

ANNEX TO THE DECISION

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Annex to the decision on the strategic allocation and hedging of the gold and foreign exchange reserves for 2026

Summary

The strategic allocation and the currency hedging for 2026 is unchanged from last year. With a high proportion of US dollars and euros, and other funds invested in assets with good liquidity and low risk, the strategic allocation including currency hedging is deemed to fulfil the requirements of contingency and low risk.

The expected return for 2026 is approximately SEK 10 billion. Including the costs of funding the foreign exchange reserves, the net return from the foreign exchange reserves will be approximately SEK 5 billion, which can be compared with the Riksbank's expected net administration costs of SEK 0.7 billion for 2026. The strategic allocation is thus expected to generate sufficient returns to finance the Riksbank's operations and contribute to building up equity towards the target level at an appropriate pace.¹

The Riksbank has endeavoured to promote sustainable development in the decision on the strategic allocation in accordance with its Investment policy for the gold and foreign exchange reserves.

¹ The return on gold primarily affects the revaluation account for gold and thus does not build up equity as long as the quantity of gold remains unchanged.

Table 1. Strategic allocation of the gold and foreign exchange reserves

Gold and foreign exchange reserves		USD	EUR	GBP	NOK	AUD	GOLD
Currency allocation²		70.0%	17.5%	5.0%	2.5%	5.0%	-
Asset allocation	Government bonds ³	68.0%	17.5%	4.0%	2.5%	2.0%	-
	<i>Of which allocation in euros:</i>						
	<i>Germany</i>		10.0%				
	<i>France</i>		5.0%				
	<i>Spain</i>		2.0%				
	<i>Italy</i>		0.5%				
	Bonds issued by states or provinces	-	-	-	-	3.0 %	-
	Bonds issued by other government-guaranteed issuers	2.0%	0.0%	1.0%	0.0%	0.0%	-
Modified duration		4.0	4.0	4.0	4.0	4.0	-
Weight (tonnes)		-	-	-	-	-	125.7

Background and process

The Riksbank's annual allocation of the gold and foreign exchange reserves

The Riksbank has gold and foreign exchange reserves so that it can fulfil its tasks. The gold and foreign exchange reserves can be used to provide temporary liquidity support to credit institutions, intervene in the foreign exchange market and fulfil Sweden's commitments to the IMF. In the autumn of 2025, the Riksbank estimated that the contingency requirement in foreign exchange amounted to USD 40 billion, divided into 70 per cent USD and 30 per cent EUR. This means that, if necessary, the Riksbank should be able to quickly convert the gold and foreign exchange reserves into liquid funds that correspond to the contingency requirement.

The Riksbank shall manage its assets in order to fulfil its mandate and powers. The assets shall be managed so that they generate sufficient returns to finance the Riksbank's activities and contribute to building up the Riksbank's equity over time. In addition, the assets shall be managed with low risk and special attention shall be paid to how sustainable development can be promoted without jeopardising the above requirements.

² The currency and asset allocations refer to shares in relation to the reserve assets, i.e. excluding the gold reserve assets.

³ Bank account balances and claims on the Bank for International Settlements (BIS) are treated as government bonds.

The Executive Board decides annually on a strategic allocation. The strategic allocation sets out guidelines for the management of the gold and foreign exchange reserves to fulfil the requirements set out in the Sveriges Riksbank Act and relevant policies.⁴ The strategic allocation is therefore a weighted assessment based on these requirements.

The analysis supporting the allocation

The analysis supporting the decision is based on the latest estimate of the Riksbank's contingency requirements and assumptions about the development of interest rates, currencies and key items on the Riksbank's balance sheet.⁵

First, an analysis is made from a long-term perspective. The aim is to provide a rough estimate of how the foreign exchange reserves should be composed in order to generate sufficient returns at low risk over time, while meeting contingency requirements. The result of the long-term analysis is a so-called contingency portfolio consisting of US and German government bonds and defined in terms of currency distribution and hedging ratio (i.e. currency risk) and modified duration (i.e. interest rate risk). The contingency portfolio shall reflect a risk and return profile that fulfils the requirements of adequate return, low risk and good preparedness over time.

