Norges Bank Annual Report 2024

Norges Bank's mission is to promote economic stability and manage substantial assets on behalf of the Norwegian people

Cover: Anna Sandvig Brander and Ørjan Robstad

2024

Key figures

The policy rate remained stable at

4.5%

through 2024

Annual consumer price inflation was

3.1%

in 2024

The countercyclical capital buffer rate remained stable at

2.5%

through 2024

The market value of the Foreign exchange reserves was

NOK **789bn**

at year-end 2024

The Government Pension Fund Global's value was

NOK **19 742bn**

at year-end 2024

The value of the Government Pension Fund Global increased by

NOK **3 985bn**

in 2024

Norges Bank's total comprehensive income amounted to

NOK **95.1bn**

in 2024

Transfers to the treasury totalled

NOK **30.1bn**

for 2024

In Norges Bank's settlement system, payments totalling on average

NOK **350bn**

were settled daily in 2024

Norges Bank has

1 118

employees from 38 countries

Contents

This translation from Norwegian has been prepared for information purposes only.
The Executive Board signs off on the official Norwegian version.

Foreword by the Governor

Governor Ida Wolden Bache.

Dear reader,

Norway is a small and open economy, affected by events around us. In Norges Bank, we stand prepared to fulfil our mission, also in turbulent times.

After several years of high inflation, inflation has slowed considerably among a number of our trading partners. As a result, many central banks have lowered policy rates. Inflation has also eased in Norway, and although the time to ease up on the economic brakes is approaching, a restrictive monetary policy is still needed.

The global equity market has grown substantially, generating high returns for both the Government Pension Fund Global (GPFG) and Norges Bank's foreign exchange reserves. The value of the GPFG increased by close to NOK 4 000 billion in 2024, reaching NOK 19 742 billion at the end of 2024. The value of the foreign exchange reserves increased by NOK 104 billion to NOK 789 billion in 2024.

The economic outlook is uncertain, with international political tensions and a risk of increased trade barriers. Considering the GPFG's size with 70% allocated to equities, we must be prepared for considerable fluctuations in the GPFG's return and value. International unrest may also affect monetary policy and the Norwegian financial system.

In a turbulent world, security and contingency preparedness will be of crucial importance, and Norges Bank is taking a systematic approach. We play a key role in ensuring an efficient and secure payment system and collaborate with other government bodies, the financial industry and other central banks to promote a stable financial sector.

In Norges Bank, we are 1 118 employees representing 44 nationalities. Most work at the Bank's headquarters in Oslo, the rest at our offices in London, New York and Singapore. I would like to express my thanks to all my colleagues, whose expertise and strong commitment enable us to carry out Norges Bank's mission.

Oslo, 25 February 2025

Ida Wolden Bache
Governor

Ida Wolden Bache at the November press conference.

Annual reports

Norges Bank's Executive Board

The Executive Board comprises the Governor, the two Deputy Governors and six external board members, all appointed by the King in the Council of State. The Governor is Chair, and the two Deputy Governors are First Deputy Chair and Second Deputy Chair of the Executive Board. In addition, two board members are selected by and among employees to participate in the deliberation of administrative matters.

Øystein Børsum, Pål Longva, Kristine Ryssdal, Hans Aasnæs, Ida Wolden Bache, Ragnhild Janbu Fresvik, Nina Udnes Tronstad, Arne Hyttnes, Mats Bay Fevolden, Thomas Ekeli and Guro Heimly.

The Executive Board has four preparatory and advisory committees, whose work improves and streamlines the Executive Board's discussions. For more information on the members of the Executive Board, see Norges Bank's website.

Work of the Executive Board in 2024

The Executive Board held 11 meetings and discussed 182 items of business. This is in line with previous years. Meetings in the form of seminars are also used for more in-depth discussions and presentations of the premises of important agenda items with Bank staff.

In addition, the Executive Board's four subcommittees are used for the preparation of selected items for the Executive Board's consideration.

Approximately two thirds of the Board's time was spent on matters related to the management of the Government Pension Fund Global. This share has remained broadly unchanged since the Committee for Monetary Policy and Financial Stability was established.

11

Executive Board meetings.

182

matters considered by the Executive Board

Table 1 Work of the Executive Board 2020–2024

	2020	2021	2022	2023	2024
Number of Executive Board meetings	20	14	14	13	11
Number of Executive Board seminars	4	5	6	5	5
Number of matters considered by the executive board	222	228	212	218	182
Committee meetings					
Audit Committee	7	11	7	6	6
Remuneration Committee	5	7	6	6	5
Ownership Committee	7	9	7	8	8
Risk and Investment Committee	10	13	13	9	11


Henrik Borchgrevink and Anna Grinaker work in the Financial Stability department.

Annual Report of the Executive Board for 2024

Introduction

The geopolitical situation has changed considerably in recent years. There is substantial uncertainty about the outlook for both the global and Norwegian economy. The risk of extensive trade barriers has increased, and the threat landscape has become more complex. This affects all aspects of Norges Bank's remit and characterised the Executive Board's work through 2024.

At the end of 2023, the policy rate was 4.5%. The interest rate has contributed to cooling the Norwegian economy and to dampening high inflation. Inflation slowed considerably through 2024 but remained above the 2% target. The Monetary Policy and Financial Stability Committee chose to keep the policy rate unchanged at 4.5% in 2024. See the Annual Report of the Monetary Policy and Financial Stability Committee for 2024 for further information.

The international equity market rose substantially in 2024, resulting in high returns for both the Government Pension Fund Global (GPFG) and Norges Bank's foreign exchange reserves. The value of the GPFG increased by almost NOK 4 000bn in 2024 and was NOK 19 742bn at the end of 2024. The GPFG's value was affected by the return on investments, capital inflows from the Norwegian government and exchange rate movements.

The market value of the total equity and fixed income portfolio in the foreign exchange reserves was NOK 758.2bn at the end of 2024, NOK 103.8bn more than in 2023.

Norges Bank is on schedule to achieve the ambitions in Strategy 25. The Bank is in the process of evaluating the next generation payment system. In November, Norges Bank signed an agreement on participation in the Eurosystem's TARGET Instant Payment Settlement (TIPS) for instant payments. At the beginning of 2025, the Executive Board made a decision to enter into formal discussions with the European Central Bank (ECB) on participation in the T2 settlement system. Norges Bank's assessment is that collaboration with Nordic and other European central banks is the best choice for secure and stable operation of the settlement system in the long term.

Climate and the environment is another priority area in Strategy 25. Norges Bank Investment Management (NBIM) works to ensure that investee companies align their activities with the Paris Agreement. In Central Banking, there are ongoing projects to improve the Bank's understanding of the economic impact of climate change and energy transition.

Norges Bank works systematically with security and contingency arrangements. Prioritised areas include mapping and assessing the financial sector's importance for national security, holistic security risk management, contingency plans for national security crises and war, as well as continuing initiatives in cyber security. The Bank has an extensive training programme and participates in national and international contingency exercises. The Ministry of Justice and Public Security has initiated "*Totalforsvarsåret* 2026" [Total Defence Year 2026], and Norges Bank has implemented a number of activities to prepare for this, including strengthening collaboration across societal sectors and with other Nordic central banks.

Norges Bank's employees are the Bank's most important resource, and the Bank works systematically to promote well-being, encourage employee development and ensure that employees have the right expertise to meet the Bank's needs. The 2024 staff survey shows that Norges Bank has high overall scores in the areas covered by the survey. The Executive Board is satisfied with the results of the 2024 staff survey and assesses the working environment at the Bank as positive. The Executive Board would like to thank Norges Bank's employees for their significant contributions throughout the year. See Society and social conditions for more information on Norges Bank's employees.

Government Pension Fund Global

Norges Bank manages the Government Pension Fund Global (GPFG) on behalf of the Ministry of Finance. The objective of the Bank's investment management is to achieve the highest possible long-term return within the constraints laid down in the mandate from the Ministry of Finance.

The investments in the GPFG returned 13.1% in 2024 following strong gains in global equity markets. Nevertheless, the relative return was weak, with a return that was 0.45 percentage point below the GPFG's benchmark index. The Executive Board emphasises the importance of assessing results over time and is satisfied that the return over time has been higher than the return on the GPFG's benchmark index.

The value of the GPFG increased by almost NOK 4 000bn in 2024, to NOK 19 742bn. At the end of the year, the GPFG's investments comprised 71.4% equities, 26.6% fixed income, 1.8% unlisted real estate and 0.1% unlisted renewable energy infrastructure.

NOK 19 742bn was the value of the GPFG at year-end 2024.

Nicolai Tangen at NBIM's Investment Conference.

Return on the Government Pension Fund Global

The value of the GPFG is affected by the return on the GPFG's investments, capital inflows and withdrawals by the government and exchange rate movements. In 2024, the return measured in terms of the GPFG's currency basket[1] was equivalent to NOK 2 511bn. In addition, owing to a weaker krone, the value of the GPFG measured in NOK terms increased by NOK 1 072bn, but this has no bearing on GPFG purchasing power in foreign currency. Net transfers from the Norwegian government were NOK 402bn after the payment of management fees.

Measured in terms of the GPFG's currency basket, the return for the year was 13.1% before management costs. Equities returned 18.2%. Solid corporate earnings in the investee companies and more optimistic growth expectations, together with declining inflation expectations, led to strong equity markets. A small number of companies now account for a substantial share of the GPFG's benchmark index, owing to developments in equity markets in recent years. Several of the largest companies are in the technology sector, and this sector had the highest return in both 2023 and 2024.

Fixed-income instruments returned 1.3% in 2024 after bond yields rose somewhat over the year. Investments in unlisted real estate returned -0.6%. While the valuations of many of the GPFG's unlisted real estate investments fell considerably in 2023, developments were more mixed in 2024. The office segment in the US remained weak, while some other market segments performed more positively.

The GPFG's investments in unlisted renewable energy infrastructure returned -9.8%. The return on these investments comprises net income from the assets and changes in their value. Expected future power prices, expected future production volumes and the estimated cost of capital impact valuations. The value of the assets also falls as their expected remaining life decreases. In 2024, the negative return on unlisted renewable energy infrastructure was driven in particular by a higher cost of capital.

[1] Return on the Government Pension Fund Global (GPFG) is measured primarily in terms of international currency, a weighted composite of the currencies in the benchmark index for equities and bonds. At the end of 2024, the currency basket comprised 34 currencies. Unless otherwise stated, the results of the GPFG referred to in this *Report* are measured in terms of the GPFG's currency basket.

The Executive Board considers the overall return on the fund over time to have been good. In the period between 1998 and 2024, the average annual return was 6.3%. The annual net real return, after deductions for inflation and management costs, was 4.1% in the same period.

6.3%
annual return in the period between 1998 and 2024.

With such a large fund and an equity share of around 70 percent, we have to be prepared for considerable fluctuations in the GPFG's return and value. Each year, the Bank publishes analyses of risk based on hypothetical scenarios designed to illustrate extreme market events over periods of up to five years. This year's scenarios are related to a repricing of AI companies, a debt crisis and a more fragmented world of distinct economic blocs. The estimated decrease in the value of the GPFG in these scenarios ranges from 18% to 40%.

Return relative to the benchmark index

Norges Bank manages the GPFG with a view to achieving the highest possible long-term return, within the constraints laid down in the mandate from the Ministry of Finance. Results are measured against the GPFG's benchmark index. In 2024, the GPFG's return before management costs was 0.45 percentage point lower than the return on the benchmark index. This is within the range of variation in relative return that can be expected from one year to the next.

Norges Bank's investment strategies are grouped into three main strategies: market exposure, security selection and fund allocation. These strategies are complementary and aim to take advantage of the GPFG's size and long investment horizon.

Under the strategy for market exposure, the GPFG is invested broadly in the equities and bonds included in the benchmark index. The investments are made cost-effectively and with a view to contributing to the objective of the highest possible return. Market exposure contributed positively to the GPFG's relative return in 2024.

The strategy for security selection is based on fundamental analysis of companies, and Norges Bank uses both internal and external managers. In 2024, the overall contribution from security selection was negative. External management made a positive contribution, but the negative contribution from internal management was larger. The security selection strategy is not expected to contribute positively to the GPFG's relative return every year, and the results for 2024 followed a period of five consecutive years of positive contributions from security selection.

Jiang Zhengping at NBIM's Singapore office.

Norges Bank invests part of the GPFG in listed and unlisted real estate and in unlisted renewable energy infrastructure. These investments are funded by selling equities and bonds and form part of the fund allocation strategy. In 2024, the investments in real estate returned less than the equities and bonds the Bank sold to fund them and therefore served to reduce the GPFG's relative return.

Investments in unlisted renewable energy infrastructure returned less than the bonds sold to fund them. As these investments made up only a small part of the GPFG, this had only a minor impact on the GPFG's overall relative return.

While unlisted renewable energy infrastructure is a relatively new investment area for Norges Bank, we have been investing in unlisted real estate since 2010. The Executive Board assesses results over time and against a wide range of return metrics, including developments in the broad real estate market.

In recent years, real estate returns have been characterised by two periods of particularly negative performance. This was after the outbreak of Covid-19 in March 2020 and the rise in interest rates that started in earnest in 2022. These events have led to a negative contribution to the GPFG's relative return from real estate investment and the funding of such investment.

In 2024, the GPFG also had a slightly smaller allocation to equities and a smaller allocation to the largest US technology companies than the benchmark index. This served to reduce the GPFG's relative return in 2024 as returns were strong in both the broad equity market and the technology sector. These positions are intended to adjust the GPFG's overall risk profile and are reported as part of the fund allocation strategy.

The Executive Board emphasises the importance of assessing the performance of the GPFG as a whole and over time and is satisfied that the overall return over time has been higher than the return on the GPFG's benchmark index, against which the return is measured. In the period between 1998 and 2024, the average annual return before management costs was 0.25 percentage point higher than the return on the benchmark index from the Ministry of Finance.

Norges Bank has reported the contributions to the relative return from the strategies for market exposure, security selection and fund allocation in the period between 2013 and 2024. The annual return before management costs was also higher than the return on the benchmark index in this period. Market exposure and security selection made positive contributions to the GPFG's relative return, while fund allocation made a negative contribution.

Risk and costs
The objective of the highest possible return is to be achieved with acceptable risk. A variety of risk analyses and calculations are used to obtain a full picture of the GPFG's risk exposure, and the Executive Board receives regular analyses of the underlying risk in the management of the GPFG. The management mandate requires Norges Bank to manage the GPFG with a view to ensuring that expected relative volatility (tracking error) does not exceed 1.25 percentage points. At the end of 2024, expected relative volatility was 0.44 percentage point, compared with 0.34 percentage point a year earlier. Measured over the full period between 1998 and 2024, realised relative volatility was 0.63 percentage point. The Executive Board is satisfied with the excess return achieved over time given the risk taken in the management of the GPFG as measured by relative volatility.

The management of the GPFG is to be cost-effective. Low costs are not an end in themselves, but cost-effective management helps achieve the objective of the highest possible return after costs. In the period between 2013 and 2024, annual management costs averaged 0.05% of assets under management. In 2024, management costs amounted to NOK 7.4bn or 0.04% of assets under management. The Executive Board is satisfied that management costs are low compared with other managers.

For more information on the management of the GPFG, see the Government Pension Fund Global Annual Report for 2024.

Foreign exchange reserves

Norges Bank holds foreign exchange (FX) reserves for contingency purposes. The FX reserves are to be sufficiently large and liquid to be available for use in foreign exchange market transactions as part of the conduct of monetary policy or with a view to promoting financial stability and to meet Norges Bank's international commitments. The aim of the management of the FX reserves is the highest possible return within the applicable risk limits. The FX reserves are divided into an equity portfolio, a fixed income portfolio and a petroleum buffer portfolio.

NOK **789bn**
in foreign exchange reserves at end-2024.

Equity and fixed income portfolio
The composition of the equity and fixed income portfolio must be adapted to the objective of the FX reserves. The Executive Board has set principles for the management of the FX reserves and annually receives an assessment from Norges Bank Markets on the strategy and management framework. The assessment for 2024 stated that the size, liquidity, currency composition and risk profile of the FX reserves are well adapted to the objective. The management of the foreign exchange reserves is considered to be efficient and prudent.

The market value of the total equity and fixed income portfolio was NOK 758.2bn at the end of 2024, which is NOK 103.8bn more than in 2023. At the end of 2024, the value of the equity portfolio was NOK 157.1bn, while the value of the fixed income portfolio was NOK 601.1bn.

In international currency terms, the return on the total equity and fixed income portfolio was NOK 49.1bn in 2024, or 6.2%. The return on the equity portfolio was NOK 39.6bn, while the fixed income portfolio returned NOK 9.5bn, equivalent to 22.2% and 2.0%, respectively.

In NOK terms, the return on the equity and fixed income portfolio was 15.4%, reflecting higher equity prices and current interest income. The krone depreciation further increased the return in NOK terms.

Gaute Langeland at Norges Bank's capital markets seminar.

The FX reserves are managed close to benchmark indexes set by the Executive Board, and the return closely tracks global equity and bond market developments. In 2024, the return on the equity and fixed income portfolios was 0.07 percentage point and 0.03 percentage point higher than the return on the portfolios' benchmark indexes, respectively. At the end of 2024, expected relative volatility for the equity and fixed income portfolios was 0.04 and 0.02 percentage point, respectively, approximately unchanged through 2024. Norges Bank's financial risk arises from market exposure and different currency compositions on the asset and liability sides.

May-Iren Walstad Wassås and Farooq Akram discussing the foreign exchange reserves.

Over the past ten years, the annual return on the equity and fixed income portfolio has been 11.5% and 0.6% in international currency terms, respectively. The overall annual return has been 3.4%. The Executive Board is of the opinion that returns have been solid over time.

Petroleum buffer portfolio

The purpose of the petroleum buffer portfolio is to provide for an appropriate management of the government's need for converting foreign currency and NOK, and for any transfers to and from the GPFG.

The size of the portfolio fluctuates owing to the purchase and sale of currency in the market, the purchase of foreign exchange from the State's Direct Financial Interest (SDFI), monthly transfers to and from the GPFG and changes in foreign exchange rates. As in recent years, high oil and gas prices have also led to large capital flows and substantial volatility in the petroleum buffer portfolio in 2024.

At the end of 2024, the market value of the petroleum buffer portfolio was NOK 30.8bn, which is NOK 4.6bn less than in 2023. The return on the portfolio was NOK 7.5bn, owing to the krone depreciation and interest income.

