

Highlights from the Central Bank of Iceland Balance Sheet

The following data are from the Central Bank of Iceland's Balance Sheet as at the end of November 2003 with comparative figures for the end of December 2002 and changes within the month and from the beginning of 2003.

The Central Bank's foreign reserves increased by 6.0 b.kr. and amounted to 57.7 b.kr. at the end of November (equivalent to 776 m. US dollars at the exchange rate at the end of the month). The Bank now has no foreign short-term liabilities in connection with its foreign reserves; at the beginning of the year these liabilities amounted to just over 16 b.kr.

In November, the Central Bank purchased currency in the domestic interbank market for 3.8 b.kr., which is consistent with the measures to strengthen its external position as described inter alia in the May 2003 issue of the Bank's *Monetary Bulletin*. The Icelandic króna strengthened by 0.38% in November.

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

Central Bank claims on deposit money banks decreased by 2.6 b.kr. in November and amounted to 41.7 b.kr. at the end of the month. Claims on other financial institutions remained virtually unchanged at 3.6 b.kr.

Net claims on central government decreased by 8.8 b.kr. in November and the Treasury's net deposit at the end of the month stood at 25.3 b.kr.

Base money decreased by 4.1 b.kr. during the month and amounted to 33.3 b.kr. at the end of November.

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

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In m.kr.

	End of period		Changes in 2003	
	December 2002	November 2003	From beginning of year	In November
<u>Assets :</u>				
Foreign reserves	37,194	57,780	20,585	6,037
Gold	1,727	1,871	145	14
Foreign exchange	33,418	53,904	20,486	6,052
SDR	12	4	-8	-2
Reserve position in the IMF	2,038	2,001	-37	-27
Listed securities	5,260	3,923	-1,337	33
Treasury	1,816	707	-1,109	3
Other	3,445	3,216	-228	30
Claims on DMBs	69,141	41,670	-27,470	-2,587
Claims on other financial institutions	8,227	3,642	-4,585	455
<u>Liabilities:</u>				
Foreign short-term liabilities	16,499	138	-16,360	-67
Notes and coin	9,590	9,948	358	106
Sight deposits of DMBs	1,164	769	-395	-297
Required reserves of DMBs	21,837	22,541	705	-3,905
Sight deposits of other financial institutions	75	45	-30	1
Required reserves of other financial institutions	1,258	612	-646	-185
<u>Memorandum items:</u>				
External reserve, net	20,696	57,641	36,946	6,104
Claims on central government, net	-20,846	-25,276	-4,430	-8,761
Other claims, total	77,454	45,411	-32,043	-2,131
Base money	32,590	33,258	668	-4,097

Definitions

Foreign reserves: Total currency assets of the Central Bank. *Foreign exchange:* The Central Bank's deposits with foreign banks and its foreign securities portfolio. *Reserve position in the IMF:* Net reserve in the IMF. *Listed securities, Treasury:* Assets in the form of Treasury bonds, Treasury bills and Treasury notes. *Listed securities, Other:* Housing bonds and housing authority bonds. *Claims on DMBs:* The Bank's net claims on deposit money banks. *Claims on other financial institutions:* Net claims. *Foreign short-term liabilities:* Deposits in foreign currency accounts in the Central Bank. *Notes and coin:* Total notes and coins in circulation outside the Central Bank. *Sight deposits of DMBs and other financial institutions:* Deposits in current accounts with the Central Bank. *Required reserves of DMBs and other financial institutions:* Reserves that these institutions are obliged to maintain with the Central Bank in accordance with requirements set by the Bank.

Memorandum items. *External reserve, net:* Foreign current assets less foreign current liabilities. *Claims on central government, net:* i.e. liabilities of these entities towards the Central Bank less their deposits with it. *Other claims, total:* Total claims on other institutions than central government. *Base money:* Notes and coin in circulation, and deposits and reserves of DMBs with the Central Bank.