This is followed by a short-term analysis. This analysis is based on the contingency portfolio and aims to improve the risk and return profile on a one-year horizon without compromising contingency. This is done by allowing more currencies, countries and other types of securities into the portfolio. This analysis is mainly based on the market pricing of these assets. The result is a strategic allocation, including hedging, in the form of the portfolio deemed to provide the best balance between risk and return requirements for the coming year. As a final step, sustainability is considered. In addition to the strategic allocation, the decision also includes a so-called tactical mandate for asset management.⁶

⁴ See Financial risk policy (ref. no. 2025-01405) and Investment policy for the gold and foreign exchange reserves (ref. no. 2025-01239).

⁵ For more information on assumptions regarding the development of interest rates and exchange rates, as well as assumptions regarding the Riksbank's balance sheet, see Appendix B.

⁶ The tactical mandate specifies authorised deviations in the ongoing management in relation to the strategic allocation. See Appendix A.

Risk and return

Long-term analysis

The long-term analysis is based on the Riksbank's balance sheet, certain assumptions about how it will develop in the future, and the September 2025 forecast for interest rates and currencies from the National Institute of Economic Research (NIER).⁷ In addition, various sensitivity analyses are performed for interest rates and currencies. Specific risk scenarios for the development of the US dollar have been weighted to capture the increased uncertainty surrounding its future development.

The Riksbank's balance sheet has decreased since the beginning of the year as Swedish securities holdings have declined. As a result, the Riksbank's exposure to interest rate risk has also decreased. However, due to the sharp appreciation of the krona in 2025, the buffers that the Riksbank previously had on its balance sheet to absorb exchange rate losses have been significantly reduced.⁸ All in all, the Riksbank's financial position is therefore weaker now than at the beginning of the year and the Riksbank's balance sheet is more sensitive to unfavourable developments on the financial markets going forward. Volatility has also increased during the year, as has uncertainty about the development of the financial markets, which has increased market risk. In light of this, the strategic allocation should not be changed in a way that further increases market risk.

A high proportion of US dollars remains advantageous

In the NIER's September 2025 forecast, the expected return on US government bonds remains higher than that on German government bonds. Consequently, in order to achieve a sufficiently high return on the foreign exchange reserves in the long term, the foreign exchange reserves should continue to contain a significant proportion of US dollars. However, the advantage of a high proportion of US dollars has diminished since last year. At the same time, the financial risk, in particular the currency risk, of holding a higher proportion of US dollars has increased. Because of this and the Riksbank's weaker financial position, it is not considered appropriate to increase the share of US dollars significantly from the current level. Reducing the share of US dollars in the foreign exchange reserves, while reducing risk, would also significantly lower expected returns. This, together with the estimated contingency requirement of 70 per cent US dollars, suggests that the proportion of US dollars in the foreign exchange reserves should remain at around 70 per cent.

⁷ For more information on the scenarios and assumptions for the Riksbank's balance sheet, see Appendix B.

⁸ The Riksbank's revaluation accounts to cover exchange rate losses have decreased by around SEK 46 billion since the start of the year.

Currency hedging mitigates negative effects of future krona appreciation

The NIER forecast expects the krona to strengthen and this continues to justify hedging parts of the foreign exchange reserves. Current hedging reduces currency risk significantly but, at the same time, has a negative impact on contingency planning. Further increases in hedging would have too great an impact on contingency planning, and therefore the current hedging is considered to be well balanced.

Interest rate risk needed to generate sufficient returns

To have a sufficient return in the long term, the Riksbank needs to be exposed to interest rate risk (measured as duration), as a higher interest rate risk is expected to give a higher return. There are arguments in favour of both increasing and decreasing the duration compared to the current level. On the one hand, a higher duration would yield higher returns based on the NIER's forecast. On the other hand, the Riksbank is in a weaker financial position now, which argues against a higher duration.⁹ The Riksbank therefore considers the current duration to be well-balanced.