For more information on the management of the FX reserves, see the report Management of Norges Bank's foreign exchange reserves.

Tasks performed as the government's bank

Government debt

Norges Bank manages government debt on behalf of the Ministry of Finance. The borrowing requirement is primarily met through issuing long-term fixed-rate bonds. The government also borrows short-term through Treasury bills, which are debt instruments with a maturity of one year or less. The government borrows exclusively in NOK.

At the end of 2024, government debt totalled NOK 615bn, with NOK 566bn in government bonds, and NOK 49bn in Treasury bills. Of this amount, the government's own stock amounted to NOK 52bn in bonds and NOK 16bn in Treasury bills.

NOK **615bn**
in government debt at year-end 2024.

In 2024, bonds amounting to NOK 102bn were issued to the market. In February, a new 10-year bond was issued via syndication in the amount of NOK 20bn. In May, a new 15-year bond worth NOK 12bn was issued by syndication. This was the first time that a Norwegian government bond was issued with a 15-year maturity.

Existing bonds were reopened in the amount of NOK 70bn on 25 auction days. On most of these days, two bonds with different maturities were auctioned.

Treasury bills worth NOK 51bn were issued to the market at 18 auctions.

Owing to high volatility, unusually low liquidity and uncertainty in fixed income markets, Norges Bank has since summer 2022 permitted primary dealers to quote larger-than-normal yield spreads in the interdealer market for government bonds and Treasury bills. As liquidity improved somewhat through 2024, the option to quote larger yield spreads for all bills and bonds with a residual maturity of up to one year was terminated in Q3. For bonds with longer maturities, yield spreads were still larger than normal in the interdealer market at the end of 2024. The government's borrowing requirement was met in line with the 2024 Strategy and Borrowing Programme.

NOK transactions on behalf of the government
In 2024, Norges Bank purchased foreign exchange equivalent to NOK 90.4bn. The volume of foreign exchange transactions carried out by the Bank on behalf of the government was substantially lower than in 2023, primarily reflecting a higher structural non-oil budget deficit and lower taxes paid by oil companies. The lower tax payments reflect lower petroleum prices in 2023 and 2024 compared with 2022 as oil companies pay taxes partly on income from the preceding year and partly on expected income for the current year.

Norges Bank is tasked with converting government revenues from petroleum activities on the Norwegian continental shelf so that the government receives the correct amount of NOK for spending via the central government budget and the correct amount of foreign exchange for saving in the GPFG. The transactions are carried out on behalf of the government, completely separate from monetary policy. The NOK sales must be seen in conjunction with oil companies' NOK purchases.

Depositing to discharge debt
Throughout 2024, funds deposited at Norges Bank increased substantially. Depositing to discharge debt is an arrangement allowing debtors that cannot make repayments to discharge themselves from their debt by transferring money or securities to Norges Bank. At the end of 2024, outstanding deposits amounted to approximately NOK 769m, representing more than 19 000 cases, a doubling since the end of 2023. The increase in 2024 is primarily a consequence of the increased focus by Finanstilsynet (Financial Supervisory Authority of Norway) on financial institutions' compliance with the Anti-Money Laundering Act.

The payment system

An efficient and secure payment system is essential for economic and financial stability. If payments cannot be made, economic activity comes to a halt. Being able to pay for goods and services is crucial for individuals to fully participate in society.

Torbjørn Hægeland, and the rest of the commission submit Official Norwegian Reports (NOU) 2024:21 "*Secure and easy payments for all*" to Minister of Finance Trygve Slagsvold Vedum.

Norges Bank is tasked with promoting an efficient and secure payment system. Norges Bank is in charge of the ultimate settlement system for interbank payments in Norway and issues banknotes and coins. Norges Bank also oversees the payment system and other financial infrastructure and is the supervisory authority for interbank systems and contributes to contingency arrangements.

Norges Bank considers the financial infrastructure to be secure and efficient. Operations are stable, and payments can be made swiftly and at low cost.

Norges Bank's settlement system

Norges Bank's settlement system (NBO) is the core of the payment system. Payments between banks and other financial sector undertakings with an account at Norges Bank take place in NBO. Most NOK payments are therefore ultimately settled in NBO.

The operation of the settlement system was stable through 2024, with an average of NOK 350bn in payment transactions handled daily. At the end of 2024, banks' sight deposits and reserve deposits with Norges Bank totalled NOK 38bn.

In line with Strategy 25, the process of overhauling the settlement system is underway. The Bank is evaluating the next generation payment system. In November, Norges Bank signed an agreement on participation in the Eurosystem's TARGET Instant Payment Settlement (TIPS) solution for instant payments. The TIPS solution facilitates the sound development of Norwegian instant payments in the coming years and will provide Norges Bank with a clearer role in instant payment settlement. TIPS is scheduled for implementation in 2028. In 2024, Norges Bank explored whether the next generation of NBO should be based on the current model, with a dedicated system for Norges Bank or whether the Bank should participate in the Eurosystem's T2 settlement system. At the beginning of 2025, the Executive Board decided to enter into formal discussions with the European Central Bank (ECB) to participate in the T2 settlement system.

Ida Wolden Bache and Christine Lagarde signing an agreement on TIPS.

Regardless of which platform is chosen, a decision has been made to implement measures to make the settlement system more component-based, in line with the IT architecture principles in Central Banking.

The measures include isolating functions for the implementation of monetary policy and liquidity management and the establishment of a national contingency solution for NBO. The measures will strengthen contingency arrangements and simplify the transition to a new settlement system.

Cash

Norges Bank is tasked with meeting public demand for cash both in normal times and in contingency or crisis situations by supplying banks with cash.

The supply of cash in circulation was on average NOK 38.5bn in 2024, which was somewhat lower than in previous years and with less seasonal variation.

Although cash usage in Norway is very low in a global context, cash contributes to financial inclusion and plays an important contingency role.

In recent years, several regulations have been introduced to increase the availability of cash by clarifying banks' obligation to offer their customers cash services. In 2024, consumers' right to pay cash was also made clearer through the Financial Contracts Act. In total, this contributes towards giving the public real opportunities to obtain and use cash so that cash can fulfil its functions in the payment system.

New director of the Cashier's Department, Anne Johansen, together with Torbjørn Hægeland and Leif Veggum.

Central bank digital currency

Norges Bank is assessing whether a Norwegian central bank digital currency (CBDC) is a suitable instrument for ensuring that the Norwegian krone remains an attractive and secure means of payment in the future.

Norges Bank has explored various aspects of a CBDC since 2016. The objective of introducing a CBDC would be to strengthen the payment system's contingency arrangements and to contribute to payment system innovation through the use of new technology. A CBDC may have other benefits, for example if it is given legal tender status.

Norges Bank's research has analysed the areas of application and characteristics of CBDCs and has experimented with CBDC payments in a test environment. Private banks and other financial sector undertakings have been invited to participate in the testing. Norges Bank is also collaborating with other central banks and international organisations in this work.

A distinction is made between retail and wholesale CBDCs in the Bank's research. Potentially, a retail CBDC would be generally accessible to the public on a par with cash and bank deposits.

A wholesale CBDC would only be available to banks and other financial sector undertakings with an account at the central bank. This type of CBDC could be used for payment settlement in the same way as central bank reserves in the current payment settlement system, but in another technological form. Wholesale CBDCs are gaining increased international attention.

Norges Bank's CBDC research will result in a report by the end of 2025.

Security and contingency arrangements in the payment system
Geopolitical developments in recent years have made working on payment system security and contingency arrangements both more important and more challenging than before. Compounding factors include rapid technological advances, increased globalisation and a more complex payment system.

The first line of defence will always be individual enterprises. Norges Bank supervises and oversees the payment system in order to promote a secure and efficient system. The Bank also collaborates with payment system participants and other national governing bodies on different measures for strengthening contingency arrangements. For example, the Bank is involved in testing the cyber resilience of critical functions and designing a framework for assessing IT-related risk.

For more information on the payment system, see *Financial Infrastructure Report 2024*.

Corporate governance

Norges Bank's governance framework aims to be in line with best practice. The Executive Board follows up the Bank's operations through periodic reporting on objectives, strategy implementation, resource use, financial and operational risk, as well as internal and external regulatory compliance.

Norges Bank's use of resources is to be cost-efficient and prudent, with a cost level that is reasonable compared with that of peer organisations. Benchmarking, ie external comparisons of the Bank's use of resources with that of other peer organisations, is used as a corporate governance tool.

On behalf of the Ministry of Finance, CEM Benchmarking has compared the management costs of the GPFG with around 270 other funds. The GPFG has the lowest costs in the peer group, measured as a share of assets under management. According to CEM, the costs are lower because management is mostly carried out internally, with a lower share of external management than in other funds. CEM also emphasises that the GPFG's internal management is cost efficient.

A number of measures have been implemented to streamline Norges Bank's operations, including some that aim to take advantage of synergies and economies of scale across the organisation.

The Executive Board follows up financial and operational risk and compliance through periodic status reports. Valuations, performance measurement, management and control of risk comply with internationally recognised standards and methods. See the notes to the financial statements for a detailed explanation. There were no material breaches of the limits for the management of the GPFG or the FX reserves in 2024, and operational risk exposure was within the Board's risk tolerance limit throughout the year.

The Executive Board submits an annual risk assessment to Norges Bank's Supervisory Council based on reporting by the administration and Internal Audit. No material deficiencies in the risk management and control regime were identified in 2024, and the Executive Board assesses the control environment and control systems at Norges Bank as satisfactory.

No directors' and officers' liability insurance has been provided for the members of the Executive Board or the chair of the Board, ie the Governor, in her role as general manager of Norges Bank. In practice, the Board members have limited liability risk, and the Bank self-insures any liability for damages on behalf of Board members or equivalent executive management positions. This is in line with practice in other Nordic central banks.

Balance sheet and financial statements

The balance sheet total was

NOK 20 722bn

at year-end 2024.

Balance sheet
Norges Bank's balance sheet contains a number of items directly related to the Bank's mission. The balance sheet total at the end of 2024 was NOK 20 722bn, compared with NOK 16 629bn at the end of 2023.

In line with the management mandate for the GPFG, the Ministry of Finance has placed a portion of the government's assets in a separate account in Norges Bank (the GPFG krone account), presented as a liability to the Ministry of Finance. Norges Bank reinvests these funds, in its own name, and presents this as net value GPFG.

The value of the GPFG krone account will always equal the value of the investment portfolio less accrued management fees and deferred tax. Norges Bank, in its role as asset manager, bears no financial risk associated with the management of the GPFG. At year-end 2024, the GPFG's value was NOK 19 742bn, compared with NOK 15 757bn at year-end 2023.

Detailed financial reporting for the investment portfolio of the GPFG is presented in note 20 to the financial statements. In addition, an annual report on the management of the GPFG is produced.

Excluding the GPFG, the FX reserves are Norges Bank's largest balance sheet asset. The FX reserves are primarily invested in equities, fixed income instruments and cash. Net FX reserves amounted to NOK 789bn at year-end 2024, compared with NOK 690bn at year-end 2023. See the separate section above for more details on the management of the FX reserves.

Under the government's consolidated account system, all government liquidity is collected daily in government accounts at Norges Bank. At year-end 2024, deposits amounted to NOK 274bn, compared with NOK 282bn at year-end 2023. Except for the GPFG krone account, this is the largest liability item on the balance sheet. However, this item fluctuates considerably through the year owing to substantial incoming and outgoing payments over the government's accounts and transfers to and withdrawals from the GPFG.

Banknotes and coins in circulation are a liability item for Norges Bank. Norges Bank guarantees the value of this money. The amount of cash in circulation is driven by public demand. In recent years, lower demand for cash has reduced the amount in circulation. At year-end 2024, banknotes and coins in circulation amounted to NOK 38bn, compared with NOK 40bn at year-end 2023.

Deposits from banks, comprising sight deposits, reserve deposits and F-deposits, are managed by Norges Bank in accordance with its liquidity management policy. At 31 December 2024, these deposits amounted to NOK 91bn, compared with NOK 58bn at year-end 2023.

Norges Bank administers Norway's financial obligations and rights ensuing from participation in the International Monetary Fund (IMF). Norges Bank has therefore both claims on and liabilities to the IMF. At year-end 2024, Norway's net position with the IMF amounted to a claim of NOK 28bn, compared with NOK 27bn in 2023. See note 14 International Monetary Fund (IMF) in the notes to the financial statements for more details on the relationship between Norges Bank and the IMF.

NOK **387bn**
in equity at year-end 2024.

Norges Bank's equity at 31 December 2024 was NOK 387bn, compared with NOK 322bn at 31 December 2023. The Bank's equity consists of the Adjustment Fund and the Transfer Fund. At year-end 2024, the Adjustment Fund stood at NOK 327bn and the Transfer Fund at NOK 60bn, compared with NOK 287bn and NOK 35bn, respectively, at year-end 2023. At 31 December 2024, Norges Bank's equity, excluding the GPFG krone account, was 39.5% of the balance sheet total, compared with 36.9% at 31 December 2023.

The Executive Board deems that the Bank's equity is sufficient to fulfil the Bank's purpose (cf Section 3-11, Sub-section 1, of the Central Bank Act). This balance sheet composition is normally expected to generate a positive return over time, excluding foreign currency effects, as returns on the Bank's investments in equities and fixed income instruments are expected to exceed the cost of the Bank's liabilities.

Norges Bank's assets are primarily invested in foreign currency, whereas its liabilities are primarily in NOK. Given the Bank's balance sheet composition, income will largely be affected by developments in global fixed income, equity and foreign exchange markets. Considerable volatility in income should be expected from year to year. Future increases in the value of the GPFG will be affected by, among other things, transfers to and from the GPFG.


Tor Espen Kjøniksen, Jan Jørgen Necas and Julie Wangensteen Lien working on the financial statements.

Income statement

Net income/expense from financial instruments

Net income from financial instruments was NOK 95.3bn in 2024, compared with NOK 71.2bn in 2023. Equity investments posted a gain of NOK 39.7bn, while fixed income investments posted a gain of NOK 9.1bn, compared with gains of NOK 30.5bn and NOK 18.6bn, respectively, in 2023. Net income from financial instruments in 2024 also includes a gain of NOK 58.9bn as a result of foreign currency effects. In 2023, the corresponding foreign currency effects resulted in a gain of NOK 30.3bn.

Government Pension Fund Global

The GPFG's total comprehensive income showed a profit of NOK 3 575.9bn, comprising a gain on the portfolio of NOK 3 583.3bn net of management costs of NOK 7.4bn. Equity investments posted a gain of NOK 2 455bn, while fixed income investments posted a gain of NOK 71bn. The gain on the portfolio also includes a gain of NOK 1 072bn owing to foreign currency effects. Norges Bank's total comprehensive income for 2023 showed a profit of NOK 2 616.4bn, comprising a gain on the portfolio of NOK 2 623.0bn and costs related to the management fee of NOK 6.6bn.

Total comprehensive income for 2024 was recognised against the GPFG krone account at 31 December 2024. The return on the portfolio, after management costs reimbursed to Norges Bank have been deducted, is transferred in its entirety to the krone account and thus does not affect Norges Bank's total comprehensive income or equity.

Other operating income

In accordance with the management mandate for the GPFG, Norges Bank is reimbursed for its expenses related to the management of the GPFG up to a limit. Norges Bank was reimbursed by the Ministry of Finance in the amount of NOK 7.4bn in 2024, compared with NOK 6.6bn in 2023. Norges Bank also earns income from other services provided to banks and rent from external tenants. Income from these activities totalled NOK 183m in 2024, compared with NOK 161m in 2023.

Operating expenses
Operating expenses amounted to NOK 8.8bn in 2024, compared with NOK 8.0bn in 2023. NOK 7.4bn of the operating expenses in 2024 is related to the management of the GPFG, compared with NOK 6.6bn in 2023. See note 19 Related parties in the notes to the financial statements for more details on the management fee received by Norges Bank under the management mandate. The increase in expenses compared with 2023 is mainly related to the external management of the GPFG, foreign currency effects, personnel expenses and IT services, systems and data. Fees to external managers have increased owing to a rise in externally managed capital in 2024, foreign currency effects and higher excess return from individual external managers. Higher personnel expenses largely reflect general wage growth, foreign currency effects and a strengthening of the organisation in the form of more employees.

Total comprehensive income
Change in actuarial gains and losses showed a gain of NOK 1.0bn in 2024, compared with a loss of NOK 35m in 2023. Norges Bank's total comprehensive income for 2024 showed a gain of NOK 95.1bn, compared with a gain of NOK 70.0bn in 2023.

Distribution of total comprehensive income
The distribution of total comprehensive income follows guidelines on the reserves and on the allocation of Norges Bank's profit, laid down by Royal Decree of 13 December 2019 pursuant to Section 3-11, Sub-section 2, of the Central Bank Act. Total comprehensive income shall be allocated to the Adjustment Fund until this fund has reached 40% of the Bank's net FX reserves. Any surplus is allocated to the Transfer Fund. A third of the Transfer Fund is transferred annually to the Treasury.

Of Norges Bank's net gain of NOK 95.1bn, NOK 40.0bn was allocated to the Adjustment Fund and NOK 55.1bn to the Transfer Fund. A further NOK 30.1bn will be transferred from the Transfer Fund to the Treasury. The annual

Net gain of
NOK **95.1bn**
for 2024.

transfers and allocations for 2024 were made in accordance with the guidelines.

Funding transfers to the government

Norges Bank's Executive Board has decided to purchase NOK by selling foreign currency from the FX reserves to fund the transfer from the Transfer Fund for the 2024 financial year. Transfer of the profit from Norges Bank's operations and interest on the government's deposit account are considered government revenue and are spent through the central government budget. Banks' deposits in Norges Bank increase when the government spends transfers from Norges Bank. In the period to year-end 2024, the government has offset this increase by issuing government bonds equal to the transfers from Norges Bank. The Ministry of Finance has decided that the government will no longer issue debt for this purpose effective from the beginning of 2025. This decision was made on the basis of recommendations of a working group which examined the government's transactions and the money market.

Governor Ida Wolden Bache at the Centre for Monetary Economics (CME) BI Norwegian Business School, with speech writers Kjetil Stiansen, Line Vogt, Ketil Rakkestad and Arne Kloster.

When Norges Bank funds transfers to the government by buying NOK in the market rather than crediting the government's account with new NOK, banks' deposits with Norges Bank are reduced correspondingly. This offsets the increase in banks' deposits resulting from the government's spending of the transfers. This means that the Executive Board's decision continues the practice of neutralising the effect of the transfers on the banking system.

