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Central Bank Balance Sheet at end-May 2004

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

The Central Bank's foreign reserves increased in May by 0.2 b.kr. and amounted to 65.8 b.kr. at the end of the month (equivalent to 922 m. US dollars at the exchange rate at the end of the month). In May, the Central Bank purchased currency in the domestic interbank market for 1.5 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*.

The Icelandic króna strengthened by 1.1% in May.

Central Bank claims on deposit money banks decreased by 14.6 b.kr. in May and amounted to 22.2 b.kr. at the end of the month. Claims on other financial institutions increased by 0.5 b.kr. and stood at 5.3 b.kr. at the end of the month.

Market value of listed securities in the Bank's portfolio was 3.2 b.kr. at the end of May.

Net claims on central government decreased by 0.5 b.kr. in May and the Treasury's net deposit at the end of the month stood at 28.9 b.kr.

Base money decreased by 11.9 b.kr. during the month and amounted to 22.1 b.kr. at the end of May.

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

Central Bank of Iceland Balance Sheet May 31, 2004

| m.kr. | POSITION | POSITION | POSITION | CHANGE | |
|--|-----------------|------------------|-----------------|-----------------|------------------|
| | 31.12.03 | 30.04.04 | 31.05.04 | in 2004 | May |
| ASSETS: | 87,307.0 | 107,592.7 | 93,662.8 | 6,355.7 | -13,929.9 |
| Foreign assets: | 58,274.1 | 65,806.4 | 65,999.5 | 7,725.4 | 193.1 |
| a. Gold | 1,873.2 | 1,816.9 | 1,785.6 | -87.6 | -31.3 |
| b. SDR | 3.5 | 9.2 | 7.3 | 3.8 | -2.0 |
| c. IMF reserve position | 1,962.8 | 1,982.0 | 1,947.3 | -15.5 | -34.8 |
| d. Foreign deposits | 22,739.6 | 22,800.9 | 24,481.0 | 1,741.4 | 1,680.1 |
| e. Foreign securities and treasury bills | 31,529.2 | 39,033.9 | 37,616.8 | 6,087.6 | -1,417.1 |
| f. Other foreign assets | 165.9 | 163.5 | 161.6 | -4.3 | -1.9 |
| Deposit money banks: | 24,038.2 | 36,813.0 | 22,201.2 | -1,837.1 | -14,611.8 |
| a. Repurchase agreements | 24,038.2 | 36,813.0 | 22,201.2 | -1,837.1 | -14,611.8 |
| b. Overnight loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| c. Other claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial institutions: | 4,192.6 | 4,826.9 | 5,318.9 | 1,126.3 | 492.1 |
| a. Listed securities | 3,223.2 | 3,206.3 | 3,208.7 | -14.5 | 2.4 |
| b. Repurchase agreements | 969.4 | 1,620.6 | 2,110.2 | 1,140.8 | 489.6 |
| Central government: | 715.5 | 28.6 | 29.0 | -686.5 | 0.3 |
| a. Listed government bonds | 715.5 | 28.6 | 29.0 | -686.5 | 0.3 |
| Other assets | 86.5 | 117.7 | 114.2 | 27.7 | -3.5 |
| LIABILITIES: | 87,307.0 | 107,592.7 | 93,662.8 | 6,355.7 | -13,929.9 |
| Foreign short-term liabilities | 123.6 | 294.6 | 305.0 | 181.3 | 10.3 |
| Counterpart to IMF deposits | 1,734.7 | 1,750.1 | 1,719.4 | -15.2 | -30.7 |
| Notes and coin | 10,583.5 | 10,456.1 | 10,938.3 | 354.8 | 482.2 |
| Deposit money banks: | 11,116.9 | 23,560.5 | 11,135.7 | 18.8 | -12,424.9 |
| a. Deposits | 6,615.7 | 13,949.0 | 9,533.5 | 2,917.9 | -4,415.4 |
| b. Collateral deposits for RTGS system | 3,825.0 | 1,601.8 | 1,602.1 | -2,222.9 | 0.3 |
| b. Certificates of deposit | 4,501.2 | 8,009.8 | 0.0 | -4,501.2 | -8,009.8 |
| c. Other liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial institutions: | 33.2 | 9.6 | 10.0 | -23.2 | 0.4 |
| a. Deposits | 33.2 | 9.6 | 10.0 | -23.2 | 0.4 |
| Central government: | 22,900.7 | 29,397.6 | 28,906.0 | 6,005.3 | -491.6 |
| a. Treasury current account | 9,689.1 | 16,334.5 | 15,782.4 | 6,093.3 | -552.0 |
| b. Government institutions | 1,207.6 | 654.4 | 660.1 | -547.4 | 5.8 |
| c. Foreign exchange deposits | 487.1 | 707.9 | 715.3 | 228.1 | 7.4 |
| d. Tied deposits | 11,516.9 | 11,700.9 | 11,748.1 | 231.3 | 47.3 |
| Other liabilities | 597.5 | 932.6 | 591.9 | -5.6 | -340.7 |
| Estimated net income before tax | . | 974.4 | -160.5 | -160.5 | -1,134.9 |
| Exchange rate gain/loss for the year | . | 959.5 | 1.2 | 1.2 | -958.2 |
| Estimated operating profit | . | 14.9 | -161.8 | -161.8 | -176.7 |
| Capital and reserves | 40,217.1 | 40,217.1 | 40,217.1 | - | - |
| Memorandum items | | | | | |
| External reserve (foreign assets, items a.-e.) | 58,108.2 | 65,642.9 | 65,837.9 | 7,729.7 | 195.0 |
| External position, net | 57,984.6 | 65,348.3 | 65,533.0 | 7,548.4 | 184.7 |
| Claims on central government, net | -22,185.2 | -29,369.0 | -28,877.0 | -6,691.9 | 491.9 |
| Other claims, total | 28,317.4 | 41,757.6 | 27,634.3 | -1,837.1 | -14,611.8 |
| Base money | 21,700.4 | 34,016.7 | 22,074.0 | 373.6 | -11,942.7 |