An unchanged contingency portfolio strikes a good balance between low risk and the need for earnings

All in all, the weaker financial position of the Riksbank's balance sheet and the increased market risk indicate that the Riksbank should either maintain or reduce its exposure to the US dollar and limit its interest rate risk. At the same time, the need for contingency, particularly in US dollars, and sufficient returns argue in favour of the Riksbank maintaining the proportion of US dollars. This latter point also suggests that the Riksbank should maintain or increase the duration. On balance, these factors are judged to cancel each other out, which, together with the high degree of uncertainty surrounding future developments, suggests that the contingency portfolio should remain unchanged. It should therefore continue to be composed of 70 per cent US dollars and 30 per cent euros, a currency hedge of USD 8 billion and EUR 2 billion and a modified duration of 4; see Table 2.

Table 2. The contingency portfolio in the long-term analysis

	USD	EUR
Currency allocation	70%	30%
Currency hedging	USD 8 billion	EUR 2 billion
Modified duration	4	4

The contingency portfolio carries a low risk for the purpose of the foreign

⁹ Although the interest rate risk on the Riksbank's balance sheet is significantly lower than last year as a result of reduced holdings of Swedish securities, the total risk on the balance sheet is greater.

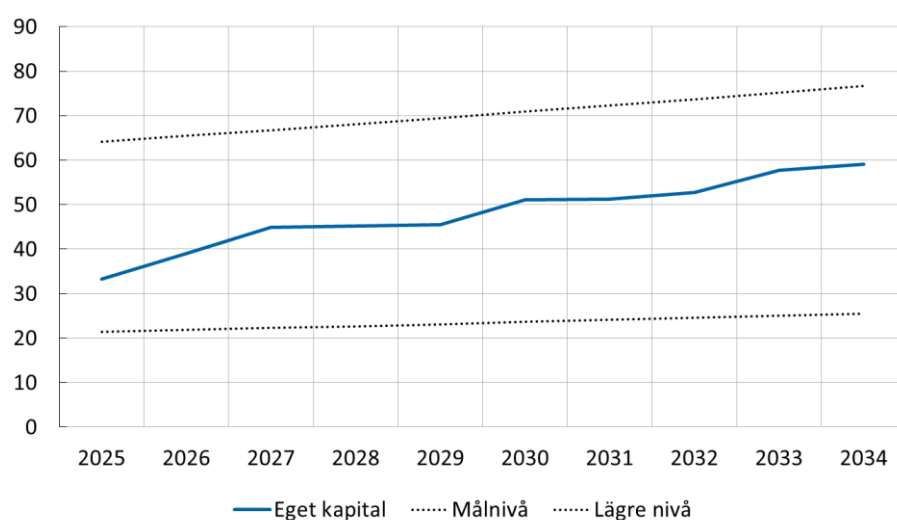
reserves. Based on a risk scenario developed in relation to the contingency portfolio and then applied to all the Riksbank's assets, the market risk limit is SEK 75 billion and the credit risk limit is SEK 3.7 billion.

Due to the increased uncertainty and volatility in the financial markets, the market risk limit is slightly higher compared to last year despite the unchanged allocation. For more information, see Appendix D.

Based on the NIER's forecast, the expected return on the contingency portfolio over the next five years averages just under SEK 12 billion (or just under 2.7 per cent) per year. This means that the Riksbank's equity is expected to reach the target level around 2038. Figure 1 shows how equity is expected to develop over the next ten years.¹⁰

Diagram 1. Forecast for equity given the contingency portfolio

SEK billion



Source: The Riksbank

Short-term analysis

The short-term analysis is based on the contingency portfolio and market pricing of interest rates one year ahead. In addition, various sensitivity analyses are carried out, in particular on the development of interest rates.