In order to minimise the effect on the foreign exchange market, Norges Bank will emphasise transparency and predictability when purchasing NOK.

Norges Bank's Executive Board
Oslo, 5 February 2025

Ida Wolden Bache
Governor / Chair of the Executive Board

Pål Longva
First Deputy Chair

Øystein Børsum
Second Deputy Chair

Kristine Ryssdal

Arne Hyttnes

Nina Udnes Tronstad

Hans Aasnæs

Thomas Ekeli

Ragnhild Janbu Fresvik

Mats Bay Fevolden
Employee representative

Guro Heimly
Employee representative

An account of corporate social responsibility and sustainability has been prepared pursuant to the Regulations on the financial reporting of Norges Bank. The report is presented in a separate document in the Annual Report. The report on sustainability is an integral part of the Executive Board's report.

Norges Bank's Monetary Policy and Financial Stability Committee. From left: Pål Longva, Steinar Holden, Ida Wolden Bache, Ingvild Almås and Øystein Børsum.

Norges Bank's Monetary Policy and Financial Stability Committee

The Monetary Policy and Financial Stability Committee comprises the Governor, the two Deputy Governors and two external members.

The external members are appointed by the King in the Council of State for terms of four years. The Governor chairs the Committee, and the two Deputy Governors are First and Second Deputy Chairs.

The Committee had 24 meetings and considered 93 matters in 2024.

93

matters considered by the Committee in 24 meetings in 2024.

The Committee's work structure

The Monetary Policy and Financial Stability Committee normally holds eight scheduled meetings a year, where policy rate decisions are made. Four of the meetings coincide with the publication of the *Monetary Policy Report*. The *Report* contains an assessment of the outlook for the Norwegian and global economy, and the analyses in the *Report* form the basis for the Committee's assessments and decisions on the policy rate. At the interim monetary policy meetings, when the *Monetary Policy Report* is not published, the Committee also sets the level of the countercyclical capital buffer.

The Committee's schedule is primarily determined by the dates of each monetary policy decision. The Committee usually meets four times in connection with each monetary policy decision that coincides with the publication of the *Monetary Policy Report*. The Committee also meets twice for each interim monetary policy decision. The Committee also has some seminars on specific topics.

Bank staff prepare economic analyses and projections that provide a basis for the Committee's discussions and staff also advise the Committee on policy decisions. To ensure that the basis for discussions is as equal as possible for all Committee members, all members are given access to identical information and analyses simultaneously.

The Committee is committed to transparent and clear external communication and seeks consensus on its assessments and decisions through in-depth discussion. The "Monetary policy assessment", published in connection with policy rate decisions, and the "Assessment of the countercyclical capital buffer requirement", published in connection with the buffer decisions, reflect the view of the majority. Topics of particular concern to the members in the discussions are highlighted in the assessments. Members that disagree with the assessment of the majority may dissent, and dissenting views are published together with a brief written explanation in the minutes and in the assessments published at the same time as the rate decision. All of the Committee's decisions were unanimous in 2024. To underpin the Committee's form as a collegial committee, the Committee Chair, the Governor, normally speaks on behalf of the Committee. Other Committee members may issue statements by agreement with the Committee Chair.

> "The Monetary Policy and Financial Stability Committee normally holds eight scheduled meetings a year, where policy rate decisions are made.

Members of the Committee entering a meeting.

Annual Report of the Monetary Policy and Financial Stability Committee for 2024

After the surge in inflation in spring 2022, Norges Bank raised the policy rate considerably, and at the end of 2023, the policy rate was 4.5%. The interest rate has contributed to cooling down the Norwegian economy and to dampening inflation. Inflation declined markedly in 2024 but was still above the target of 2%. The Committee decided to keep the policy rate unchanged at 4.5% in 2024.

In response to lower inflation, central banks in Norway's main trading partners started reducing their respective policy rates in 2024. Inflation in Norway declined faster than projected through the year, but the rapid rise in business costs was expected to restrain further disinflation. The Committee assessed that a restrictive monetary policy was still needed to bring inflation down to target within a reasonable time horizon.

4.5%
Policy rate at end-2024.

The Norwegian financial system is robust. Norwegian banks are profitable and solid. The vast majority of households and firms have been able to service debt in the face of higher costs and interest expenses in recent years. The countercyclical capital buffer rate was kept at 2.5% throughout 2024. In May, Norges Bank advised the Ministry of Finance to keep the systemic risk buffer requirement unchanged at 4.5%, and in line with the Bank's advice, the Ministry decided to keep the requirement unchanged.

Ida Wolden Bache, Ole Christian Bech-Moen and Torbjørn Hægeland on their way to a press conference.

Monetary policy

The global economy

Following the pandemic and Russia's invasion of Ukraine, prices for transport, energy and many other globally traded goods rose sharply. In many countries, consumer price inflation rose to the highest levels seen in several decades, peaking at the end of 2022. Lower energy prices contributed to the substantial decline in consumer price inflation through 2023. Underlying inflation among trading partners also slowed. In 2024, inflation fell further, but the decline softened among several trading partners.

To reduce inflation, central banks raised policy rates considerably in 2022 and 2023. In response to lower inflation, central banks in Norway's main trading partners started reducing their respective policy rates in 2024. Many central banks communicated increased confidence that inflation would be close to targets ahead and that the current tight monetary policy stance was no longer warranted.

Policy rate cuts and growth in real wages helped maintain economic growth among trading partners in 2024. Wage growth slowed in 2024 but remained high in a number of countries. In December, there were prospects that economic growth would pick up somewhat in 2025.

Market-based expectations of global policy rates fluctuated widely over the course of the year. At the beginning of 2024, market participants expected policy rates to be cut substantially in the coming years. Policy rates were cut less than expected in 2024, and policy rate expectations were markedly higher at the end of the year than at the beginning of the year.

Financial conditions in Norway

The krone, as measured by the import-weighted index I-44, depreciated significantly in 2022 and in the period to summer 2023. The depreciation coincided with a sharper rise in interest rates abroad than in Norway. The krone depreciated somewhat through 2024, but compared with summer 2023, the exchange rate was slightly stronger at the end of 2024.

> In light of lower inflation, the central banks of Norway's main trading partners began lowering policy rates in 2024.

Ole Christian Bech-Moen opens the 2024 Foreign Exchange Seminar of the Association of Norwegian Economists.

Household interest expenses rose substantially owing to policy rate hikes and remained high in 2024. Firms' bank financing and bond market financing also became more expensive as a result of the rate hikes. Financing costs in the bond market declined slightly in 2024, while banks' lending rates remained elevated. At the end of 2024, the benchmark index on the Oslo Børs was higher than at the end of 2023.

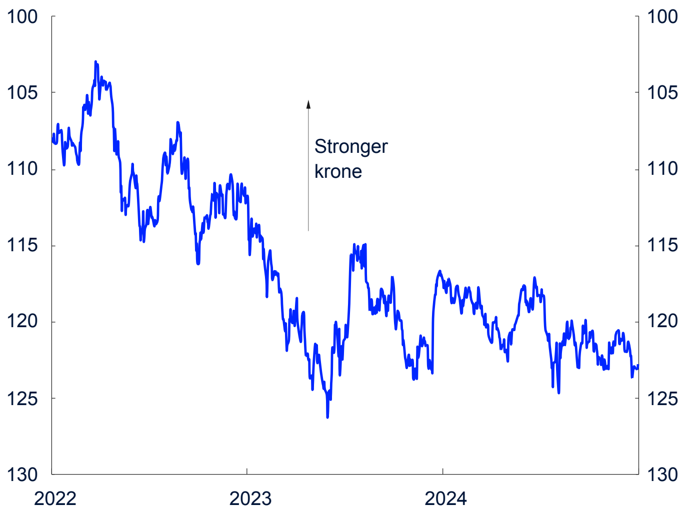
> Economic growth picked up again slightly through 2024.

Norwegian economy

Following a period of high activity, the Norwegian economy reached a cyclical peak towards the end of 2022. The rise in interest rates helped cool the economy, and in 2023 growth was low. Unemployment edged up from a low level and according to Norges Bank's Regional Network, recruitment difficulties eased. The employment rate declined from a high level.

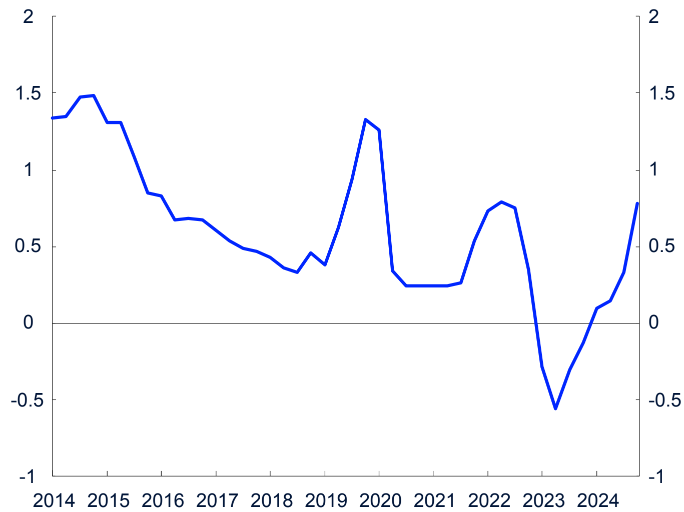
Economic growth picked up slightly through 2024. The increase in unemployment slowed, and in December 2024, registered unemployment was still lower than before the pandemic. Overall output in the Norwegian economy appears to have been around potential throughout the year. In Q4, Regional Network enterprises overall expected growth to increase somewhat at the beginning of 2025.

Chart 1 Krone exchange rate. Import-weighted exchange rate index (I-44). 1 January 2022 – 31 December 2024



Source: Norges Bank

Chart 2 Interest rate differential against Norway's trading partners. Three-month average. Percent 2014 Q1-2024 Q4



Sources: LSEG Datastream and Norges Bank

Economic activity was higher in 2024 than envisaged at the start of the year. Household consumption, petroleum investment and public demand in particular were higher than expected. On the other hand, mainland business investment and housing investment were lower than expected.

There were marked differences between industries also in 2024. High petroleum investment contributed to continued strong growth among firms supplying goods and services to the petroleum sector. Firms in the services sector also reported strong business sector and household demand. In construction, activity again fell substantially in 2024 partly owing to weak new home sales.

While very few new homes were sold, activity in the secondary housing market picked up through 2024. The number of unsold homes fell, and prices of existing homes increased more than expected. In December, existing home prices were 6.4% higher than in the same month a year earlier.

The labour market held up better in 2024 than expected at the beginning of the year. Employment continued to rise, and wage growth was high. According to preliminary figures from Statistics Norway published at the beginning of February 2025, annual wage growth was 5.7% in 2024, higher than in the forecast presented in December 2024. High wage growth over the past couple of years reflects high inflation, a tight labour market and sound profitability in some business sectors. At the end of 2024, there were prospects of high nominal wage growth also in 2025, albeit lower than in 2024.

Consumer price inflation slowed substantially in 2024 and was generally lower than expected. Imported goods inflation in particular declined markedly. Domestically produced goods and services inflation also declined but to a much smaller extent than imported goods inflation. Rent growth and the rise in prices for some services remained elevated through 2024. The annual rise in the consumer price index (CPI) was 3.1% in 2024, a decline from 5.5% in 2023. The CPI adjusted for tax changes and excluding energy products (CPI-ATE) rose by 3.7% in 2024, also appreciably lower than the 6.2% rise in 2023.

Norges Bank's Expectations Survey shows that inflation expectations for the coming years have fallen since 2023, but long-term inflation expectations remained somewhat over the inflation target of 2% at the end of 2024.

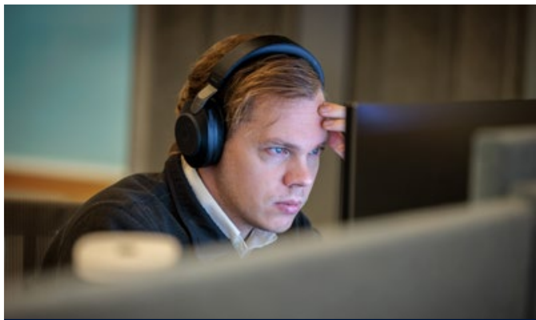
“

Consumer price inflation slowed substantially in 2024 and was generally lower than expected.

Pål Longva meets with students at Arendalsuken, an annual week of events for leaders in politics and business, the media and the public held in Arendal.

Monetary policy trade-offs

The operational target of monetary policy is annual consumer price inflation of close to 2% over time. Inflation targeting shall be forward-looking and flexible so that it can contribute to high and stable output and employment and to countering the build-up of financial imbalances.

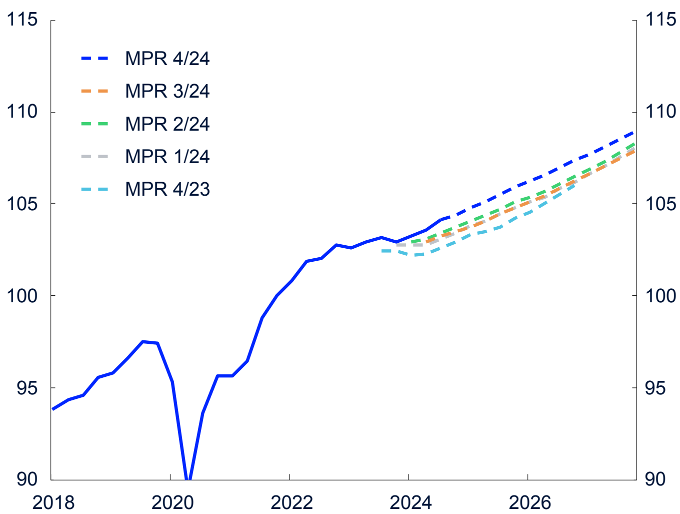


Erlend Salvesen Njølstad in deep concentration.

After the policy rate was raised to 4.5% in December 2023, the Committee's assessment was that the rate was sufficiently high to return inflation to target within a reasonable time horizon. Monetary policy had a tightening effect, and the economy cooled. At the same time, business costs had risen considerably in recent years, and continued high wage growth and the krone depreciation in 2023 were expected to restrain disinflation. The Committee was therefore of the opinion that a continued tight monetary policy stance would likely be needed for some time ahead.

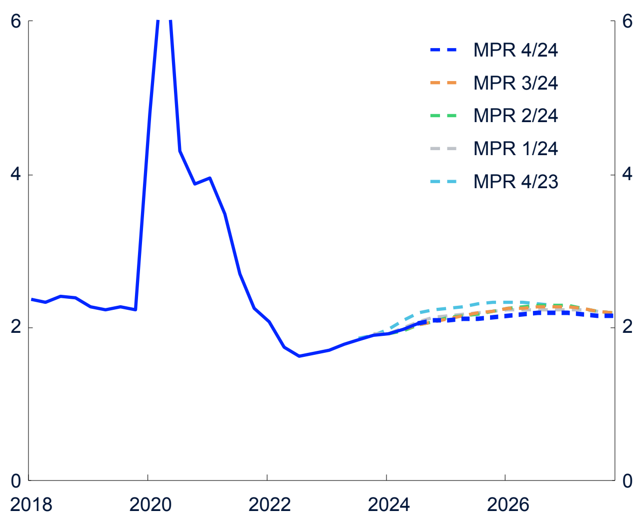
In its monetary policy assessments through 2024, the Committee emphasised that inflation was still above target, despite having declined and being lower than expected. Before summer 2024, there were signs of higher-than-expected activity in the Norwegian economy, and wages

Chart 3 GDP for mainland Norway. Projections at different times. Index. 2021 Q4 = 100. 2018 Q1-2027 Q4



Sources: Statistics Norway and Norges Bank

Chart 4 Unemployment. Registered unemployed as a percentage of the labour force. 2018 Q1-2027 Q4



Sources: Norwegian Labour and Welfare administration (Nav) and Norges Bank.

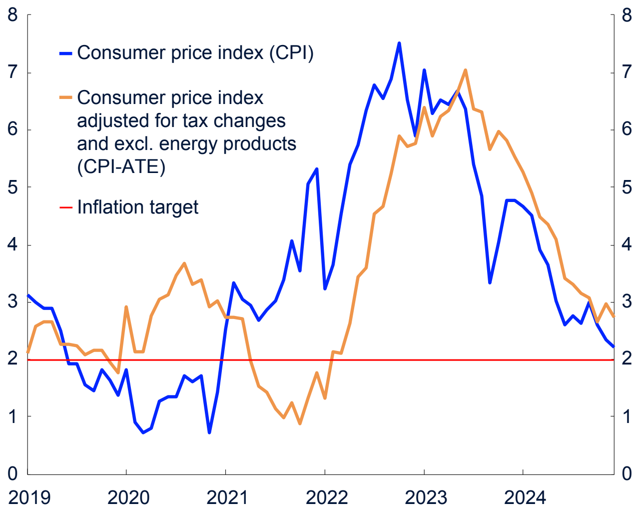
appeared to rise more than projected. This could imply that inflation would be higher than previously projected, and the Committee judged it necessary to maintain a tight monetary policy stance for somewhat longer than previously signalled.

Katrine Boye and Anne Kari Haug discussing the *Monetary Policy Report*.

Inflation declined further after summer but remained above target. The Committee was concerned with the risk that if the policy rate was lowered prematurely, inflation could remain above target for too long. On the other hand, an overly tight monetary policy stance could restrain the economy more than needed. When assessing this trade-off, the Committee concluded at its meeting in September that it was appropriate to keep the policy rate at 4.5% for a period ahead, but that the time to ease monetary policy was approaching.

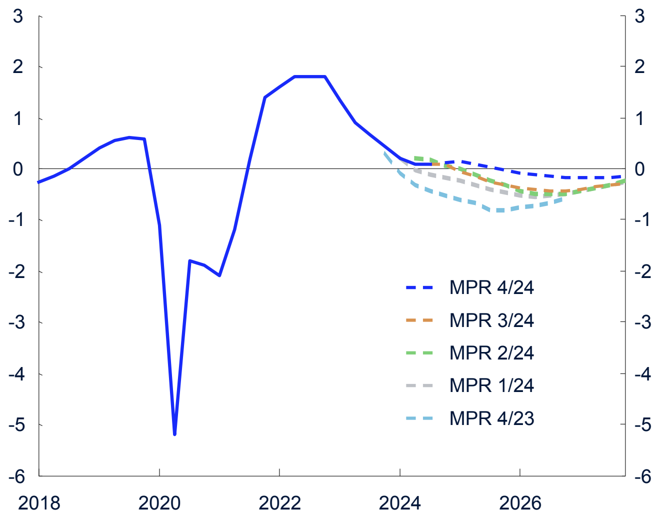
Towards the end of 2024, inflation had moved closer to target, but the rapid rise in business costs was expected to restrain further disinflation. The Committee's assessment at the monetary policy meeting in December was that restrictive monetary policy was still needed to stabilise inflation around target. The Committee also signalled that the rate most likely would be lowered in March 2025.

