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Central Bank of Iceland Balance Sheet

Since mid-1995 the Central Bank has published monthly highlights from its Balance Sheet for the end of the preceding month. Instead of highlights, the Central Bank will henceforth publish its full Balance Sheet after the end of each month. As before, this will be published in a press release posted on the Bank's website, but other regular distribution and publication of the Balance Sheet will be discontinued at the same time. As a rule data will be presented from the end of the last month, the end of the month preceding that and the beginning of the year, along with data on changes in individual items. A different arrangement will be followed when the Balance Sheet is published for the end of January.

Central Bank Balance Sheet at end-January 2004

The following table shows the Central Bank of Iceland's Balance Sheet as at the end of January 2004 with comparative figures for the end of December 2003 and end of December 2002.

The Central Bank's foreign reserves decreased in January by 1.7 b.kr. and amounted to 56.4 b.kr. at the end of the month (equivalent to 812 m. US dollars at the exchange rate at the end of the month).

In January, the Central Bank purchased currency in the domestic interbank market for 7 b.kr., which is consistent with the measures to strengthen its external position as described *inter alia* in the November 2003 issue of the Bank's *Monetary Bulletin*. Of this total, 5.5 b.kr. were purchased in a single trade with one of the foreign exchange market makers. Under a currency swap agreement made at the same time the Central Bank sold the market maker the equivalent of 6.9 b.kr. in US dollars, which the Bank will repurchase in April this year.

The Icelandic króna strengthened by 3.3% in January.

Market value of listed securities in the Bank's portfolio was 3.9 b.kr. at the end of January. Of this figure, listed Treasury securities amounted to 0.7 b.kr.

Central Bank claims on deposit money banks increased by almost 18 b.kr. in January and amounted to 42 b.kr. at the end of the month. Claims on other financial institutions also rose slightly and stood at 4.8 b.kr. at the end of the month.

Net claims on central government decreased by 7.8 b.kr. in January and the Treasury's net deposit at the end of the month stood at 30 b.kr.

Base money increased by 10.7 b.kr. during the month and amounted to 32.4 b.kr. at the end of January.

For further information, contact the Governors of the Central Bank of Iceland and Erla Árnadóttir, Chief Accountant, tel. (+354) 569-9600.

Central Bank of Iceland Balance Sheet January 31, 2004

<i>m.kr.</i>	End of period			Change	
	31.12.02	31.12.03	31.01.04	in 2003	in January
ASSETS:	116,650	87,357	104,214	-29,293	16,857
Foreign assets:	37,380	58,317	56,607	20,937	-1,709
a. Gold	1,727	1,873	1,757	147	-116
b. SDR	12	3	3	-8	0
c. IMF reserve position	2,038	1,963	1,916	-76	-46
d. Foreign deposits	9,510	22,740	20,133	13,230	-2,607
e. Foreign securities and treasury bills	23,908	31,538	32,605	7,630	1,067
f. Other foreign assets	185	200	193	15	-7
Deposit money banks:	69,141	24,038	42,011	-45,102	17,973
a. Repurchase agreements	69,035	24,038	35,063	-44,997	11,025
b. Other claims	105	0	6,948	-105	6,948
Other financial institutions:	8,227	4,193	4,758	-4,034	566
a. Listed securities	3,445	3,223	3,068	-221	-155
b. Repurchase agreements	4,782	969	1,690	-3,813	721
Central government:	1,816	715	717	-1,100	2
a. Listed government bonds	1,313	715	717	-598	2
b. Listed Treasury notes	502	0	0	-502	0
Other assets	87	94	120	7	26
LIABILITIES:	116,650	87,357	104,214	-29,293	16,857
Foreign short-term liabilities	16,499	124	115	-16,375	-8
Counterpart to IMF deposits	1,802	1,735	1,694	-67	-41
Notes and coin	9,590	10,583	9,858	994	-725
Deposit money banks:	23,001	11,117	22,555	-11,884	11,438
a. Deposits	23,001	6,616	14,570	-16,385	7,954
b. Certificates of deposit	0	4,501	1,001	4,501	-3,500
c. Other liabilities	0	0	6,984	0	6,984
Other financial institutions:	1,333	33	33	-1,300	0
a. Certificates of deposit	1,333	33	33	-1,300	0
Central government:	22,662	22,901	30,693	239	7,792
a. Treasury current account	8,771	9,689	17,531	918	7,842
b. Government institutions	1,978	1,208	1,129	-771	-79
c. Foreign exchange deposits	394	487	471	93	-16
d. Tied deposits	11,519	11,517	11,563	-2	46
Other liabilities	1,510	602	540	-908	-61
Exchange rate gain/loss for the year	-2,555	-1,939	-1,406	615	534
Net income excl. exchange rate gain/loss, est.	4,696	1,949	-132	-2,747	-2,080
Capital and reserves	40,254	40,254	40,263	0	9
Memorandum items					
External reserve (foreign assets a.-e.)	37,194	58,117	56,414	20,922	-1,702
External position, net	20,696	57,993	56,299	37,297	-1,694
Claims on central government, net	-20,846	-22,185	-29,976	-1,339	-7,791
Other claims, total	77,454	28,325	46,889	-49,129	17,973
Base money	32,590	21,700	32,413	-10,890	10,712