The objective is to choose a strategic allocation, i.e. to create a portfolio, which will have a better risk and return profile than the contingency portfolio. For example, it could be a portfolio with a higher expected return and the same risk, a portfolio with a lower risk and the same expected return, or a portfolio with a higher risk and return if deemed appropriate.

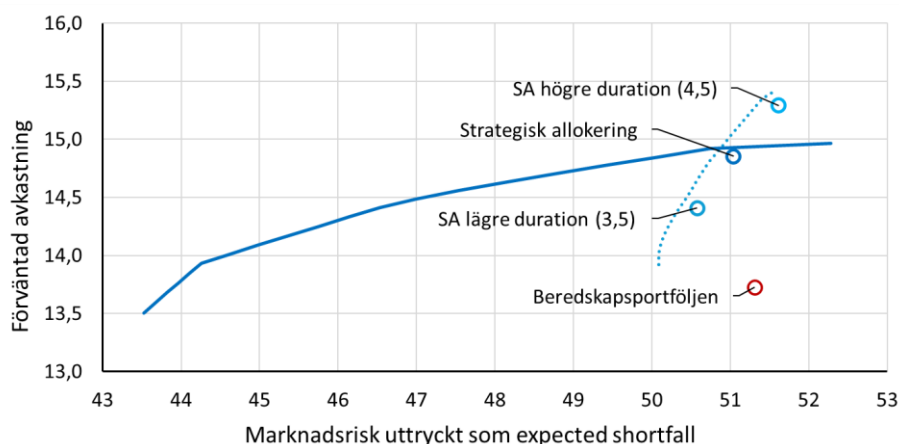
¹⁰ A return of 1.6 per cent is in line with last year's return target; see Appendix D.

In addition to US and German government bonds, the analysis also allows for government bonds issued by France, Spain and Italy, as well as government bonds denominated in pounds sterling, Australian dollars, Canadian dollars, Norwegian kroner and Danish kroner. In all of these currencies, bonds issued by states, provinces and other government-guaranteed issuers are also permitted. These currencies and assets are permitted because they are deemed to be sufficiently liquid, to carry limited credit and market risk, and are traded on well-functioning markets.

These assets can be used to construct a portfolio with the highest expected return for any given level of risk. Together, these portfolios form a so-called efficient frontier. Figure 2 shows the efficient frontier for different strategic allocation choices, taking into account only expected interest rate returns in different portfolios.¹¹ As a final step in the allocation selection process, the currency returns and hedging from the long-term analysis are added to the expected interest rate returns from the short-term analysis, as shown in Figure 3.

Diagram 2. Expected risk and interest rate return on the foreign exchange reserves over a one-year horizon

SEK billion



Note: The blue line corresponds to the efficient frontier for portfolios that fulfil contingency requirements and have a modified duration of 4. The blue circle represents the strategic allocation. The red circle represents the expected risk and interest rate return from the contingency portfolio. The dashed light blue line corresponds to the efficient frontier for portfolios with the same composition as the strategic allocation but where duration is allowed to vary. Market risk is calculated as expected shortfall and is the average of all losses exceeding 95% VaR for the foreign exchange reserves alone

Source: The Riksbank

¹¹ All portfolios in Figure 2 are derived by calculating the average return and risk of each portfolio under four different interest rate scenarios. See Appendix C for more information.

The strategic allocation has a well-balanced risk and return profile

The blue circle corresponds to the strategic allocation for 2026, which is also shown in Table 1. The strategic allocation has slightly lower risk than the contingency portfolio (red circle) and is very close to the effective front. It thus has a significantly higher expected interest rate return and therefore a significantly better risk and return profile than the contingency portfolio.

The expected interest rate return for the strategic allocation is just under SEK 14.9 billion in 2026, which is just over SEK 1.1 billion more than for the contingency portfolio. The expected yield is higher mainly because the Riksbank is investing in Australia, Norway and the United Kingdom, as well as more countries than Germany in the euro area. While investing in some of these countries increases credit risk, it reduces overall market risk through lower covariance and volatility measured in kronor.