Chart 5 Consumer prices. Twelve-month change. Percent. January 2019 – December 2024



Source: Statistics Norway

Chart 6 Estimated output gap. Percent. 2018 Q1–2027 Q4



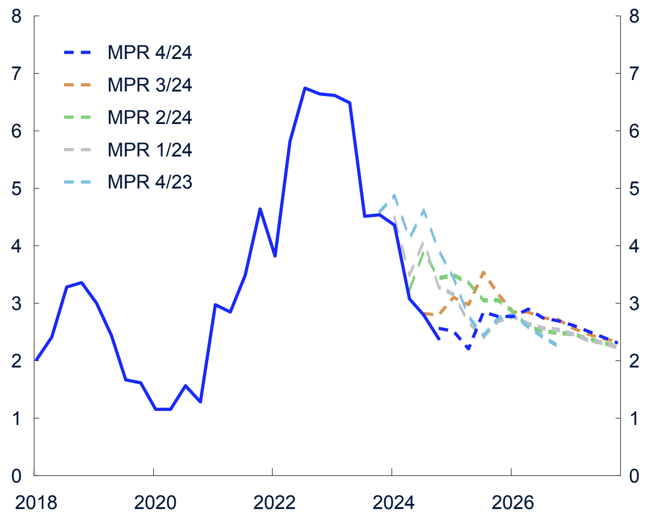
Source: Norges Bank

The forecast in the December 2024 *Monetary Policy Report* indicated a gradual reduction in the policy rate from 4.5% in 2025 Q1 to around 3% in 2027. Unemployment was projected to rise slightly. There were prospects that inflation would be just over 2% at the end of 2027.

The Committee was concerned with the substantial uncertainty regarding the global and domestic economic outlook.. At the monetary policy meeting in December, the Committee also discussed the risk of an increase in international trade barriers. Higher tariffs will likely dampen global growth, but the implications for the inflation outlook in Norway are uncertain. The Committee also noted that inflation in Norway was declining faster than expected through 2024. Should there be prospects of inflation continuing to decline faster than expected or a further increase in unemployment, the Committee was of the opinion that the policy rate could be lowered faster than envisaged. On the other hand, if wage and price inflation were to remain elevated for longer, a higher policy rate than envisaged in the December 2024 Monetary policy Report could then be required.

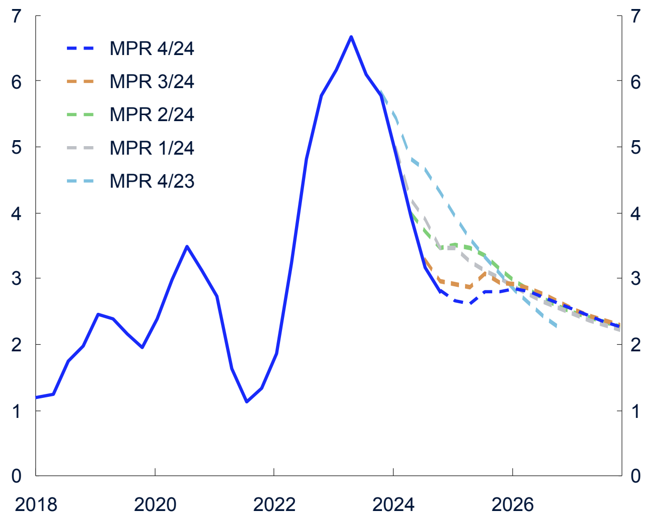
"The Committee was concerned with the substantial uncertainty regarding the global and domestic economic outlook.

Chart 7 Consumer price index (CPI). Projections from the past 5 MPRs. Four-quarter change. Percent. 2018 Q1–2027 Q4



Sources: Statistics Norway and Norges Bank

Chart 8 CPI-ATE. Projections from the past 5 MPRs. Four-quarter change. Percent. 2018 Q1 – 2027 Q4



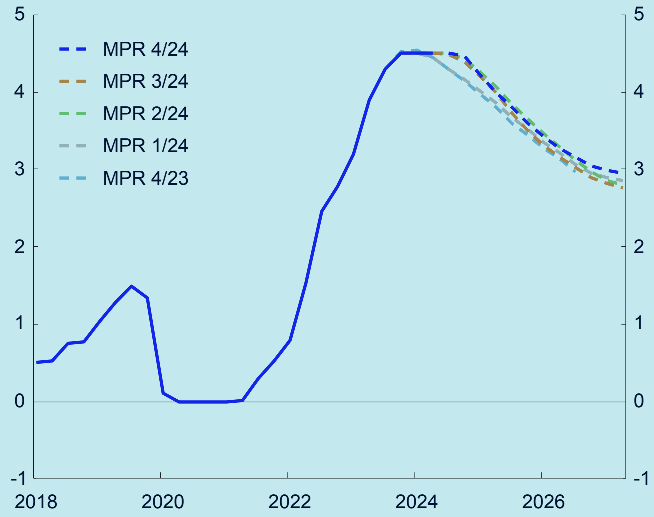
Sources: Statistics Norway and Norges Bank

Monetary policy through 2024

The policy rate forecast at the end of 2023 indicated a policy rate that remained at 4.5% until autumn 2024 before gradually declining.

In line with the forecast, the policy rate was kept unchanged at all meetings in the first half of 2024, but at the monetary policy meeting in June, an upward revision of the inflation projection contributed to a slight upward revision of the policy rate path. The new forecast indicated that the policy rate would continue to lie at 4.5% through 2024 before gradually declining. The rate was also kept unchanged at all monetary policy meetings in the second half of 2024. The policy rate path presented at the monetary policy meeting in September was little changed in the near term but indicated a slightly faster decline in the policy rate in 2025. This was mainly owing to prospects of a more rapid decline in inflation than previously projected. The policy rate path presented at the monetary policy meeting in December was little changed from September but indicated a somewhat smaller rate reduction in the coming years. The upward revision of the policy rate path was partly due to activity in the Norwegian economy appearing to be holding up better than previously projected.

Chart 9 Policy rate. Projections at different times. Percent. 2018 Q1 – 2027 Q4



Source: Norges Bank

Financial stability and the basis for Norges Bank's decision on the countercyclical capital buffer and advice on the systemic risk buffer

Norges Bank has decision-making authority for the countercyclical capital buffer (CCyB) and formalised advisory responsibility for banks' systemic risk buffer (SyRB). The two buffer requirements account for a substantial portion of banks' total capital requirements. The Monetary Policy and Financial Stability Committee sets the CCyB rate each quarter and advises on the SyRB rate at least every two years.

The objective of the CCyB is to strengthen banks' resilience and mitigate the risk of banks' credit standards amplifying an economic downturn. The CCyB requirement has remained unchanged at 2.5% since 2023 Q1.

The SyRB is intended to contribute to ensuring that banks hold sufficient capital to weather future downturns. In May 2024, the Committee decided to advise the Ministry of Finance to retain the SyRB requirement at 4.5%. In its assessment, the Committee placed particular weight on the high indebtedness of many households and banks' high exposure to commercial real estate (CRE). The Committee also gave weight to banks' substantial exposure to customers vulnerable to climate transition and that one bank's funding is another's liquidity reserve. In August, the Ministry of Finance decided to keep the SyRB requirement unchanged at 4.5%, in line with Norges Bank's advice.

In *Financial Stability Report* 2024 H1 *and Financial Stability Report* 2024 H2, the Committee considered the financial system to be robust. In its assessments, the Committee emphasised that the vast majority of households and firms had been able to service debt in the face of high inflation and higher interest rates. At the same time, the Committee highlighted the importance of maintaining financial system resilience so that vulnerabilities do not amplify an economic downturn.

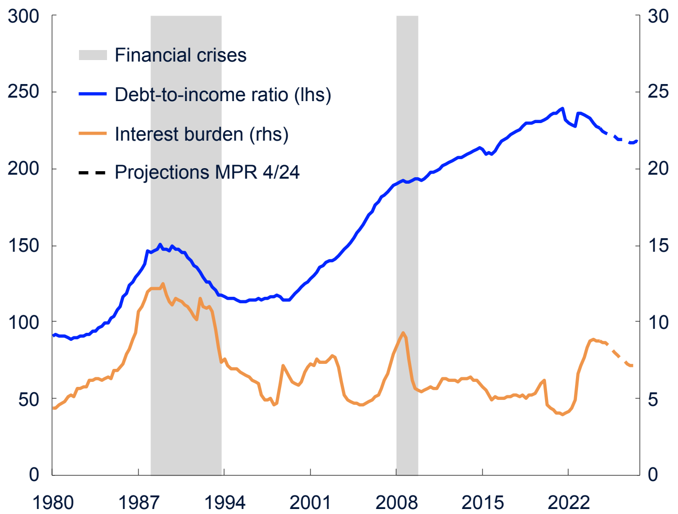
The high indebtedness of many households is a key vulnerability in the Norwegian financial system. In 2024, house prices rose by 6.4%. Credit growth accelerated somewhat through autumn 2024 but was still at a low

The countercyclical capital buffer rate was
2.5%
at end-2024.

level at the end of the year after having fallen over a long period. In recent years, household debt has risen less than income. High inflation and rising interest rates have led to tighter finances for most households. However, default rates have remained low, reflecting high employment and the sound financial basis of most households provided by financial buffers. Analyses in [*Financial Stability Report* 2024 H2] indicate that the vast majority of households are able, by an ample margin, to service debt and cover ordinary consumption expenditure, housing expenses and electricity out of current earnings.

Banks' high CRE exposure is another key financial system vulnerability. Higher interest rates have weakened CRE firms' profitability. After declining sharply through 2023, estimated commercial property prices were unchanged in 2024. High employment and rental income growth enable most CRE firms to cover higher interest expenses with current earnings. Through 2024, credit premiums on CRE firms' bank and bond financing fell, which has likely reduced refinancing risk for debt maturing in the coming years. According to the Committee's assessment in [*Financial Stability Report* 2024 H2], CRE prospects in 2024 improved somewhat compared with 2023.

Chart 10 Household debt ratio and interest burden. Debt as a share of disposable income and interest expenses as a share of after-tax income. Percent. 1980 Q1 – 2027 Q4



Sources: Statistics Norway and Norges Bank

The share of bankruptcies among Norwegian firms has risen in recent years. In 2024, the rise was particularly pronounced among real estate developers. Profitability for real estate developers has been impaired owing to higher interest rates, high construction costs, low residential construction activity and sluggish new home sales. Bankruptcy rates in most other sectors also increased somewhat but were still lower at the end of 2024 than before the pandemic. Analyses in *Financial Stability Report* 2024 H2 indicate that the corporate bankruptcy rate in Norway is likely to rise somewhat further, especially in the real estate sector.

Nina Larsson Midthjell at Norges Bank's financial stability conference.

Resilient banks are important for financial stability. Norwegian banks satisfy capital and liquidity requirements by a solid margin and are well-equipped to absorb higher losses. In 2024, banks were highly profitable and had ample access to both deposits and wholesale funding. Both creditworthy firms and households had ample access to credit through 2024.

In 2024, Norges Bank submitted its consultation response to the Ministry of Finance concerning amendments to the Capital Requirements Regulation (CRR). These amendments completed, among other things, measures proposed by the Basel Committee on Banking Supervision to increase banks' resilience to crises. On the whole, Norges Bank supported the proposed national amendments.

In 2024, Norges Bank also submitted its consultation response to the Ministry of Finance concerning changes to the Lending Regulations. In the consultation response, the Monetary Policy and Financial Stability Committee highlighted the importance of retaining the Regulations and supported Finanstilsynet's (Financial Supervisory Authority of Norway) proposal to continue all elements in the Regulations. The Committee's assessment was that the Regulations have set limits on banks' lending practices and dampened the build-up of vulnerabilities in the household sector. Permanent Lending Regulations would contribute to predictability and counter future deterioration of banks' credit standards. The Regulations should, however, be reassessed at regular intervals. It is important to expand knowledge about the effects of the Lending Regulations and the consequences of the individual elements. Given that the other requirements in the Regulations are maintained, the Committee proposed some adjustments to the Regulations, such as raising the maximum LTV ratio from 85% to 90%. Moreover, the Committee proposed that banks, in their assessments of customer debt-servicing capacity, should be able to give greater weight to the risk-mitigating effect of fixed-rate loans than is currently the case. In December 2024, the Ministry of Finance decided to maintain the requirements in the Lending Regulations with some adjustments and followed Norges Bank's advice when updating the Regulations.

Norges Bank's Monetary Policy and Financial Stability Committee
Oslo, 17 February 2025

Ida Wolden Bache
Governor / Committee Chair

Pål Longva
First Deputy Chair

Øystein Børsum
Second Deputy Chair

Ingvild Almås

Steinar Holden

Elin Marie Østbø and Mari Braaten collaborating on a project.

Corporate social responsibility and sustainability

Corporate social responsibility and sustainability

This section provides an overview of Norges Bank's sustainability work. Key topics in this section are:

- Society and social conditions
- Ethics, responsible procurement and supplier and contractor monitoring
- Climate risk, climate impact and carbon accounts

Norges Bank's sustainability strategy guides this work.

Sustainability strategy

Society and social conditions

- Norges Bank's culture will be one of diversity, inclusion and equal opportunities.
- Norges Bank will promote professional development so that staff enjoy their work, are challenged and have the expertise to meet the challenges of the future.
- Norges Bank will promote human and workers' rights through responsible investment and in the Bank's procurement processes.

Governance, ethics and culture

- Norges Bank will enable its staff and partners to make sustainable choices.
- Norges Bank will report on its work to promote sustainability in line with best practice.
- Norges Bank will support the development of standards for well-functioning markets, sound corporate governance and responsible business conduct.

Climate and the environment

- Norges Bank will work to reduce emissions from its own operations in line with the ambitions of the Paris Agreement.
- Norges Bank will be an active owner and a driving force for investee companies to achieve net zero emissions by 2050.
- Norges Bank will increase its understanding of the impact of climate change and energy transition.

Sustainability reporting requirements

Norges Bank is subject to the Regulation concerning annual financial reporting etc. for Norges Bank (Financial Reporting Regulation) and is required to submit reports on the environment, social conditions, the working environment, gender equality and non-discrimination, human rights and anti-corruption. The requirements are met through this report.

Norges Bank is also subject to the activity duty and duty to issue a statement under the Equality and Anti-Discrimination Act. The statement for the Bank's work on equality and anti-discrimination can be found below in this section.

Kristoffer Hallerud and Kristin Mjølnerød ready for another productive workday.

Society and social conditions

Norges Bank's employees

Norges Bank's employees are the Bank's most important resource. Safe and sound working conditions must be standard for everyone who works at the Bank. The Bank works to ensure job satisfaction, stimulating work and the expertise necessary to fulfil the Bank's mission. Skilled and motivated employees are a prerequisite of success. It is therefore necessary to attract, develop and retain skilled and engaged managers and employees.

The 2024 staff survey showed positive results overall. Compared with other organisations in Norway, Norges Bank has a higher average score in all comparable areas. The working environment is generally regarded as supportive and appreciative, but follow-up is required in some areas. The Bank continuously strives to facilitate a positive and inclusive working environment.

Norges Bank employees

44
nationalities

1 118
permanent employees

676	Norges Bank Investment Management
434	Central Banking
8	Office of the Supervisory Council

Norges Bank also has real estate offices in Tokyo, Luxembourg and Paris with a total of 27 employees

Policies aimed at increasing the share of women are achieving results. The share of women in Norges Bank has increased from 35% to 38% over the past three years and is approaching the target of 40%. The positive trend is due to an increase in the share of women in NBIM from 29% to 35%. In Central Banking, there has been a small decline from 43% to 42%. Although there has been a positive development in the overall gender balance in recent years, some specialist areas and position categories still lag behind. It is positive that both the retention and recruitment rates for female employees have increased.

The number of applications for positions at Norges Bank has also increased substantially in recent years.

Recruitment

Norges Bank works systematically to attract and recruit top candidates from leading national and international institutions. To ensure that the Bank is best equipped to fulfil its mission, recruitment efforts seek to attract staff with a wide range of experience, perspectives, knowledge and expertise. To increase diversity in the organisation, the Bank recruits irrespective of nationality, gender, age and background.

Ida Wolden Bache meeting with students at the University of Oslo.

There was a significant increase in the number of applicants in the period between 2022 and 2023, and the trend continued in 2024, reflecting improved recruitment initiatives and increased awareness of Norges Bank's mission.

Employer branding

A wide range of measures and activities are used to inform students and pupils about Norges Bank:

- Visits to Norges Bank's Knowledge Centre
- Lectures in economics, finance and technology at schools and universities through the Norges Bank Teaching Initiative and NBIM Teach
- Annual nationwide case competition for students and pupils
- Part-time student internships
- Summer trainee positions for students and graduate programmes that offer personal and professional development
- Women's Investment Summit where NBIM invites more than 100 students from Norway and abroad in order to motivate female students to pursue a career in finance.

Non-discriminatory recruitment

In 2024, Norges Bank introduced a number of recruitment measures and activities to promote diversity and prevent discrimination. The Bank has improved its job advertisements to ensure that they do not use discriminatory language or include unnecessary requirements. A diversity statement is now included, outlining how the Bank promotes diversity and providing relevant examples. The Bank is particularly alert to the risk of discrimination based on name, ethnicity or unconscious bias favouring certain candidates.

Managers handling recruitment processes are trained to be alert to diversity issues, and the measures implemented will be monitored going forward.

Table 2 Gender distribution among job applicants, upon signing of employment contract

	Norges Bank		Central Banking		NBIM	
	Percentage-applicants	Percentage staff	Percentage-applicants	Percentage staff	Percentage applicants	Percentage staff
Men	66	56	68	51	66	60
Women	31	44	32	49	30	40
Not stated	3				4	

Learning and development opportunities

Norges Bank believes in life-long learning and seeks to provide its employees with the opportunity to build relevant skills throughout their careers. This is an important part of the Bank's initiatives to retain motivated and engaged employees.

