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CONTACT Press service, Tel no: +46 8 787 02 00

SVERIGES RIKSBANK
SE-103 37 Stockholm
(Brunkebergstorg 11)

Tel +46 8 787 00 00
Fax +46 8 21 05 31
registratorn@riksbank.se
www.riksbank.se

■ The Riksbank shall be adequately capitalised

An independent central bank should be adequately capitalised. Own capital of SEK 60 billion which is adjusted in line with GDP is sufficient to meet significant risks. This is the opinion of the General Council of the Riksbank and the Executive Board in a joint response to the commission of inquiry's report "The Riksbank's Financial Independence" (SOU 2007:51).

Financial independence means that the Riksbank must have adequate financial resources to carry out its tasks independently. The Riksbank's financial independence should be reinforced by regulating by law the size of the own capital and the allocation of profits. It should also comply with the requirements of EC law.

The commission proposes two alternatives for the Riksbank's financial independence. The Riksbank proposes a modified version of the commission's alternative 2.

"We consider that the present size of own capital of some SEK 60 billion can meet significant risks. So that the size of the own capital does not continue to decrease in relation to the economy as a whole, an adjustment of own capital should be made in line with GDP instead of the CPI, as the commission proposes," say Johan Gernandt, Chairman of the General Council, and Stefan Ingves, Governor of the Riksbank.

"GDP takes into account both the Swedish economy's real growth and inflation. It also gives more consideration to the financial sector's rapid development," says Stefan Ingves.

The General Council and the Executive Board also agree that for four years, as of spring 2009, own capital should be adjusted over and above what follows of an adjustment in line with GDP at current prices in order to further reduce the risk that confidence in the Riksbank weakens in a vulnerable situation. This should be done by setting the annual dividends transferred to central government at 25 per cent of the Bank's profits.

"In the same way as at present, decisions regarding allocation of profits should be made by the Riksdag following a proposal from the General Council of the Riksbank," says Johan Gernandt.



■ “We agree with the commission’s assessment that there is reason to look into the size of the foreign exchange reserve and the degree of currency risk in the Riksbank’s financial assets. We will continue to work with these issues in connection with a general review of the guidelines for the Riksbank’s asset management,” says Stefan Ingves.