A higher proportion of US dollars would increase risks

It is possible to further reduce the risk in the strategic allocation by reducing the proportion of US dollars in the portfolio and still have a higher expected interest rate return than in the contingency portfolio. However, as the contingency portfolio is already considered low risk, the risk and return profile of such a portfolio is deemed to be worse than that of the strategic allocation.

Similarly, increasing the proportion of US dollars can increase the expected yield. A higher proportion of dollars would have put the portfolio further to the right on the efficient frontier than the strategic allocation in Figure 2. However, as shown in the figure, this entails significantly higher risk, while returns are expected to increase only marginally. For this reason, it is not considered justified to increase the proportion of US dollars.

Higher duration would mean higher risk and higher expected interest rate return

It is also possible to further increase the expected interest rate return by increasing the duration from 4 to 4.5. However, a higher duration would increase the interest rate risk, as Figure 2 shows. With a duration of 4.5, the expected return is approximately SEK 0.5 billion higher, while the total market risk increases by approximately SEK 0.6 billion.¹² This is a noticeably higher expected return. At the same time, the Riksbank's financial position is weaker this year and more sensitive to increased risk-taking. It is therefore considered less appropriate to increase the duration.

¹² Market risk is calculated as expected shortfall and is the average of all losses above 95% VaR.

Lower duration would mean lower risk and lower expected interest rate return

Similarly, it is possible to reduce both the risk and the expected yield by reducing the duration by 0.5. As a result, both the risk and the expected yield decrease by SEK 0.5 billion on average across the scenarios. Admittedly, the return on such a portfolio could be SEK 0.6 billion higher than the main proposal in the higher interest rate scenario. However, as the proposed strategic allocation already has a slightly lower market risk than the contingency portfolio, the Riksbank does not consider it necessary to reduce it further.

Contingency preparedness

The currency distribution of the strategic allocation deviates from the currency distribution of the contingency requirement to some extent and part of the US dollar and euro holdings are hedged, which could have a negative impact on contingency.

Despite this, the strategic allocation is deemed to fulfil the contingency requirement. The foreign exchange reserves are invested in highly liquid assets, mainly government bonds, traded on well-functioning markets. We therefore judge that they can rapidly be converted into cash. In addition, the foreign exchange markets for all reserve currencies are well-functioning, which means that cash can be exchanged into the contingency currencies if necessary.

Admittedly, the value of assets could fall in a crisis. The Riksbank, on the other hand, has large gold holdings, which tend to increase in value in a crisis. If necessary, part of the gold holdings could be quickly converted into cash.

All in all, the Riksbank therefore assesses that the strategic allocation fulfils the contingency requirement.

Sustainability in the strategic allocation

The strategic allocation follows the sustainability principles set out in the Riksbank's sustainability policy and described in the Investment policy for the gold and foreign exchange reserves.¹³ In its strategic allocation, the Riksbank has endeavoured to promote sustainable development without compromising on other requirements.

One of the implications of this is that the Riksbank does not own bonds issued by countries that have not signed the Paris Agreement, with the exception of bonds

¹³ See Investment policy for the gold and foreign exchange reserves (ref. no. 2025- 01239).

issued by the United States, whose bonds the Riksbank considers to be needed primarily from a contingency perspective.

Nor does the Riksbank own bonds issued by states, provinces or equivalent administrative areas if their carbon footprint is higher than the average for the country in question.

