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Central Bank Balance Sheet at end-August 2006

The following table shows the Central Bank of Iceland's Balance Sheet as at the end of August 2006 with comparative figures for the end of July 2006 and end of December 2005.

The Central Bank's foreign exchange reserves decreased by 1.8 b.kr. to 72.6 b.kr. at the end of August (equivalent to 1,054 m. US dollars at the exchange rate at the end of the month). Regular Central Bank purchases of foreign currency in the domestic interbank market and exchange rate movements explain the change in foreign reserves.

The króna appreciated by 4.9% in August against the exchange rate basket.

Central Bank claims on deposit money banks increased marginally in August and amounted to 110 b.kr. at the end of the month.

Claims on other financial institutions rose slightly and stood at 11.6 b.kr. at the end of the month.

Market value of listed securities in the Bank's portfolio was 1.5 b.kr. at the end of August.

Notes and coin in circulation outside the Central Bank amounted to 14.2 b.kr. at end-August and had increased by 0.9 b.kr. since the beginning of the year.

Central Bank liabilities towards deposit money banks decreased by 5.8 b.kr. in August and amounted to 32.0 b.kr. at the end of the month.

Net deposits of central government increased by 7.4 b.kr. during the month and stood at 105.2 b.kr. at the end of August.

Base money decreased by 6.2 b.kr. in August and amounted to 46.2 b.kr. at the end of the month.

In future, the balance sheet will be published only on the Statistics page of the Central Bank of Iceland website. It will therefore no longer be published in a separate press release.

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 August 31, 2006

m.kr.	POSITION 31.12.05	POSITION 30.06.06	POSITION 31.07.06	CHANGE in 2006	CHANGE in August
ASSETS	162,294.3	201,295.6	199,688.4	37,394.2	-1,607.2
Foreign assets	**67,505.5**	**74,566.2**	**72,801.3**	**5,295.8**	**-1,764.8**
a. Gold	2,073.5	2,952.4	2,761.2	687.7	-191.1
b. SDR	2.9	12.2	11.6	8.6	-0.6
c. Currency balance with the IMF	1,678.1	2,008.9	1,911.0	232.9	-98.0
d. Foreign deposits	21,048.7	20,332.7	20,898.7	-150.0	566.0
e. Foreign securities	42,474.7	49,033.9	46,994.9	4,520.2	-2,039.0
f. Other foreign assets	227.6	226.2	224.0	-3.6	-2.1
Deposit money banks	**77,772.0**	**109,994.2**	**110,080.8**	**32,308.8**	**86.6**
a. Repurchase agreements	77,772.0	109,994.2	110,080.8	32,308.8	86.6
Other financial institutions	**11,902.1**	**11,568.2**	**11,639.0**	**-263.1**	**70.8**
a. Listed securities	1,832.1	1,521.6	1,515.2	-317.0	-6.4
b. Repurchase agreements	10,070.0	10,046.6	10,123.8	53.9	77.2
Other assets	**188.5**	**241.0**	**241.3**	**52.7**	**0.3**
Real estate and liquid assets	**4,926.1**	**4,926.1**	**4,926.1**	**-**	**-**
LIABILITIES	162,294.3	201,295.6	199,688.4	37,394.2	-1,607.2
Foreign short-term liabilities	**149.7**	**490.9**	**467.0**	**317.4**	**-23.9**
Counterpart to IMF deposits	**1,484.1**	**1,777.8**	**1,691.3**	**207.2**	**-86.5**
Notes and coin	**13,201.9**	**14,523.4**	**14,151.6**	**949.6**	**-371.9**
Deposit money banks	**34,250.1**	**37,884.9**	**32,090.7**	**-2,159.4**	**-5,794.2**
a. Deposits	31,956.0	35,304.9	29,313.8	-2,642.2	-5,991.0
c. Certificates of deposit	2,294.1	2,580.1	2,776.9	482.8	196.8
Other financial institutions	**145.0**	**169.4**	**178.4**	**33.4**	**8.9**
a. Deposits	145.0	169.4	178.4	33.4	8.9
Central government	**75,915.6**	**97,748.3**	**105,184.9**	**29,269.4**	**7,436.6**
a. Treasury current account	33,572.6	57,447.8	63,400.1	29,827.4	5,952.3
b. Government institutions, current accounts	371.4	642.2	512.5	141.1	-129.6
c. Treasury foreign exchange deposits	9,112.6	7,327.5	8,599.2	-513.4	1,271.7
d. Bonds	32,858.9	32,330.9	32,673.1	-185.8	342.2
Other liabilities	**778.1**	**784.7**	**845.9**	**67.8**	**61.2**
Estimated net income before contribution to the Treasury	**0.0**	**11,546.3**	**8,708.9**	**8,708.9**	**-2,837.5**
Foreign exchange gain/-loss for the year	.	11,085.0	8,131.9	8,131.9	-2,953.1
Estimated operating profit	.	461.4	577.0	577.0	115.6
Capital and reserves	**36,369.8**	**36,369.8**	**36,369.8**	**-**	**-**
Memorandum items					
Foreign exchange reserves (foreign assets, items a.-e.)	67,277.9	74,340.0	72,577.3	5,299.4	-1,762.7
Net foreign exchange reserves	67,128.3	73,849.1	72,110.3	4,982.0	-1,738.8
Net central government deposits	75,915.6	97,748.3	105,184.9	29,269.4	7,436.6
Other claims, total	89,862.7	121,803.4	121,961.1	32,098.4	157.7
Base money	47,452.0	52,408.3	46,242.3	-1,209.8	-6,166.1