Management development

Managers in Norges Bank are trained in the Bank's management principles and learn what the Bank expects from them. Managers must validate employees and build a common culture through regular follow-up combined with targeted, inclusive and supportive management. The management principles are presented at management meetings and training sessions throughout the year. The Bank is focused on developing skills to promote an efficient organisation, harnessing the power of digital tools and new technologies.

Employee development

Norges Bank's aim is that all employees have a meaningful and targeted development plan. In 2024, the Bank has prioritised this work and the majority of the Bank's employees now have individual development plans.

Andreas Andersen presents Norges Bank's educational game "Helt sjef" at a conference for teachers at the Bank.

The Bank clarifies what it expects from its employees through activities and initiatives where future skill requirements are explored.

The Bank works to develop employee skills. In 2024, the Bank held courses on the climate, geopolitics, security and contingency preparedness, communication, technology and various forms of data analysis. In 2025, the Bank will further develop employee training, with particular emphasis on communication, technology and a deeper understanding of the Bank's operations and processes.

Norges Bank has a career framework with a career ladder that describes responsibilities at each level, thus clarifying what is needed to achieve career progression.

Succession planning and internal mobility
In 2024, Norges Bank has intensified efforts to improve succession planning. This is important to avoid vulnerabilities related to critical positions and expertise, while opening the door for internal candidates.

The Bank promotes internal mobility. Employees gain experience and a better understanding of the Bank across operational and specialist areas through temporary internships both in Norway and at NBIM's offices abroad. Employees can also apply for residency at other central banks and relevant institutions.

Retiree consultants
When an employee wishes to retire, the Bank can offer them a retiree consultant position, facilitating gradual transition to retirement. By employing retiree consultants, the Bank retains experienced employees, which enables them to continue to participate in working life also after formal retirement.

> In 2024, the Bank, among other things, held courses on climate, geopolitics, security and contingency arrangements, communication, technology and various forms of data analysis.

Diversity and inclusion

Norges Bank aims to be recognised as a leading institution in its fields of expertise and views increased diversity and inclusion as a means to this end. Diversity adds perspectives, stimulates creativity and improves decision-making.

In recent years, the Bank has focused on promoting a culture of inclusivity in which managers and employees contribute to develop a speak-up culture. A safe working environment contributes to a culture of acceptance and makes it easier to encourage and leverage different perspectives.

Norges Bank's annual staff survey is an important tool in the Bank's work to develop its staff, organisation and workplace. The survey covers both the physical and the psychosocial working environment. Survey results are reviewed by the Executive Board, management groups and various working committees, and measures are implemented based on discussions in the management groups and individual teams.

In 2024, new questions in the survey measured how diversity and inclusion are perceived. In the organisational units where employees experience positive management and psychological safety, they also perceive a higher degree of diversity and inclusivity. In the units where employees perceive a high degree of diversity and inclusion, there is a more room to put forward ideas and a greater willingness to change.

The survey results show that men and women experience equal opportunities for professional development in their roles. Initiatives to promote a sound work-life balance must also be continued, and the Bank has facilitated a flexible working arrangement. The Bank has both internal and external resources that can advise on issues related to personal and professional development, mental health and performance. Team development workshops and activities that promote awareness and inclusive behaviour will also be continued.

The Executive Board approved HR principles at Norges Bank. These govern the Bank's initiatives within equality, anti-discrimination, diversity and inclusion. Under the Bank's ethical rules there is zero tolerance

> Men and women have equal opportunities for career advancement.

for discrimination, harassment and bullying. Norges Bank has clear requirements and expectations that everyone at the Bank will treat others with respect and seeks to maintain a culture in which reporting of mistakes and unacceptable conditions is viewed positively. Inclusion means that employees feel that they can be themselves, that they can utilise their skills and experience a sense of community working together towards fulfilling the Bank's mission.

Processes for salary setting, employee development and succession planning are seen as a whole to ensure that opportunities for advancement to senior and management roles are linked to performance and compliance with Norges Bank's values, not conscious or unconscious bias.

Gender balance and gender distribution

Norges Bank has in recent years strived and managed to raise the share of female employees. The share of female employees increased from 35% in 2022 to 38% at the end of 2024. The Bank's gender balance target is at least 40% representation of each gender, both overall in Norges Bank and among managers and specialists.

The share of women in Norges Bank was **38%** in 2024.

Norges Bank is one of the founding partners of Norway's Women in Finance Charter, and in 2024, the Bank hosted the Charter's third annual status report. The purpose is to increase women's representation in leading positions in the Norwegian financial sector. The obligations ensuing from the Charter's four principles are published on Norges Bank's website.

The Bank works systematically to identify the risk of discrimination or other obstacles to gender equality by mapping and analysing HR data, conducting staff surveys and performance appraisals and through health, safety and the environment (HSE) work.

Greater detail is provided below on gender balance developments in Norges Bank overall, specified by job category and managerial and specialist position.

Table 3 Gender balance

	Norges Bank			Central Banking			NBIM		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Men, number	695	686	655	257	247	242	438	438	406
Women, number	423	393	352	185	178	186	238	216	166
Men, percent	62	64	65	58	58	57	65	67	71
Women, percent	38	36	35	42	42	43	35	33	29

The share of women in Norges Bank is now 38% after an increase of two percentage points in 2024. In NBIM, the increase in the number of women is 10%. The share of women in Central Banking is unchanged. Over time, the trend is positive and the Bank is approaching the target of a minimum gender balance of 40% overall.

Table 4 Share of women and men per job category at Norges Bank's head office in Oslo. Percent

	2024		2023		2022	
Job category	Percentage of men	Percentage of women	Percentage of men	Percentage of women	Percentage of men	Percentage of women
Executive director	53	47	58	42	88	12
Head of department	70	30	76	24	75	25
Head of section	68	32	64	36	62	38
Chief analyst	100	0	100	0	100	0
Special adviser	72	28	75	25	72	28
Senior adviser	57	43	57	43	61	39
Adviser	52	48	56	44	50	50
Analyst	47	53	51	49	65	35
Consultant	54	46	56	44	56	44
Support staff	0	100	0	100	0	100

The gender balance at Norges Bank within certain job categories reflects the general gender distribution in Norway's labour market. Fewer women than men apply for management positions and for positions in the financial and IT sectors in general. In 2024, the share of women among all of the Bank's job categories increased or remained unchanged, with the exception of section heads. At the end of 2024, the Bank's gender balance was in line with the Bank's target of at least 40% in most of the job categories below management level. Developments at management level continue to be positive and in line with the Bank's target for executive directors. For other managerial and specialist categories, the target has not been reached.

Table 5 Share of women in executive and specialist positions[1]. Percent

Job category	2024		2023		2022	
	Percentage of men	Percentage of women	Percentage of men	Percentage of women	Percentage of men	Percentage of women
Executives in Norges Bank	67	33	70	30	72	28
Executives in Central Banking	65	35	67	33	67	33
Executives in NBIM	68	32	72	28	77	23
Specialists in Norges Bank	74	26	77	23	76	24
Specialists in Central Banking	70	30	73	27	69	31
Specialists in NBIM	80	20	80	20	80	20

[1] Specialists include chief analysts and special advisers.

In 2024, the shares of female executives and specialists in both of Norges Bank's operational areas increased and are now 33% and 26%, respectively.

Temporary and part time employees

Most permanent employees at Norges Bank are employed on full-time contracts. Involuntary part-time work is therefore not considered an issue. The majority of temporary employment contracts at Norges Bank are related to research, student internships and some hourly paid work.

Table 6 Share of temporary and part-time employees at Norges Bank's head office in Oslo. Percent

	2024	
	Percentage of men	Percentage of women
Temporary employees	7.5	9.9
Part-time employees	5.2	6.2

Parental leave

Table 7 Parental leave[1] at the head office in Oslo.

	2024		2023		2022	
	Men	Women	Men	Women	Men	Women
Average number of weeks of parental leave in the calendar year	10.4	25.7	7.8	15.4	9.0	17.0

[1] Number of weeks taken out in the calendar year and not the number of weeks the employee has taken out in total.

Norges Bank offers fully paid gender-neutral parental leave of 16 weeks in addition to 10 weeks of maternity leave for employees at the Bank's offices abroad.

Salary system and salary differences

Framework and principles

The Executive Board sets the framework for Norges Bank's remuneration schemes and monitors how they are put into practice. Salary levels are to be competitive, but not market leading. Salary determination is individual and reflects the responsibilities of the position, as well as the expertise, experience and performance of the position holder.

Norges Bank employs external consultants to compare salary levels against other employers every year.

The Remuneration Committee of the Executive Board contributes to thorough and independent consideration of matters relating to Norges Bank's remuneration schemes. In addition, Internal Audit at Norges Bank provides an independent opinion on compliance with the rules and guidelines for remuneration. An audit in 2024 confirmed that the 2023 salary system had been practised in line with regulations. No significant changes have been made to the scheme in 2024.

See note 15 Personnel expenses to the annual financial statements for further information on the payroll system and benefits to senior executives.

Salary practices

The Bank works to ensure fair salary practices and regularly analyses salary developments. Any deviations in remuneration at the individual or group level are examined further to ensure that gender-neutral criteria are applied.

Table 8 Salary differences overall. Fixed salary

2024	Norges Bank	Norges Bank, Oslo	Central Banking, Oslo	NBIM	NBIM, Oslo
	Percentage	Percentage	Percentage	Percentage	Percentage
Men	100	100	100	100	100
Women	78	86	88	77	85

2023	Norges Bank	Norges Bank, Oslo	Central Banking, Oslo	NBIM	NBIM, Oslo
	Percentage	Percentage	Percentage	Percentage	Percentage
Men	100	100	100	100	100
Women	78	86	86	79	88

Women's fixed salary amounted on average to 78% of men's fixed salary at the end of 2024, the same as at the end of 2023. For both operational areas, more men in senior positions, and in investment roles in NBIM, contribute to the overall gender salary gap. Table 8 shows the average fixed salary for women as a share of the average fixed salary for men in total, independent of job category. The Bank's measures to improve the gender balance among executives and specialists will contribute to reducing salary differences.

Salary mapping

Salary mapping indicates no material differences in salary levels of men and women with comparable roles and tasks at the same location.

Tables 9–12 below show the breakdown of differences in fixed salary and remuneration paid at Norges Bank's head office in Oslo. Job categories are based on management levels at Norges Bank and the position structure for employees in the Bank's agreements. Total remuneration includes fixed salary, performance pay, paid overtime and compensation for travel time. Employees working on investment decisions may be eligible for performance pay. Figures for fixed salaries and remuneration paid are rounded to the nearest NOK 1 000.

Table 9 Salary mapping in Central Banking. Fixed salary by job category

Central Banking	Number of employees		Median fixed salary		Salary gap – women's salary as a percentage of men's	Average fixed salary		Salary gap – women's salary as a percentage of men's
	Men	Women	Men	Women		Men	Women	
Head of department	18	12	1713 000	1648 000	96	1768 000	1650 000	93
Head of section	21	9	1305 000	1321 000	101	1376 000	1410 000	103
Special adviser	82	37	1279 000	1239 000	97	1325 000	1275 000	96
Senior adviser	75	63	1000 000	985 000	99	1034 000	1003 000	97
Adviser	20	36	904 000	772 000	85	881 000	806 000	91
Analyst	12	7	667 000	639 000	96	664 000	669 000	101
Consultant	13	11	870 000	752 000	86	879 000	712 000	81

Table 10 Salary mapping in Central Banking. Paid remuneration by job category

Central Banking	Number of employees		Median paid remuneration		Salary gap – women's salary as a percentage of men's	Average paid remuneration		Salary gap – women's salary as a percentage of men's
	Men	Women	Men	Women		Men	Women	
Head of department	18	12	1733 000	1670 000	96	1839 000	1665 000	91
Head of section	21	9	1316000	1324 000	101	1400 000	1413 000	101
Special adviser	82	37	1348 000	1312 000	97	1393 000	1354 000	97
Senior adviser	75	63	1072 000	1005 000	94	1090 000	1045 000	96
Adviser	20	36	929 000	819 000	89	938 000	834 000	89
Analyst	12	7	677 000	676 000	100	692 000	685 000	99
Consultant	13	11	1001 000	752 000	75	1015 000	736 000	73

Salary differences between women and men in Central Banking are relatively small in most job categories. Women's salary as a share of men's salary is generally no more than a few percentage points lower, with some variation from year to year depending on recruitment and promotions. Salary differences between women and men are most pronounced in lower job categories. The differences reflect the uneven gender distribution within different fields of expertise. In some areas of expertise where men dominate, salary levels are higher owing to market conditions. The most substantial differences in remuneration paid reflect a preponderance of men in certain fields of expertise involving tasks that receive on-duty salary add-ons and/or require more overtime. Norges Bank is aware of these differences and is seeking to adjust this.

TABLE 11 Salary mapping in NBIM, Oslo. Fixed salary by job category

NBIM	Number of employees		Median fixed salary		Salary gap – women's salary as a percentage of men's	Average fixed salary		Salary gap – women's salary as a percentage of men's
	Men	Women	Men	Women		Men	Women	
Head of section	28	14	1 670 000	1 608 000	96	1 685 000	1 647 000	98
Special adviser	68	20	1 463 000	1 413 000	97	1 553 000	1 415 000	91
Senior adviser	80	56	1 123 000	1 115 000	99	1 144 000	1 158 000	101
Adviser	50	28	878 000	840 000	96	910 000	852 000	94
Analyst	11	19	660 000	655 000	99	670 000	679 000	101

TABLE 12 Salary mapping in NBIM, Oslo. Paid remuneration by job category

NBIM	Number of employees		Median paid remuneration		Salary gap – women's salary as a percentage of men's	Average paid remuneration		Salary gap – women's salary as a percentage of men's
	Men	Women	Men	Women		Men	Women	
Head of section	28	14	1 768 000	1 633 000	92	1 897 000	1 731 000	91
Special adviser	68	20	1 663 000	1 465 000	88	1 921 000	1 563 000	81
Senior adviser	80	56	1 202 000	1 200 000	100	1 260 000	1 244 000	99
Adviser	50	28	917 000	859 000	94	952 000	895 000	94
Analyst	11	19	665 000	658 000	99	689 000	679 000	99

In NBIM, differences in salary between men and women mainly reflect a preponderance of men in positions involving investment decisions. Positions with investment responsibility generally offer higher salaries in the market compared with positions at the same level in other fields of expertise.

Health, safety and the environment

In 2024, Norges Bank has given more attention to health, safety and the environment (HSE), partly through mandatory digital HSE training for all new managers. Relevant processes and internal governance documents have also been updated.

Low and stable sickness absence over time
Sickness absence in Norges Bank is stable at a low level and was 2.3% in 2024, an increase from 2.1% in 2023. The Bank works systematically to prevent sickness absence.

Sickness absence in Norges Bank was **2.3%** in 2024.

In 2024, 10 HSE-related incidents related directly to work in the Bank's office premises, courses or conference centre were reported. No injuries or accidents have been sufficiently severe to require reporting to the Labour Inspection Authority.

Systematic HSE work
Norges Bank collaborates with the occupational health service to develop the Bank's systematic HSE work. In order to reduce the risk of musculoskeletal disorders, the occupational health service has contributed with ergonomic adaptation of the workplace at both Norges Bank's offices and home offices. The Bank has a wide range of fitness activities and has provided facilities to enable employees to cycle to work. In the ongoing work to upgrade the head office, improving the indoor climate is a priority.

The safety representative service, with safety representatives and a chief safety representative, does an important job of safeguarding employees' interests in working environment matters. They are consulted during the planning and follow-up of measures relevant to the working environment. Management effectively cooperates with the safety representative service and the Working Environment Committee, with a strong mutual commitment to safeguarding the systematic HSE work.

Cooperation with employee representatives

To ensure strong employment relationships, active cooperation between management and employee representatives has been established and takes place through the Working Environment Committee and the Bank's safety representatives. The Bank's management maintains close contact with the trade unions, for example in employee and personnel committees, in the Working Environment Committee and in regular contact meetings with trade union representatives at several levels in the Bank. The employees have two representatives on the Executive Board who participate in the deliberation of administrative matters. This cooperation has been productive.

Andreas Havsberg and Lisa Reiakvam reviewing the *Financial Infrastructure Report*.

Ethics, responsible procurement and supplier and contractor monitoring

Norges Bank has been given considerable authority and trust. Employees must act in an ethical manner, comply with laws and regulations and maintain a high level of ethical awareness. The Bank does not accept any form of misconduct or financial crime such as corruption, money laundering or financing of terrorism. Norges Bank's operational framework is designed to ensure that its activities are carried out in accordance with requirements from public authorities, international conventions, strategies and its targets. Governance documents approved by the Executive Board are published on the Bank's website.

In Norges Bank's operations, no actual or risk of potentially negative consequences for fundamental human rights or decent working conditions were identified in 2024, neither were there any known incidents related to corruption.

One whistleblowing report was submitted in 2024.

Rules on ethics and personal trading

Ethical principles issued by the Executive Board
The Executive Board annually revises the ethical principles that apply to all employees. In 2024, the Executive Board expanded on the principles related to financial crime and specified employer expectations related to the working environment, culture and conduct. The Governor of Norges Bank and the CEO of NBIM regularly update supplementary rules that are tailored to the tasks and the risk of conflicts of interest in the Bank's two operational areas. The Ministry of Finance has adopted rules on impartiality for members of Norges Bank's Executive Board and members of the Monetary Policy and Financial Stability Committee. To supplement these rules, the Executive Board has also adopted rules on, for example, conflicts of interest and restrictions on personal trading for the external members of these two bodies.

Training and framework
All new employees at Norges Bank participate in introductory courses that include ethics training. A framework and programme to combat corruption has also been established. In 2024, all employees at NBIM received training in anti-corruption measures and handling of conflicts of interest.

Considerable emphasis is placed on training and raising awareness of key risk areas. Measures include one-on-one training of new employees, e-learning, annual tests and confirmation from all employees that they have reviewed the ethical rules. Employees are obliged to report on various matters related to the ethical rules, and all reporting is continuously checked by the Bank's oversight bodies.