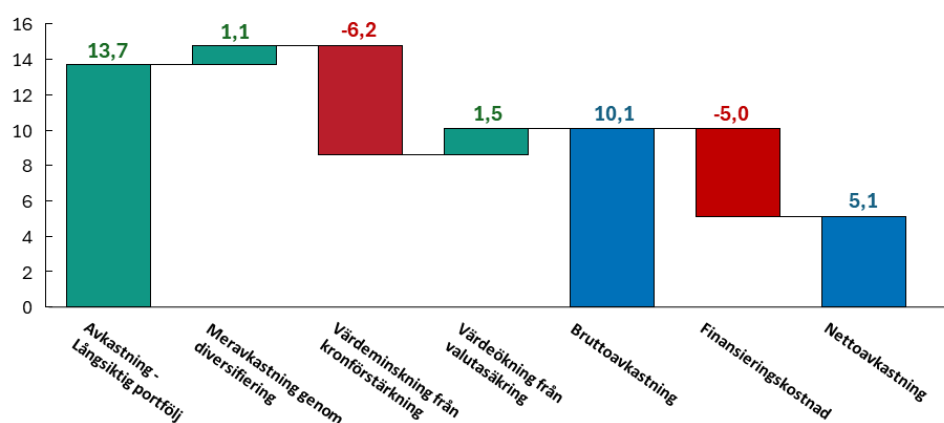
The strategic allocation achieves the right balance between risk and return

The Riksbank assesses that the strategic allocation achieves the right balance between risk and return while meeting the Riksbank's contingency requirements and complying with the Riksbank's sustainability policy.

The expected return from the strategic allocation is approximately SEK 10 billion in 2026. After deducting funding costs, net revenues are expected to be around SEK 5 billion, as Figure 3 shows. This can be put in relation to the Riksbank's expected net administrative income of approximately SEK 0.7 billion.¹⁴ The return is thus expected to finance the Riksbank's activities and contribute to building up the Riksbank's equity towards the target level at an appropriate pace.

Diagram 3. Expected return from the strategic allocation for 2026

SEK billion



Source: The Riksbank

¹⁴ Net administrative income consists of administrative costs, administrative income and deductions for revenue arising from the write-off of the banknote liability. The expected write-off of banknotes in 2026 will result in net administrative income being significantly lower than in 2025.

Appendix A – Tactical mandate

According to the Riksbank's investment policy for the gold and foreign exchange reserves, decisions on strategic allocation must include a tactical mandate.

The tactical mandate allows the Riksbank to deviate to some extent from its strategic allocation in the ongoing management of the gold and foreign exchange reserves, as illustrated by Table A1. This makes it possible to increase returns in addition to the expected return from the strategic allocation and to maintain strong market knowledge and operational capacity to execute the necessary transactions.

The tactical mandate is limited but is expected to contribute to both increased returns and operational capacity while the risk remains low.

Table A1. The tactical mandate

Modified duration	Modified duration may deviate by a maximum of +/- 0.25 from the decided value per currency.
Asset allocation	The asset allocation between different issuers may, within each currency, deviate by a maximum of 10 per cent from the strategic allocation.

Financial risk

Using the tactical mandate can increase financial risk. If fully utilised for the foreign exchange reserves, i.e. if the modified duration deviates by 0.25 in all currencies and the asset allocation deviates by 10 percentage points in each currency, the total market risk¹⁵ for the gold and foreign exchange reserves would increase by SEK 0.3 billion (0.4 per cent), from the market risk of the strategic allocation. As the increased risk from the tactical mandate is small in relation to the total risk in the strategic allocation, the impact on risk from this mandate is considered low.

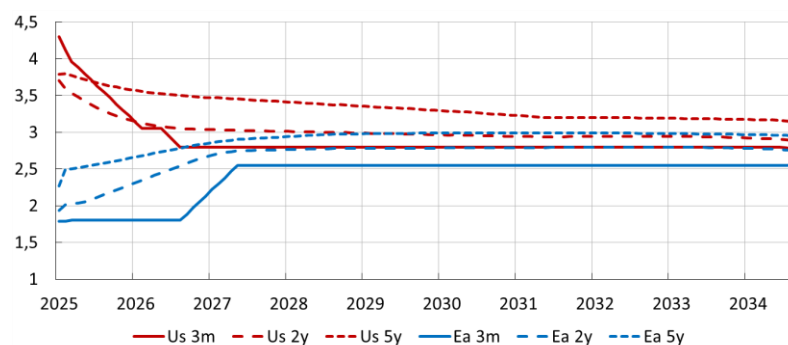
The Riksbank's overall limits for market and credit risk include both the strategic allocation and the tactical mandate.

