

## PRESS RELEASE

DATE: 2024-04-02  
CONTACT: Press Office tel. +46 (8)-787 02 02

# The Riksbank proposes that equity be restored to the statutory base level

---

The Riksbank has today made a submission to the Riksdag with a proposal to restore equity to the statutory base level stipulated in the Sveriges Riksbank Act. The proposal involves a capital injection of SEK 43.7 billion in 2024. The submission is being made in accordance with the new Riksbank Act, which entered into force on 1 January 2023.

---

According to the new Riksbank Act, the Riksbank must make a submission to the Riksdag for the restoration of equity if the reported equity according to the annual report falls below one third of the target level, which this year corresponds to SEK 20.9 billion. After the allocation of profit for 2023, equity is expected to amount to SEK –2.0 billion. Restoring equity to the statutory base level of SEK 41.7 billion therefore involves a capital injection of SEK 43.7 billion.

"A negative equity does not affect the Riksbank's ability to conduct monetary policy in the short term. But to maintain confidence in an independent monetary policy in the long term, it is necessary that the Riksbank is financially independent, that is, has sufficient equity and earnings to cover its costs," says Governor Erik Thedéen.

A common source of income for central banks is what is known as seignorage. This emanates from central banks having a monopoly on issuing banknotes and coins, while the cost of minting and printing these is relatively low. It is an interest-free financing of the central bank's assets that helps to generate profit. However, the low use of cash in Sweden makes restoring equity more difficult for the Riksbank than for many other central banks.

"The Riksbank now proposes a restoration of equity in accordance with the Riksbank Act, but in the longer term the Riksbank needs to strengthen its self-financing in order to maintain financial independence," says Erik Thedéen.

S V E R I G E S R I K S B A N K

Postadress: 103 37 Stockholm, Besöksadress: Brunkebergstorg 11  
Telefon: 08-787 00 00, Webb: [riksbank.se](https://www.riksbank.se)

The Riksbank's balance sheet is now shrinking rapidly but remains large. Even if equity is restored to the statutory base level in 2024, this year's result will be very sensitive to changes in the interest rates and exchange rates. There is therefore a risk that new losses will arise and lead to the Riksbank's equity falling below the base level again as early as at the start of 2025. To mitigate these risks, an alternative could be to divide the restoration over two years so that the Riksbank's equity is restored in 2025 to the base level applicable at that time. This would provide a more solid foundation for the Riksbank to build up equity to the target level in the long term.

### **The new legislation**

The new Riksbank Act, which entered into force on 1 January 2023, contains provisions for the allocation of profit, dividends to the government and the restoration of equity that aim to create financial independence for the Riksbank. The Act establishes a target level for the Riksbank's equity, which is to be adjusted upwards by inflation each year. Furthermore, the Act defines a statutory base and a minimum equity level of two thirds and one third of the target level, respectively. If the Riksbank makes losses that cause reported equity to fall below the minimum level, the Act requires the Riksbank to make a submission to the Riksdag to restore equity. At present, the target level is SEK 62.6 billion, the base level is SEK 41.7 billion and the minimum level is SEK 20.9 billion.

### **Background**

The Riksbank reported a loss in 2022 caused by a sharp rise in interest rates that year both in Sweden and abroad due to a rapid increase in inflation. The higher interest rates reduced the market value of the Riksbank's bonds in Swedish krona and foreign currency to a level below their cost of acquisition. This unrealised loss caused the Riksbank's equity to decrease and become negative.