Whistleblowing
The Executive Board has laid down principles for internal whistleblowing on misconduct, mistakes and unacceptable behaviour at Norges Bank. There are whistleblowing routines describing how employees and employees of suppliers and contractors can (also anonymously) report, through various channels, unethical or unlawful behaviour. Reports can be submitted through any line manager, the Bank's whistleblowing channel, safety representatives, employee representatives and lawyers. All reports must be treated in a proper manner, in accordance with external and internal whistleblowing requirements, and without the risk of retaliation against the whistleblower.

Responsible procurement and supplier and contractor monitoring

Norges Bank procured goods and services totalling approximately NOK 5.7bn in 2024.

Climate and environmental considerations
Norges Bank aims to have a responsible and sustainable supply chain and includes environmental requirements in procurement processes where relevant.

In accordance with Norges Bank's sustainability strategy, the Bank's procurement policy is intended to help reduce the overall carbon footprint or environmental impact of procurement in Norges Bank. In line with the Public Procurements Act, the award criterion climate and environmental considerations is either weighted by 30% or is among the top three prioritised criteria. This includes taking into account life-cycle costs, food waste, carbon footprint and the like. If this results in a clearly more positive environmental effect, the award criterion is replaced with climate and environmental requirements in the requirement specifications.

Supplier and contractor monitoring
Before Norges Bank enters into an agreement with a supplier or contractor, the Bank conducts a background check to identify any risk of misconduct, corruption, money laundering, sanction risk or other unlawful or unethical conduct. Background checks help Norges Bank to manage these risks and make informed decisions.

All suppliers and contractors are required to comply with the Bank's ethical principles, which also pertain to labour rights, human rights and discrimination. This is an important part of the Bank's supplier and contractor monitoring.

All suppliers and contractors with access to the Bank's premises or systems are responsible for ensuring that personnel who perform services or work for Norges Bank are aware of the ethical rules that apply to suppliers and contractors.

> Norges Bank aims to have a responsible and sustainable supply chain.

Norges Bank is subject to public procurement regulations and is required to set requirements for wage and working conditions pursuant to regulations on wage and working conditions in public contracts. Suppliers, contractors and any subcontractors must be able to document wage and working conditions upon request by Norges Bank.

The Public Procurements Regulations also include a requirement that limits the number of tiers in the supply chain in sectors with a high incidence of work-related crime, such as construction and cleaning services. Norges Bank accepts no more than two tiers of sub-contractors.

In 2024, audits of wage and working conditions were carried out at 27 of the Bank's suppliers and contractors. Four violations of wage and/or working conditions were identified for personnel engaged by Norges Bank. At Norges Bank's request, the suppliers and contractors in question have confirmed that the conditions have been rectified and that any outstanding wage claims will be settled.

Kari Tovseth works in the procurement department.

Climate and the environment

Responsible investment management of the Government Pension Fund Global

Framework and principles for responsible investment management of the Government Pension Fund Global
The Executive Board has laid down principles for responsible management in Norges Bank. The principles are based on international principles and guidelines for sound corporate governance and responsible business conduct from the United Nations (UN) and the Organization for Economic Co-operation and Development (OECD).

The objective for the management of the Government Pension Fund Global (GPFG) is to achieve the highest possible return with acceptable risk. Responsible investment supports the objective in two ways. First, by promoting long-term value creation. Second, by reducing the financial risk associated with environmental and social factors in companies. Separate due diligence assessments are conducted, seeking to identify and manage investments with a risk of negative impact on people and the environment.

Norges Bank's mission is to safeguard and develop financial assets for future generations. The management mandate states that work on responsible investment shall be integrated into the management of the GPFG. Long-term returns depend on sustainable growth, well-functioning and legitimate markets and sound corporate governance. Work on responsible investment can be divided into three main areas: the market, the portfolio and the companies.

The market

Common standards

The GPFG is a global fund which owns a small part of more than 8 500 listed companies in 70 countries. NBIM therefore looks to global solutions to solve common challenges such as climate change. NBIM also contributes to the development of relevant international standards and NBIM's Chief Governance and Compliance Officer has been appointed chair of the International Sustainability Standards Board (ISSB) Investor Advisory Group (IIAG). In 2024, Norges Bank participated in 30 public consultations related to responsible investment management. All consultation responses are published on NBIM's website. The consultations include significant issues such as corporate reporting, governance and responsible business conduct.

Selected initiatives where several companies or investors meet to discuss common standards and principles for sustainable business are supported. Such initiatives are particularly appropriate when companies in one industry or value chain face the same challenge. NBIM currently participates in a number of different collaborations with investors, companies and civil society.

NBIM participates in initiatives that are in line with the management mandate for the GPFG and supports the management objective but does not collaborate with other investors on voting or investment decisions, nor does it participate in initiatives that are primarily aimed at political authorities.

Clear expectations

Since 2008, NBIM has formulated clear expectations as to how investee companies should address relevant sustainability challenges in their operations and has emphasised that their boards should establish appropriate strategies, control functions and reporting procedures. The expectations form the basis for dialogue with investee companies and the investee companies' work is measured against these expectations on an annual basis.

Expectations concerning investee companies' management of challenges and opportunities related to human rights and consumer interests were updated in 2024. NBIM has also presented its positions on various corporate governance issues in order to enhance corporate governance and protect shareholder interests.

> The GPFG owns a small part of more than 8 500 listed companies.

Synne Pretorius, Jama Johnsen and Madeleine Hovland collaborating at NBIM's Oslo office.

Portfolio

Identifying and managing risk
NBIM's assessment of corporate governance and sustainability provides a better understanding of risks and opportunities associated with the GPFG's investments. NBIM monitors how the portfolio is exposed to risks and identifies industries and companies for further follow-up. To carry out these analyses relevant, comparable and reliable data on environmental, social and governance (ESG) issues is important.

NBIM uses five main approaches to identify and manage risks associated with ESG issues in the portfolio:

1. Quarterly pre-screening of companies entering the GPFG's equity benchmark index
2. Monitoring of companies in the portfolio and the equity benchmark index
3. Daily monitoring of incidents and controversies in the portfolio and the equity benchmark index
4. Thematic assessments of companies with high sustainability risks
5. Quarterly due diligence assessments of companies in the portfolio and the equity benchmark index against our sustainability expectations.

When companies presumed to have heightened ESG risk are identified, further analysis is conducted to assess whether dialogue should be initiated with the company, whether Norges Bank's voting should be affected or whether Norges Bank should divest from the company due to the risk. Relevant information is also shared with the Council on Ethics, an independent body established by the Ministry of Finance.

Risk-based divestment
To limit the GPFG's exposure to unacceptable financial risk, NBIM can, within the limits of the mandate, divest from investee companies. This applies principally to companies that impose substantial costs on other companies and society as a whole and that are therefore deemed unsustainable in the long term. Risk-based divestments may be appropriate

if it is considered that the investee company poses particularly high long-term financial risk, where investments are not substantial and active ownership is not considered to be a suitable instrument. Unlike ethical exclusion, risk-based divestments are made within the limits of the management mandate and are not contingent upon advice from the Council on Ethics.

In 2024, Norges Bank divested from 49 investee companies following risk assessments related to ESG issues. The Bank has divested from a total of 575 investee companies since 2012. These divestments are investment decisions made by NBIM and are not ethical exclusions decided by Norges Bank's Executive Board on the basis of recommendations from the Council on Ethics. Since 2012, risk-based divestments have contributed positively to the cumulative return on equity management by 0.64 percentage point, or about 0.02 percentage point annually. In 2024, 16 companies were reincluded in Norges Bank's investment universe following the reversal of divestment decisions. In total, 25 companies have been reincluded since 2012.

The GPFG divested from

49

companies based on environmental, social and governance risk assessments.

Investment opportunities
Investment opportunities are identified by analysing, among other things, companies' governance, operations and environmental and social risks and opportunities. In emerging markets, NBIM can also benefit from the knowledge of external managers with an in-depth understanding of the markets, industries and companies in which they invest. This is particularly important as it can often be difficult to obtain relevant company data in emerging markets.

Investment in renewable energy
Up to 2% of the GPFG may also be invested in unlisted renewable energy infrastructure. In 2024, Norges Bank made several joint venture investments in solar and wind power projects in Spain, Portugal and the UK. An agreement was also signed to invest in the Copenhagen Infrastructure Partners fund, CI V, which focuses on offshore and onshore wind, solar power parks, electricity grids and energy storage in North America, Europe and advanced economies in the Asia-Pacific region.

Companies

Dialogue
As a long-term investor, NBIM engages in regular dialogue with the largest investee companies. The dialogue is intended to contribute to good corporate governance and responsible business conduct. The size of the investments provides access to board members, senior executives and specialists in these companies. NBIM is interested in understanding how the companies are governed and how they address essential sustainability issues. In addition to meetings, written contact with the companies is also used. In 2024, a total of 3 313 meetings were held with 1 342 investee companies. ESG-related topics were discussed at 1 986 meetings with 950 companies, accounting for 65% of the value of the equity portfolio.

Snorre Gjerde at the NYSE.

Reporting
NBIM assesses investee companies' sustainability-related reporting on their governance structure, strategy, risk management and objectives based on the published expectations of companies and use of third-party data. Investee companies with limited reporting in high-risk sectors are contacted and encouraged to improve their reporting in accordance with the expectation documents, for example by using recognised reporting standards. In 2024, letters were sent to 107 investee companies on their reporting.

Voting
Voting is one of the most important tools Norges Bank has as a shareholder to safeguard the GPFG's assets. At the end of 2024, the GPFG held a stake in more than 8 500 companies worldwide. NBIM voted on 110 656 matters at 11 154 general meetings in 2024, which corresponds to 97% of the portfolio. NBIM's voting guidelines are publicly available.

Since 2021, NBIM has published its voting intentions five days before each shareholder meeting with a brief explanation each time the votes go against the board's recommendations. In 2024, NBIM emphasised transparency further by making public an explanation also when voting in favour of the board's recommendation, against a shareholder proposal.

Norges Bank voted on
110 656
matters at 11 154 general meetings in 2024.

The GPFG's voting intentions are available on NBIM's website. Users can search for individual companies or download the full dataset of NBIM's votes since 2013 and get daily updates on voting intentions five days before a company's general meeting. In 2024, NBIM started sharing its voting intentions through the Bloomberg voting platform and communicated more detailed rationales for selected votes for the first time. In 2024, for the second year in a row, NBIM presented a summary of its voting in the first half of the year. The summary provides information about trends and results from voting at the general meetings of investee companies.

> In 2024, NBIM started sharing its voting intentions through the Bloomberg voting platform.

The Ministry of Finance has laid down guidelines for observation and exclusion of companies from the GPFG based on their products or conduct. The Council on Ethics and Norges Bank are responsible for following up these guidelines. Decisions concerning the observation and exclusion of companies from the GPFG are made by Norges Bank's Executive Board, based on recommendations from the Council on Ethics. Norges Bank excludes companies which violate fundamental ethical norms through their conduct or products. Ethical exclusions are not financially motivated decisions. By not investing in such companies, the GPFG's exposure to unacceptable risk is reduced. All advice from the Council on Ethics to Norges Bank is made public once the Executive Board has made a decision. In 2024, Norges Bank announced the exclusion of 14 companies, revoked the exclusion of seven companies, closed the observation of six companies and extended the observation period for one company. The Bank ended its active ownership under the guidelines in two cases and initiated active ownership in one case. Since 2006, the equity benchmark index has returned 0.98 percentage point less than it would have done without any ethical exclusions. On an annualised basis, the return has been 0.01 percentage point lower.

Further information on responsible investment is provided in the report Responsible investment Government Pension Fund Global 2024.

Work on climate risk in the Government Pension Fund Global

Climate risk management is an integral part of the responsible investment management of the Government Pension Fund Global (GPFG). The 2025 Climate action plan describes Norges Bank's work on managing climate risk and the measures scheduled for implementation between 2022 and 2025. The purpose of the measures is to improve market standards, including frameworks for climate reporting, and increase the Fund's resilience to climate risk. The measures are part of NBIMs targeted and active ownership.

> At year-end 2024, 32% of investee companies had set net zero targets for 2050.

Credible company goals and plans

At the heart of NBIM's active ownership is driving investee companies to net zero emissions by 2050 through setting of credible goals and plans to reduce their direct and indirect greenhouse gas emissions (scopes 1, 2 and 3). By the end of 2024, 32% of the investee companies had set 2050 net zero targets based on recognised standards such as the Science Based Targets initiative (SBTi) or similar initiatives. If weighted according to emissions, such targets cover about 74% of the fund's investee companies' financed emissions (scopes 1 and 2). Weighted by their value in the portfolio, these companies amounted to 69% in 2024.

Reporting on climate risk

The 2025 Climate action plan also aims for more reporting on climate risk in the portfolio. The reporting will be developed in line with leading international standards and is included in NBIM's overall reporting on responsible investment management. Among other things, a separate overview of climate risk is presented, which follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Analyses and stress tests against various climate scenarios are presented, including a scenario consistent with global warming of 1.5 degrees Celsius. The methods for such analyses are still evolving and do not provide a basis for ranking direct financial outcomes of various climate scenarios. The modelling of long-term economic effects of climate change resulting from a high increase in temperatures is particularly underdeveloped. The models are therefore likely to provide too low estimates for economic effects. The stress tests nevertheless illustrate the potential effects of climate change on future risks and returns.

The GPFG's climate and nature reporting also covers exposure to nature and changes in nature and the resulting economic consequences. The reporting follows up on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), showing the measures we implement and the tools we have to handle related risks and opportunities.

Indicators for measuring climate risk

In accordance with the Greenhouse Gas (GHG) Protocol, emission measurements are divided into three scopes, depending on how closely related they are to the process or activity:

Scope 1 comprises all direct GHG emissions
Scope 2 comprises all indirect GHG emissions from purchased electricity
Scope 3 comprises other indirect emissions

Emissions intensity
Emissions intensity is an indicator for calculating the GHG emission intensity of a process, activity, service rendered or a portfolio of financial assets. Emissions intensity is used by asset managers to express the carbon footprint of investment portfolios, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). In manufacturing, emissions intensity is expressed in CO_2 equivalent per unit of output (kg, litre, kwh). In equity management, emissions intensity is used to understand the volume of emissions related to earnings of investee companies. Norges Bank reports annually on the emissions intensity of the GPFG's equity and corporate bond portfolio and the equity portfolio of the foreign exchange reserves, for scopes 1 and 2. Emissions intensity is calculated as emissions of tonnes of CO_2 equivalent per USD million of revenue.

Financed GHG emissions
Financed GHG emissions are an alternative indicator originating from the Partnership for Carbon Accounting Financials (PCAF) and their guidelines on how financial institutions should report carbon emissions across asset classes. Norges Bank Investment Management became a formal member of PCAF in 2023. Financed emissions are calculated by multiplying a company's total emissions by the investor's financed share of the company's value, including both equity capital and debt. Norges Bank reports annually on the financed emissions of the GPFG's equity and corporate bond portfolio and the equity portfolio of the foreign exchange reserves, for scopes 1, 2 and 3.

Measuring carbon footprint

Norges Bank has measured and published the carbon footprint of investee companies in the equity portfolio and benchmark index since 2014, based on reported and modelled data for scope 1, 2 and 3 emissions. In 2024, the Bank has improved the measuring of financed scope 3 emissions to include companies' upstream activities. There are still many companies that do not report their emission data or whose reporting still varies in frequency and quality. This is in particular the case for scope 3 emissions. This is why Norges Bank exclusively uses modelled figures from our data provider in the calculation of scope 3 emissions. Such carbon footprint analyses provide insight into the extent of greenhouse gas emissions of investee companies and into risks and opportunities across sectors.

Norges Bank's reporting of the GPFG's financed emissions is in line with guidance from the Partnership for Carbon Accounting Financials (PCAF). The GPFG's financed emissions for scopes 1 and 2 were 47 million tonnes of CO_2 equivalent in 2024, which is 2% lower than the corresponding figure for the benchmark index. The financed emissions for scope 3 are estimated at 403 million tonnes of CO_2 equivalent, which is 2% lower than the benchmark index. Due to significant changes from 2023 to 2024 to the method for estimating financed scope 3 emissions, the figures are not directly comparable. This is based on an estimation model that the Bank has reason to believe underestimates actual scope 3 emissions. The Bank has used a single source for reported and estimated emission data, as recommended by the PCAF.

Investee companies in the GPFG's equity portfolio emitted 83 tonnes of CO_2 equivalent per million USD in revenue, based on data reported or estimated in 2024. This is referred to as the equity portfolio's emissions intensity in 2024, 6% lower than that of the benchmark index, and 20% lower than in 2023. For corporate bonds, the portfolio's emissions intensity was 89 tonnes of CO_2 equivalent per million USD in revenue, which is 23% higher than the emissions intensity of the benchmark index and 28% lower than in 2023.

Government measures will impact climate risk

The Bank's understanding of the effects of climate change on the global economy and financial markets will develop. At the same time, governments will introduce new regulations, new technological advances will be seen and consumer preferences will change, and companies will adapt their strategies accordingly. These developments will affect the GPFG's climate risk. Given the GPFG's mandate and investment strategy, the GPFG's climate risk will primarily depend on government measures that ensure an orderly and predictable climate transition and on companies achieving their net zero targets.

Work on climate risk in real estate management in the Government Pension Fund Global

NBIM considers climate change in its real estate investments. The real estate portfolio is exposed to both physical climate risk, such as extreme weather and gradually rising sea levels and flooding, and transition risk, such as a statutory reduction of energy consumption or lower demand for buildings with high emissions. A growing number of tenants are setting targets for net zero emissions for their own businesses, and therefore prefer energy efficient buildings powered by renewable energy sources. The 2025 Climate action plan sets a target for net zero emissions by 2050 for the real estate portfolio and a target of reduced operational carbon emissions intensity (scopes 1 and 2) by 40% by 2030. In order to achieve these targets, the Bank will work to reduce emissions linked to the real estate portfolio and integrate climate risk assessments into investment processes. From 2019 to 2023[1], the emissions intensity of the real estate portfolio fell by 16%.

The Bank measures progress towards the net zero target in the real estate portfolio using emission pathways consistent with global warming of 1.5 degrees Celsius for various real estate markets, developed by the Carbon Risk Real Estate Monitor (CRREM). By the end of 2023, 43% of the real estate portfolio by value was aligned with these CRREM pathways.

Read more about the work on climate risk in the GPFG in the report Responsible investment 2024 and the publication on climate risk on the GPFG's website.

[1] Data are available one year in arrears.