¹⁵ Expected shortfall at the 95 per cent confidence level measures the average of the losses calculated for the last 5 per cent of the 1-year loss distribution.

Appendix B: Long-term scenarios and assumptions

Figure B1. NIER forecast for US and German government bond yields

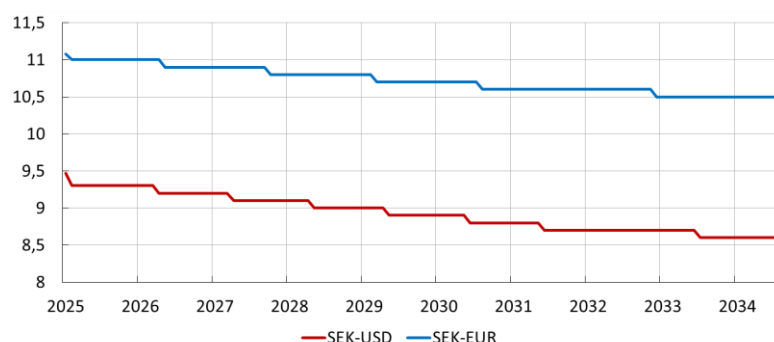
Per cent



Source: National Institute of Economic Research. Refers to forecast from September 2025.

Figure B2. NIER forecast for exchange rates

SEK



Source: National Institute of Economic Research. Refers to forecast from September 2025.

Risk scenarios

The risk scenarios are based on the NIER's forecast but are adjusted in various ways by temporarily higher or lower interest rates and a stronger or weaker krona.

Assumptions on the Riksbank's balance sheet

In addition to assumptions about how interest rates and exchange rates develop over time, the analysis is also based on assumptions about the Riksbank's balance sheet and income statement. These assumptions include the complete utilisation of the deposit requirement from November 2025 and the maturity of the Swedish securities holdings as communicated by the Riksbank, excluding a strategic portfolio of SEK 20 billion. It is also assumed that net administrative income

develops according to the Riksbank's forecast and then grows by 2 per cent a year, and that banknotes and coins are written off as forecast.

Appendix C - Yield scenarios in the short-term analysis

The short-term analysis consists of finding the optimal portfolios for a given level of risk in four different scenarios, one of which is the main scenario and three of which are sensitivity scenarios.

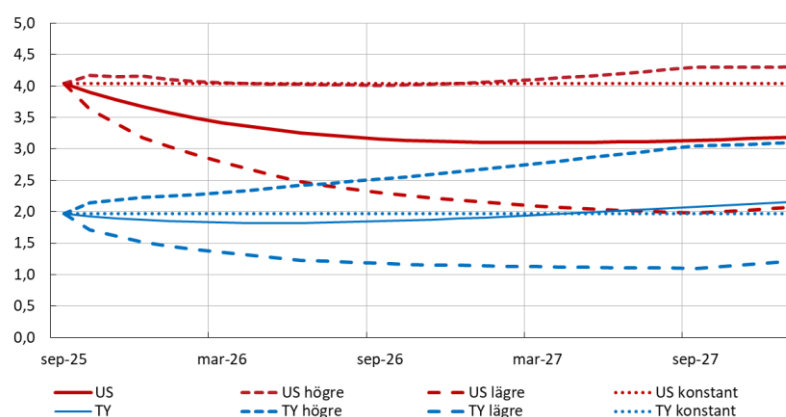
The main scenario is based on market forward pricing supplemented by market-implied yields.¹⁶

In the first two sensitivity scenarios, short-term yields are either higher or lower than in the main scenario. How much higher or lower they are is based on 80 per cent market-specific confidence intervals over two years. After two years, the short-term yield gradually converges towards the long-term level of the main scenario.

The last sensitivity scenario includes ‘constant curves’, meaning that the yield curves have the same appearance at the end of the forecast horizon as they do at the beginning.

