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■ The Riksbank's Annual Report 2005

The Riksbank presented its Annual Report for 2005 to the Riksdag, the Swedish parliament, today. The Riksbank reported a profit of SEK 3.3 billion. The profit is primarily attributable to interest income from the foreign currency reserve's bond holdings.

The Annual Report includes an account of the monetary policy during 2003-2005. This shows that inflation in 2004 and 2005 has remained below the target of 2 per cent. The main reasons for this are that import prices have fallen more than expected and that productivity growth has been higher than predicted.

The Annual Report describes the changes that have occurred regarding the Riksbank's role in the cash management process during the period 1998-2005. The view of the Riksbank is that this restructuring process has cost just over SEK 500 million more than if the activities during the period 1999-2004 had continued to be managed in the same way as before and subsequently wound up. The change has led to a new, more rational structure for cash management seen from an economic perspective.

The Riksbank's earnings over the past five years (SEK million)

	2005	2004	2003	2002	2001
Interest income	5,421	4,778	5,316	7,220	9,197
Price effect	-299*	-109	-627	6,670	269
Exchange rate effect	-875**	-5,617	-12,480	-13,161	9,133
Gold valuation effect	58	-591	-180	774	2,008
Other expenses/income	-1,049	-1,265	-1,309	-1,574	-1,330
Result for the year	3,256	-2,804	-9,280	-71	19,277

As the result of a change in accounting principles with effect from 2004, the results given in the table are not entirely comparable. The amounts for the years 2001-2003 have not been restated using the rules currently applying to the reporting of unrealised gains and losses in a special revaluation account. -y adding the unrealised gains for 2004 and 2005 (see the amounts below) the data will be comparable with previous years.

* Unrealised gains of SEK 198 million reported in a revaluation account in 2005 and SEK 1,500 million in 2004.

** Unrealised gains of SEK 15,525 million reported in a revaluation account in 2005 and SEK 23 million in 2004.

Note. The item "Other expenses/income" consists largely of the costs for banknotes and coins, interest expense, personnel, administration and costs of a one-off nature.