Work on climate and climate risk issues in Central Banking

Climate change and measures to mitigate climate change have an impact on the Norwegian and global economy and hence also on Norges Bank's performance of its core tasks. The Executive Board has primary responsibility for the Bank's strategy work related to climate change and climate risk. Topics related to climate change and the energy transition's impact on the Norwegian economy are discussed in the Monetary Policy and Financial Stability Committee.

In 2024, the Bank worked actively to strengthen expertise and integrate climate and energy transition into the Bank's analyses. Norges Bank has ambitions to share new knowledge through its publications and conferences. In autumn 2024, a conference on the economic consequences of climate change and energy transition was held, with attendees from a wide range of specialist areas.

Organisers of Norges Bank's conference on climate change and energy transition: Solveig Erlandsen, Snorre Evjen and Haakon Solheim.

Since 2018, Norges Bank has been a member of the Network for Greening the Financial System (NGFS), a network for central banks and supervisory authorities. The network provides a forum for sharing experiences and best practices, performs analyses and designs methods for managing environmental and climate risk relevant to financial authorities and the financial sector. Norges Bank cooperates with the NGFS, the International Banking Research Network (IBRN) and other international institutions to enhance expertise on the effects of climate-related changes.

Climate and monetary policy

In order to better understand how climate-related changes affect the business sector, Norges Bank conducts annual surveys of enterprises in the Bank's Regional Network. The surveys show that climate-related factors, especially factors related to the transition to a low-carbon economy, such as changes in customer preference and climate policies, affect most enterprises. The Bank has also initiated several research projects within this area, one of which examines how extreme weather events in Norway impact Norwegian households' consumption, income and wealth, while another project examines how energy transition may impact the krone exchange rate over time.

To a large extent, climate transition is energy transition. Norges Bank closely monitors developments in energy markets and works to better integrate these markets into its analytical framework.

Through the NGFS, Norges Bank contributes to analyses of how climate-related factors affect the macroeconomy in general and potential monetary policy implications.

Climate risk and financial stability

In 2024, banks' substantial exposures to customers vulnerable to climate transition were emphasised as a key vulnerability in Norges Bank's summary of financial stability assessments. Climate risk was also one of reasons why Norges Bank recommended to maintain the systemic risk buffer requirement.

Climate transition affects banks' risk assessments through various channels. Financial institutions must ensure that they are well equipped to assess and manage climate-related transition risks.

Adequate information about climate risk may reduce banks' exposure to losses and help secure the financing of necessary transition measures. In 2024, Norges Bank published a number of analyses that attempted to quantify the consequences of climate transition for Norwegian borrowers. The Staff Memo Firms' transition to lower greenhouse gas emissions and the risk in Norwegian banks shows that banks may experience a moderate and manageable increase in losses should carbon taxes increase markedly. There are, however, major differences between industries, which make sound banking practices even more important. The Staff Memo Home energy conversion can be a net cost for the average household discusses the potential consequences for Norwegian homeowners of stricter energy efficiency requirements for existing homes.

Climate stress tests and climate scenarios are important tools that central banks use to understand the effect of climate change on the financial system. In 2025, the NGFS will publish short-term scenarios to complement their long-term scenarios, which will provide a new tool for understanding the impact of climate transition. Norges Bank plans to further study how physical climate risk and nature disaster risk may impact financial stability.

Responsible investment and climate risk in the foreign exchange reserves

The equity portfolio of the foreign exchange reserves is managed according to the same principles and strategies for responsible investment as the equity investments in GPFG (expectations of investee companies, voting and company dialogue). This means that the GPFG's climate action plan, including the target that investee companies adjust their operations to ensure compliance with global net zero emissions by 2050, also applies to the equity portfolio of the foreign exchange reserves.

Decisions on risk-based divestment from individual companies implemented for the GPFG's equity portfolio are also followed up in the equity portfolio of the foreign exchange reserves. In 2024, Norges Bank divested from five new companies in the foreign exchange reserves' equity portfolio. In addition, a total of 42 companies were excluded from the foreign exchange reserves' benchmark index and no new companies were put under observation based on ethical guidelines. The observation of one company was ended in 2024.

Norges Bank measures greenhouse gas emissions in connection with the entire equity portfolio of the foreign exchange reserves using two different metrics, financed emissions and emissions intensity. The financed emissions of the equity portfolio for scopes 1 and 2 were 365 501 tonnes of CO_2 equivalent in 2024. Financed emissions for scope 3 was 3 420 848 tonnes. Emissions intensity for scopes 1 and 2 was 69 tonnes of CO_2 equivalent in 2024, 22% lower than in 2023. The reduction is mostly attributable to risk-based divestment from industrial companies and power producers.

A project has been initiated to stress test the value of the foreign exchange reserves against different climate scenarios. So far, the project has primarily consisted of assessing methods and data. The analysis will help improve the understanding of the potential impact of climate change on the Bank's balance sheet.

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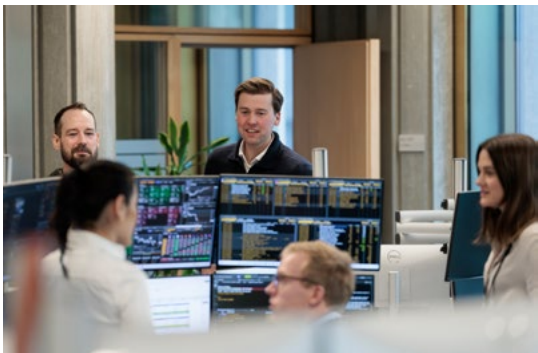
A total of 42 companies were excluded from the foreign exchange reserves' benchmark index.



Eilert Husabø, Linn Karina Stormo, Fredrik Kolstad Jacobsen, Iver Berge Vikøren and Vigdis Lund closely monitoring the markets.

Climate impact of Norges Bank's operations

One of the ambitions in Norges Bank's sustainability strategy is to reduce emissions from the Bank's own operations, in line with the Paris Agreement. The Bank annually reports the climate impact of the Bank's own operations in the published carbon accounts and as part of the Eco-Lighthouse environmental management certification scheme. The carbon accounts are prepared in accordance with the Greenhouse Gas Protocol standard and include the offices where Norges Bank has operational control in Oslo, London, New York and Singapore. Norges Bank has selected 2019 as the reference year. This is the most recent year with normal activity and reliable underlying data.

Carbon accounts

Table 13 Annual carbon accounts for Norges Bank' operations

GHG emissions, in tonnes of CO_2 equivalent[1]		2019	2023[2]	2024	Change 2023–2024 Percent	Change 2019–2024 Percent
Direct emissions (scope 1)	Fuel, combustion vehicles	20	14	13	-4	-34
	Diesel, backup generators	1	3	6	70	390
	Refrigerants	-	11	-	-100	-
Total direct emissions (scope 1)		**21**	**28**	**19**	**-33**	**11**
Indirect emissions, energy (scope 2)	Electricity	745	712	682	-4	-9
	District heating	4	5	30	465	751
Total indirect emissions, energy (scope 2)		**749**	**717**	**712**	**-1**	**-5**
Indirect emissions, other (scope 3)	Air travel	8 378	7 945	9 054	14	8
	Hotel stays[3]	450	178	746	320	66
	Work-related travel by private car	11	9	8	-18	-31
	Waste	57	7	2	-69	-96
	Data centres and cloud solutions	-	76	130	70	-
	Production of notes[4]	-	-	397	100	-
Total indirect emissions, other (scope 3)		**8 896**	**8 215**	**10 337**	**26**	**16**
Total GHG emissions		**9 666**	**8 960**	**11 068**	**24**	**14**

1 Includes the gases CO_2 CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3. Norges Bank mainly uses emissions factors from the Department for Environment, Food & Rural Affairs (DEFRA) and the Department for Energy Security & Net Zero (DESNZ).

2 Emissions from data centres and cloud solutions were not included in the 2023 carbon accounts due to unavailable data from one provider. The figure for 2023 is therefore not directly comparable to the figure for 2024. Total scope 3 GHG emissions and the total have also been updated from 2023.

3 From 2024, hotel stays include stays in flats.

4 Production of notes includes transport in connection with production and delivery to Norges Bank.

Greenhouse gas emissions totalled 11 068 tonnes of CO_2 equivalent at the end of 2024, an increase of 14% compared with the reference year 2019. From 2024, Norges Bank's share of emissions from providers of external data centres and cloud solutions, banknote production and stays in flats are included in the carbon accounts. In total, this amounts to 1 073 tonnes of the emissions for 2024. The increase in emissions from 2019 to 2024, exclusive of new emission sources, amounts to 3%.

Air travel was the largest source of emissions, accounting for 82% of total emissions. Total emissions from air travel were 8% higher than in the reference year 2019. The number of kilometres travelled was reduced by 14% in the same period. However, the emission factors relating to air travel have increased substantially since 2019, and each individual flight therefore yields higher emissions. If the change in emission factors for air travel is excluded, emissions were reduced by 17% in 2024.

82%
of total emissions are from air travel.

Emissions from hotel stays now include both hotel rooms and stays in flats. Stays in flats are mostly used by employees at the offices abroad and amount to 73% of the emissions from overnight stays.

Banknotes are produced by an external provider in Malta that also produces banknotes for several other European central banks. Transport to and from Malta is the largest source of emissions from banknote production and amounted to 81% in 2024.

Greenhouse gas emission targets and reduction measures

In 2024, the Executive Board set a target to reduce emissions from own operations by 35% per permanent employee by the end of 2028 compared with 2019. The target is equivalent to a reduction from 10.3 tonnes of CO_2 equivalent per employee in 2019 to 6.7 tonnes per employee by 2028.

Table 14 Target attainment and emissions intensity per employee

	2019	2024	Change 2019–2024. Percent
Total GHG emissions	9 666	11 068	14
Number of permanent employees[1]	940	1 099	17
Emissions per employee	10.3	10.1	-2

[2] The number of permanent employees is the average of the number of permanent employees at the start and end of the year.

Total emissions have increased by 14% from the reference year 2019. The effect of the increase on emissions per employee was dampened by a greater increase in the number of permanent employees. Emissions per employee were 10.1 tonnes of CO_2 equivalent in 2024, a reduction of 2% measured against 2019. However, the carbon accounts have been expanded with new emission sources since 2019 and the emission factors for air travel have increased substantially. If these changes are excluded, the result is 7.2 tonnes of CO_2 equivalent per permanent employee in 2024.

Air travel

Air travel accounted for 82% of Norges Bank's emissions in 2024, an increase of 8% compared with 2019. However, emissions per employee decreased by around 8% during the same period. NBIM is a global organisation with a global mandate, and its staff accounts for most of the travel activity in Norges Bank. Travel between NBIM's offices to share knowledge and achieve effective collaboration across the offices is crucial to achieving the GPFG's objective of the highest possible return. In addition, there is extensive travel activity related to the monitoring of external equity managers worldwide and meetings with investee companies. For Central Banking, maintaining a wide contact network and acquiring and sharing knowledge is an important part of fulfilling the Bank's mission in an optimal manner.

In order to achieve the target of a 35% reduction in emissions per permanent employee by the end of 2028, air travel emissions must be reduced. In line with the plan for 2024, the Bank's most important measure to reduce emissions from air travel is to raise awareness through internal information efforts and better management information. To achieve the latter, the Bank works to make travel and emission data more easily available via digital platforms developed in-house, which will provide new insight and a better basis for making decisions.

Energy consumption

In 2024, energy consumption accounted for 6% of Norges Bank's total emissions, and the Bank is working to reduce emissions from energy consumption at its offices. At the head office, the Bank has in recent years set an annual target of 5% reduction in electricity consumption compared with the previous year. So far, the target has been achieved every year and the same is planned for 2025. The Bank also buys guarantees of origin for the head office's electricity consumption, ensuring that energy is from renewable sources. Further measures have been implemented to reduce energy consumption for lighting, heating, ventilation and air conditioning. Climate concerns are key in the ongoing upgrade programme at the Bank's head office, and equipment is being replaced with less energy-intensive alternatives.

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Norges Bank annually compiles an environmental report, which documents the status of implemented environmental measures.

Environmentally friendly and energy-efficient operations – certifications

Norges Bank's head office at Bankplassen 2, the course and conference venue Vindåsen and Venastul are Eco-Lighthouse certified. The Eco-Lighthouse certification scheme is a national scheme managed by the Eco-Lighthouse Foundation and provides access to tools that assist the Bank in measuring and improving environmental performance.

Being Eco-Lighthouse certified, Norges Bank uses an environmental management system for its own operations and premises. An annual environmental report documents the status of implemented environmental measures and action plans for the following year. Offices are recertified every third year, and the head office was recertified in 2022. Annual reports and regular recertification ensure that the Bank's office premises comply with high standards for environmentally responsible operations.

The London office is a BREEAM-certified building. BREEAM is a recognised environmental certification system, which promotes sustainable design and construction throughout the building process. The certification is reviewed every third year.

Limited assurance of sustainability indicators

Norges Bank has engaged EY to perform a limited assurance engagement on sustainability information in Norges Bank's Annual Report for 2024. See EY's report, Independent accountant's assurance report.

Norges Bank does not refer to sustainability indicators throughout Norges Bank's Annual Report for 2024. The table below refers to the reporting standards and indicators on which the information is based. Reported information is for the period between 1 January 2024 and 31 December 2024. Information provided is attested by EY.

Reporting standard	Indicator	Description
Society and social conditions		
Salary mapping		
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Salary gaps per job category, tables 9–12
Climate and environment		
Responsible investment management of the Government Pension Fund Global		
GRI 415: Public Policy 2016	415-1 Political contributions	Participation in number of public consultations related to responsible investment management: 30 (Norges Bank has made no political monetary contributions)
GRI G4: Financial Services Sector Disclosures 2014	FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Number of meetings held with companies: 1 986 meetings with 950 companies (11 percent of all companies)
GRI G4: Financial Services Sector Disclosures 2014	FS11 Percentage of holdings subject to positive and negative environmental or social screening	Number of companies Norges Bank divested from following risk assessments related to ESG issues: 49
		Number of excluded companies: 14
		Number of new companies placed under observation: 0
Work on climate risk in the Government Pension Fund Global		
Climate-related disclosures[1]	Financed emissions Asset management	Emissions intensity – equity and fixed income portfolio – Scopes 1 and 2: 47 million tonnes of CO_2 equivalent
		Financed emissions – equity and fixed income portfolio– Scope 3: 403 million tonnes of CO_2 equivalent
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Emissions intensity – equity portfolio – Scope 1 and 2: 83 tonnes of CO_2 equivalent
		Emissions intensity – fixed income portfolio – Scope 1 and 2: 89 tonnes of CO_2 equivalent

1 The climate-related indicator is based on IFRS S2 paragraph 29 (a) (vi) (2) Financed emissions B61 Asset management (a)

Reporting standard	Indicator	Description
Work on climate and climate risk in Central Banking		
Responsible management and climate risk in the foreign exchange reserves		
Climate-related disclosures[2]	Financed emissions Asset management	Financed emissions – equity portfolio - Scope 1 and 2: 365 501 tonnes of CO_2 equivalent
		Financed emissions – equity portfolio - Scope 3: 3 420 848 tonnes of CO_2 equivalents
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Emissions intensity – equity portfolio - Scope 1 and 2: 69 tonnes of CO_2 equivalent
GRI G4: Financial Services Sector Disclosures 2014	FS11 Percentage of holdings subject to positive and negative environmental or social screening	Number of companies Norges Bank divested from following risk assessments related to ESG issues: 5
		Number of excluded companies: 42
Climate impact of Norges Bank's operations		
Carbon accounts		
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	19 tonnes of CO_2 equivalent
	305-2 Indirect GHG emissions, energy (Scope 2)	712 tonnes of CO_2 equivalent
	305-3 Indirect GHG emissions, other (Scope 3)	10 337 tonnes of CO_2 equivalent

[2] The indicator climate-related disclosures is based on IFRS S2 paragraph 29 (a) (vi) (2) Financed emissions B61 (a) Asset management

Financial statements

Main points

	2024	2023
Net income/-expense from financial instruments before foreign exchange gains/-losses	NOK 36.4bn	NOK 40.9bn
Foreign exchange gains/-losses	NOK 58.9bn	NOK 30.3bn
Profit/-loss, Government Pension Fund Global (GPFG)	NOK 3 576bn	NOK 2 616bn
Profit/-loss, GPFG withdrawn from/-transferred to the krone account	NOK -3 576bn	NOK -2 616bn
Other operating income	NOK 7.6bn	NOK 6.8bn
- of which management fee, GPFG	NOK 7.4bn	NOK 6.6bn
Operating expenses	NOK -8.8bn	NOK -8.0bn
- of which management costs, GPFG	NOK -7.4bn	NOK -6.6bn
Total comprehensive income	NOK 95.1bn	NOK 70.0bn
Transfer to the Treasury	NOK 30.1bn	NOK 17.6bn

Contents

Income statement

Amounts in NOK million	Note	2024	2023
Net income/-expense from financial instruments			
Net income/-expense from:			
-Equities	3,5	39 692	30 524
-Bonds	3,5	9 130	18 564
-Financial derivatives	5	-93	119
-Secured lending	9	2 276	1 283
Interest income from deposits in banks	11	1 063	2 963
Interest income from lending to banks	12	191	905
Interest expense on deposits from banks	12	-3 039	-1 533
Interest expense on deposits from the Treasury	12	-13 818	-13 336
Interest income from the IMF	14	5 456	5 216
Interest expense to the IMF	14	-4 436	-4 235
Tax expenses	3	-32	-39
Other financial income/-expense		8	490
Net income/-expense from financial instruments before foreign exchange gains/-losses		**36 398**	**40 921**
Foreign exchange gains/-losses	8	58 892	30 323
Net income/-expense from financial instruments		**95 290**	**71 244**
Other operating income			
Management fee, GPFG	19	7 390	6 632
Other operating income	17	183	161
Total other operating income		**7 573**	**6 794**
Operating expenses			
Personnel expenses	15	-3 051	-2 853
Other operating expenses	17	-5 585	-4 984
Depreciation, amortisation and impairment losses	18	-140	-135
Total operating expenses		**-8 776**	**-7 971**
Management of the Government Pension Fund Global (GPFG)			
Total comprehensive income, GPFG	20	3 575 870	2 616 385
Withdrawn from/-transferred to the krone account of the GPFG	20	-3 575 870	-2 616 385
Profit/-loss for the period		**94 087**	**70 067**
Statement of comprehensive income			
Profit/-loss for the period		94 087	70 067
Change in actuarial gains/-losses	16	1 021	-35
Total comprehensive income		**95 108**	**70 031**