Figure C1. Yields in the main scenario and sensitivity scenarios in the short-term analysis for one-month yields

Per cent



Note: The figure shows examples of yields in the main scenarios and sensitivity scenarios for US and German government bonds with a one-month maturity. “higher” corresponds to the scenario with higher yields and “lower” to the scenario with lower yields. “constant” corresponds to the scenario with constant curves.

¹⁶ The difference between government bond curves and OIS curves is assumed to be term premiums. Term premiums are then held constant in the simulations, with short-term yields following the OIS curves. The Nelson-Siegel method is used to estimate the curves.

Appendix D - Return targets, risk limits and rules of action

Return targets

The strategic allocation is expected to achieve a return of just under 2.7 per cent on average over the next five years, which is higher than last year's return target of 1.6 per cent. However, the starting point is worse than last year because the Swedish krona has strengthened significantly during the year, which in turn has resulted in the Riksbank having lower total capital. The updated forecast indicates a higher expected return in the coming years, but it is not expected to fully compensate for the losses incurred in 2025. Nevertheless, the 2024 return target is still deemed achievable in the longer term and is therefore left unchanged.

Risk tolerance and risk limits

According to its Financial risk policy, the Riksbank shall set overall limits. The risk policy also sets out the procedures to be followed in the event of a limit breach and the risk of a limit breach. New risk limits are set in conjunction with decisions on a new strategic allocation.

The risk limits are set on the basis of the Riksbank's total financial assets and the largest losses in different risk scenarios, as set out in Table D1.

Table D1. Market and credit risk limits

	Limit (SEK billion)	Scenario
Market risk	75	1% higher interest rate and 12% stronger krona
Credit risk	3.7	Credit rating downgrade and krona depreciation

Losses on the Riksbank's assets due to market risk (total market risk limit) shall be limited to SEK 75 billion in total. This corresponds to the losses in a scenario where market interest rates rise by 1 percentage point and the krona appreciates by 12 per cent. The scenario lies within what can be expected to happen without there being any need to reconsider the strategic allocation.¹⁷ In the scenario used to determine the market risk limit, the krona appreciates slightly more than in the

¹⁷ The market risk limit is calculated through a scenario analysis in the preparation of the strategic allocation and follows the guidelines described in the Regulation for measuring market risk. The calculation refers to the portfolio as of 30 September 2025.

scenario used last year because it has become more likely that the Riksbank will make larger losses. The new scenario thus reflects the current risk tolerance.

In the strategic allocation, losses due to credit risk (i.e. the total credit risk limit)¹⁸ shall be limited to SEK 3.7 billion.¹⁹ This is about SEK 0.3 billion higher credit risk than if the foreign exchange reserves matched the contingency portfolio. The difference is due to higher allocations to countries rated AA (UK, Australian states), A (France, Spain) and BBB (Italy), as well as the tactical mandate. At maximum utilisation of the tactical mandate, the credit risk is approximately SEK 0.1 billion higher than for the strategic allocation, which is included in the limit. The credit risk limit of SEK 3.7 billion also includes a buffer of SEK 0.3 billion that should be able to absorb changes in exposure corresponding to the magnitude of a simultaneous downgrade of the UK and French credit ratings at the same time as the krona weakens by 15 per cent.

Rules of action

Investments may only be made where the asset type, instrument type, currency, country, issuer or counterparty has been prepared and approved in accordance with the Riksbank's Regulation for application procedure.

One of the current implications of this is that investments may only be made in OECD countries in the form of currency including cash balances, government securities, gold and other readily convertible debt instruments denominated in foreign currency. For more information, see the Annex to the Investment policy for the gold and foreign exchange reserves (ref. no. 2025-01239).

¹⁸ The credit risk limit is calculated using the methodology described in the Regulation for measurement of credit risk. The calculation is performed so that market risk and credit risk express the same financial risk tolerance.

¹⁹ Maximum market risk and maximum credit risk are calculated on an annualised basis starting on 1 January 2026.