: Statistics Iceland. Weights Reference Period: 12 months, March-March; Geographical Coverage: entire country; Number of Items in Basket: approximately 3,500 items; Basis for Calculation: the weights are based on the Household Expenditure Surveys (HES), continuous since year 2000.

*Wages:*

Source: Statistics Iceland. Weights reference period: December 1988. Wage index is calculated and published according to law no. 89/1989. The wage index is based on average for fixed hour earnings each month, calculated and published in the month following calculation. Basis for Calculation: The overall weighting for the three main groups are fixed as follows: General labor market (private market) 60 percent; public sector 34 percent and the banking sector 6 percent.

*Total Fish Catch:*

Source: Statistics Iceland.

**International Transactions:**

*Exports and Imports, c.i.f.:*

Source: Statistics Iceland. No estimates are made for under reported or missing trade such as smuggling activity or shuttle trade.

*Volume of Exports and Imports:*

Source: Statistics Iceland indices of volume of exports and imports, weights reference period 2000. The indices are chain indices computed with preceding year weights.

*Unit Value of Exports:*

Source: Statistics Iceland chain index with current year weights of unit values of all merchandise exports, weights reference period 2000.

*Unit Value of Imports:*

Source: Statistics Iceland chain unit value index with current year weights of general merchandise imports, base 2000. The volume indices and both unit value indices are interdependent and have been discontinued in 2007.

**Government Finance:**

From 1998 onward, monthly cash flow data are derived from Financial Management Authority and cover the operations of the budgetary central government. The quarterly accrual data are compiled and reported by Statistics Iceland and cover the general government. Beginning in January 2004, monthly and quarterly data are reported in the GFSM 2001 analytic framework. The central government's debt assumption of 192.2 billion Kronur in 2008q4 is excluded from the quarterly accrual data. The fiscal year ends December 31.

**National Accounts:**

Source: Eurostat. As indicated by the country, the Icelandic National Accounts follow the structure, concepts, definitions and classifications of the System of National Accounts 1993 SNA and ESA 95, implemented in 2000. Historical series have been revised back to 1990 according to the new system. From 1999 onwards, series are based on ESA 2010 from Eurostat. Chain linked GDP volume measures are expressed in the prices of the previous year and re-referenced to 2005.