Balance sheet

Amounts in NOK million	Note	31.12.2024	31.12.2023
Assets			
Financial assets			
Deposits in banks	11	13 089	20 792
Secured lending	9,10	64 874	60 723
Cash collateral posted	9,10	8	-
Unsettled trades		164	2 020
Equities	4,7	154 301	140 488
Equities lent	4,7,9,10	3 176	2 885
Bonds	4,6,7	591 981	504 680
Financial derivatives	6	3	3
Lending to banks	12	2 920	2 803
Claims on the IMF	14	145 855	134 999
Other financial assets	19	960	671
Total financial assets		**977 331**	**870 064**
Non-financial assets			
Pensions	16	1 306	93
Non-financial assets	18	2 149	2 078
Total non-financial assets		**3 455**	**2 171**
Net value, GPFG	20	**19 741 590**	**15 756 719**
Total assets		**20 722 376**	**16 628 954**

Amounts in NOK million	Note	31.12.2024	31.12.2023
Liabilities and equity			
Financial liabilities			
Secured borrowing	9,10	21	29
Unsettled trades	9,10	37 861	38 894
Financial derivatives		10	12
Deposits from banks	12	91 465	58 355
Deposits from the Treasury	12	274 015	281 816
Notes and coins in circulation	13	38 221	39 724
Liabilities to the IMF	14	118 213	107 979
Other financial liabilities		3 164	5 149
Total financial liabilities		**562 970**	**531 958**
Other liabilities			
Other liabilities	19	30 864	18 330
Total other liabilities		**30 864**	**18 330**
Deposits in krone account, GPFG	20	**19 741 590**	**15 756 719**
Total liabilities		**20 335 424**	**16 307 007**
Equity		**386 952**	**321 947**
Total liabilities and equity		**20 722 376**	**16 628 954**

Oslo, 5 February 2025

Ida Wolden Bache
(Governor / Chair of the Executive Board)

Pål Longva
(First Deputy Chair)

Øystein Børsum
(Second Deputy Chair)

Kristine Ryssdal

Arne Hyttnes

Nina Udnes Tronstad

Hans Aasnæs

Thomas Ekeli

Ragnhild Janbu Fresvik

Mats Bay Fevolden
(Employee representative)

Guro Heimly
(Employee representative)

Statement of cash flows

Amounts in NOK million, inflows (+)/outflows (-)	Note	2024	2023
Operating activities			
Receipts of dividend from equities		2 825	2 676
Receipts of interest from bonds		10 221	6 439
Net receipts of interest and fee from secured lending and borrowing		2 284	1 273
Receipts of dividend, interest and fee from holdings of equities and bonds		*15 330*	*10 388*
Net cash flow from purchase and sale of equities		28 800	-2 460
Net cash flow from purchase and sale of bonds		-41 216	-6 781
Net cash flow financial derivatives		-146	1 151
Net cash flow secured lending and borrowing		-1 602	-18 944
Interest received		6 835	8 741
Interest paid		-21 374	-18 795
Net cash flow related to other expenses, other assets and other liabilities		-8 642	-10 681
Net cash flow related to other financial assets and other financial liabilities		30 998	45 944
Net cash flow to/-from the Treasury		403 563	687 314
Inflow from the Norwegian government to the GPFG	19	-411 365	-710 104
Withdrawals by the Norwegian government from the GPFG	19	-	-
Management fee received from the GPFG	19	7 032	6 526
Net cash flow from operating activities		**8 214**	**-7 701**
Investing activities			
Net cash flow related to non-financial assets and liabilities	18	-198	-146
Net cash flow from investing activities		**-198**	**-146**
Financing activities			
Cash flow from the Transfer Fund to the Treasury	19	-17 604	-8 094
Net cash flow from financing activities		**-17 604**	**-8 094**
Net change in cash			
Deposits in banks at 1 January	11	20 792	32 334
Net increase/-decrease of cash in the period		-9 588	-15 941
Net foreign exchange gains and losses on cash		1 885	4 399
Deposits in banks at 31 December	11	**13 089**	**20 792**

Accounting policy

The statement of cash flows has been prepared in accordance with the direct method. Major classes of gross payments are presented separately, with the exception of specific transactions primarily arising from the purchase and sale of financial instruments, which are shown net.

Transfers between the GPFG and the Norwegian government are classified as a financing activity in the statement of cash flows in the GPFG's financial statements. In Norges Bank's financial statements, transfers are classified as operating activities, since Norges Bank is the manager of the GPFG.

Statement of changes in equity

Amounts in NOK million	Adjustment Fund	Transfer Fund	Total equity
1 January 2023	253 333	16 187	269 520
Total comprehensive income	33 406	36 625	70 031
31 December 2023 before transfer to the Treasury	*286 739*	*52 812*	*339 551*
Transferred to the Treasury	-	-17 604	-17 604
31 December 2023	**286 739**	**35 208**	**321 947**
1 January 2024	286 739	35 208	321 947
Total comprehensive income	40 008	55 100	95 108
31 December 2024 before transfer to the Treasury	*326 747*	*90 308*	*417 055*
Transferred to the Treasury	-	-30 103	-30 103
31 December 2024	**326 747**	**60 205**	**386 952**

Accounting policy

Norges Bank's equity comprises an Adjustment Fund and a Transfer Fund. The Adjustment Fund comprises the Bank's restricted equity, and the Transfer Fund comprises the basis for transfers to the Treasury. Norges Bank's capital is governed by the Guidelines for provisions and allocations of Norges Bank's profit or loss laid down on 13 December 2019, pursuant to section 3-11, sub-section 2, of the Central Bank Act.

Notes

Note 1 General information

Introduction
Norges Bank is Norway's central bank. The Bank is a separate legal entity and is owned by the State. The Bank's main office is at Bankplassen 2, Oslo, Norway.

Norges Bank shall promote economic stability and manage substantial assets on behalf of the nation. The Bank conducts monetary policy, monitors financial stability, promotes robust and efficient payment systems and financial markets and manages Norway's foreign exchange reserves.

Norges Bank manages the Government Pension Fund Global (GPFG) on behalf of the Ministry of Finance in accordance with section 3, second paragraph, of the Government Pension Fund Act and the management mandate for the GPFG issued by the Ministry of Finance.

The GPFG shall support government saving to finance future expenditure and underpin long-term considerations relating to the use of Norway's petroleum revenues. The Norwegian Parliament has established the legal framework in the Government Pension Fund Act, and the Ministry of Finance has formal responsibility for the fund's management. The Executive Board of Norges Bank has delegated day-to-day management of the GPFG to Norges Bank Investment Management (NBIM).

The Ministry of Finance has placed funds for investment in the GPFG in the form of a Norwegian krone deposit with Norges Bank (the krone account). Norges Bank manages the krone account in its own name by investing the funds in an investment portfolio consisting of equities, bonds, real estate and infrastructure for renewable energy. The GPFG is invested in its entirety outside of Norway.

Transfers are made to and from the krone account in accordance with the management mandate. When the Norwegian State's petroleum revenue exceeds the use of petroleum revenue in the fiscal budget, deposits will be made into the krone account. In the opposite situation, withdrawals will be made. Transfers to and from the krone account lead to a corresponding change in *Owner's capital* in the GPFG.

Norges Bank is not exposed to financial risk from its management of the GPFG. The return on the portfolio, less the management fee to Norges Bank, is transferred in its entirety to the krone account and does not affect total comprehensive income or equity in Norges Bank. The investment portfolio under management is equal to the amount on deposit in the krone account at the time in question, less the accrued management fee and deferred tax. This is presented on a separate line as an asset in Norges Bank's balance sheet, and the krone account is presented as a liability in the same amount to the Ministry of Finance. For further information about the management mandate for the GPFG, Norges Bank's governance structure and risk management see note 20.9 Investment risk. For further information about transactions between Norges Bank and the GPFG, see note 19 Related parties.

Approval of the financial statements
The annual financial statements of Norges Bank for 2024 were approved by the Executive Board on 5 February 2025 and approved by the Supervisory Council on 20 February 2025. The annual financial reporting for the GPFG is an excerpt of Norges Bank's financial reporting and is included in Norges Bank's annual financial statements as note 20.

Norges Bank's net gain of NOK 95.1 billion will be covered by a provision to the Adjustment Fund of NOK 40.0 billion and a transfer to the Transfer Fund of NOK 55.1 billion. A further NOK 30.1 billion will be transferred from the Transfer Fund to the Treasury. The annual transfers and allocations for 2024 were made in accordance with the guidelines.

Note 2 Accounting policies

This note describes accounting policies, significant estimates and accounting judgements that are relevant to the financial statements as a whole and the accounting policies that are relevant for investments in subsidiaries as part of the management of the GPFG. Additional accounting policies, significant estimates and accounting judgements are included in the respective statements and notes.

Significant estimates and critical accounting judgements

The preparation of the financial statements involves the use of uncertain estimates and assumptions relating to future events that affect the reported amounts for assets, liabilities, income and expenses. Estimates are based on historical experience and reflect management's expectations about future events. Actual outcomes may deviate from estimates. The preparation of the financial statements also involves the use of judgement when applying accounting policies, which may have a significant impact on the financial statements.

In cases where there are particularly uncertain estimates or accounting judgements, this is described in the respective notes.

Basis of preparation
Pursuant to section 4-3 of the Central Bank Act, the annual financial statements of Norges Bank have been prepared in accordance with the Accounting Act and Regulation on the financial reporting for Norges Bank (the Regulation), laid down by the Ministry of Finance.

The Regulation entails that the financial reporting of the GPFG is prepared in accordance with IFRS Accounting Standards as adopted by the EU, subject to the additions and exemptions specified in the Accounting Act and the Regulation. It sets forth that the return on the investment portfolio and the return assigned to the krone account of the GPFG shall be presented on separate lines in the income statement, the net value of the GPFG and the deposits in the krone account of the GPFG shall be presented on separate lines in the balance sheet, inflows to and withdrawals from the krone account of the GPFG shall be presented on separate lines in the statement of cash flows and the annual financial reporting of the GPFG shall be presented in a separate note in Norges Bank's annual financial statements, see note 20 Government Pension Fund Global (GPFG). In addition, subsidiaries that are included in the consolidation for the preparation of consolidated financial reporting for the investment portfolio are excluded from the consolidation in Norges Bank's annual financial statements. See also section *Accounting policies for investments in subsidiaries as part of the management of the GPFG* below for the consolidation of certain subsidiaries in the GPFG.

The financial statements are presented in a manner that is most relevant to an understanding of the Bank's financial performance.

The annual financial statements are prepared with a closing date of 31 December, and are presented in Norwegian kroner (NOK), and unless otherwise stated, rounded to the nearest million. Rounding differences may occur.

Norges Bank's annual financial statements are prepared under a going concern basis.

Changes in accounting policies, including new and amended standards and interpretations in the period
Accounting policies applied are consistent with the policies applied in the previous accounting year. There are no new or amended IFRS standards and interpretations that have become effective for the accounting year beginning on 1 January 2024 that have had any material effect on the Bank's financial statements.

New and amended standards and interpretations effective from 2025 or later
In 2024, the International Accounting Standards Board (IASB) issued a new IFRS accounting standard for presentation and disclosure in financial statements: IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will replace IAS 1 *Presentation of Financial Statements*. The new standard will take effect for financial years beginning on or after 1 January, 2027. Early application is permitted after the EU has approved the standard. Norges Bank has started to assess the new requirements of IFRS 18.

Other issued IFRS standards, changes in existing standards and interpretations issued with effective dates from 2025 or later are expected to be immaterial or not applicable for the Bank's financial reporting at the time of implementation.

Accounting policies for the financial statements as a whole

Financial assets and liabilities

Recognition and derecognition

Financial assets and liabilities are recognised in the balance sheet upon becoming a party to the instrument's contractual provisions.

Financial assets are derecognised when the contractual rights to the cash flows expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred. See note 9 Secured lending and borrowing and note 20.13 Secured lending and borrowing for details on transferred assets that are not derecognised.

Financial liabilities are derecognised when the obligation is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Purchase or sale of a financial asset where the contractual terms require settlement in accordance with normal market conditions, is recognised on the trade date.

Classification and measurement

Financial assets are classified based on the business model used for managing the assets and their contractual cash flow characteristics.

The investment portfolio of the GPFG is managed in accordance with the management mandate issued by the Ministry of Finance, the investment mandate issued by the Executive Board of Norges Bank and investment strategies issued by the management of NBIM. These mandates and strategies, including the risk management strategies, entail that financial assets are managed and evaluated on a fair value basis. The financial assets in the GPFG are therefore measured at fair value through profit or loss, except for *Management fee receivable*, which is not part of the investment portfolio. *Management fee receivable* is measured at amortised cost.

The foreign exchange reserves are managed in accordance with the principles issued by the Executive Board and are managed and their performance evaluated on a fair value basis. Other financial assets are measured at amortised cost.

Financial liabilities are measured at amortised cost, except for financial liabilities designated as at fair value through profit or loss. This applies to financial liabilities in the foreign exchange reserves that are managed and their performance evaluated on a fair value basis. For the GPFG, financial liabilities, except for *Management fee payable* and *Deferred tax*, are integrated into the investment portfolio that is managed and evaluated on a fair value basis, and are therefore designated at fair value through profit or loss. *Management fee payable* is measured at amortised cost. See note 20.10 Tax for information about the recognition and measurement of *Deferred Tax.*

Financial derivatives are measured at fair value through profit or loss.

For further specification of the classification of financial instruments, see note 6 Measurement and table 6.2 Classification of financial instruments.

Impairment

For financial assets classified as measured at amortised cost, an allowance for expected credit losses is recognised. Expected credit losses are estimated per loan and are based on the loan's exposure at default, probability of default and loss given default. The recognised amount comprises expected credit losses within the 12 months after the reporting date. In the event of a substantial increase in credit risk since initial recognition, an expected loss allowance is recognised over the expected life of the asset.

Accounting policies for investments in subsidiaries as part of the management of the GPFG
The GPFG is an investment entity in accordance with IFRS 10 *Consolidated financial statements*. IFRS 10 defines an investment entity and introduces a mandatory exemption from consolidation for investment entities.

Accounting judgement
The GPFG is an investment entity based on the following: a) It obtains funds from the Norwegian government, a related party and its sole owner, and delivers professional investment services, being the management of the fund, to the Norwegian government, b) It commits to the Norwegian government that its business purpose is to invest solely for capital appreciation and investment income, c) It measures and evaluates returns for all its investments exclusively on a fair value basis. The GPFG does not have an explicit strategy that defines a specific time for the realisation of each investment, but the investments are assessed continuously, and purchase and sale assessments are made. After an overall assessment, it has been concluded that the GPFG meets the criteria in the definition of an investment entity.

Investments in real estate and infrastructure for renewable energy are made through subsidiaries of Norges Bank, which are exclusively established as part of the management of the fund. Subsidiaries are controlled by the GPFG and are included in the financial reporting for the GPFG in accordance with section 3-4 of the Regulation. For further information, see note 20.16 Interests in other entities.

Subsidiaries measured at fair value through profit or loss
Subsidiaries that invest in real estate or infrastructure for renewable energy through ownership interests in other entities, are investment entities. These subsidiaries are measured at fair value through profit and loss in accordance with the principles for financial assets. Subsidiaries that invest in real estate and infrastructure for renewable energy are presented in the balance sheet of the GPFG as *Unlisted real estate* and *Unlisted infrastructure*, respectively. See note 20.6 Unlisted real estate and note 20.7 Unlisted renewable energy infrastructure for supplementing policies.

Consolidated subsidiaries
Subsidiaries that perform investment-related services, and which are not investment entities themselves, are consolidated. Consolidated subsidiaries do not own, neither directly nor indirectly, investments in real estate or infrastructure for renewable energy.

Note 3 Income/expense from equities and bonds

Accounting policy

Investments in equities and bonds are measured at fair value through profit or loss. For further information, see note 2 Accounting policies.

Dividends are recognised when the dividends are formally approved by the shareholders' meeting or comparable responsible party.

Interest income is recognised when the interest is accrued. *Interest expense* is recognised as incurred. The measurement of interest income and expense is based on contractual terms.

Realised gain/-loss primarily represents amounts realised when assets or liabilities have been derecognised. Average acquisition cost is assigned at derecognition. *Realised gain/-loss* includes transaction costs, which are expensed as incurred. Transaction costs are defined as all costs directly attributable to the completed transaction. For investments in equities and bonds, these normally include commission fees and stamp duties.

Unrealised gain/-loss represents changes in fair value for the period for the related balance sheet line item that are not attributable to the aforementioned categories.

Table 3.1 Income/expense from equities

Amounts in NOK million	2024	2023
Dividends	2 850	2 743
Realised gain/-loss	19 038	1 288
Unrealised gain/-loss	17 804	26 493
Income/-expense from equities before foreign exchange gains/-losses	**39 692**	**30 524**

Table 3.2 Income/expense from bonds

Amounts in NOK million	2024	2023
Interest	11 261	7 510
Realised gain/-loss	-2 319	-6 749
Unrealised gain/-loss	188	17 803
Income/-expense from bonds before foreign exchange gains/-losses	**9 130**	**18 564**

Tax expense

Norges Bank is exempt from income tax on its operations in Norway but is liable to taxes in some other jurisdictions. Tax expense comprises income tax that will not be refunded under local tax rules or tax treaties to Norges Bank. This pertains primarily to withholding tax on dividends related to the foreign exchange reserves' equity investments.

Accounting policy

Withholding tax, after deduction of refunded amounts, is recognised at the same time as the related dividend. Refundable withholding tax is recognised in the balance sheet as a receivable under *Other financial assets.*

Tax expense was NOK 31 million in 2024, compared with NOK 39 million in 2023.

Germany and Japan are the markets with the highest tax expense, amounting to NOK 16.4 million and NOK 12.3 million in 2024, respectively, compared with NOK 10.8 million and NOK 10.5 million in 2023, respectively. Norway's tax treaties with these countries entail a tax rate of 15 percent. Tax expense in other respects refers to smaller amounts divided among several other jurisdictions.

Accounting policies for taxation are further detailed in note 20.10 Tax.

Note 4 Holdings of equities and bonds

Accounting policy

Investments in equities and bonds are measured at fair value through profit or loss. All equity investments, except for equities in the BIS, are in the foreign exchange reserves. Changes in fair value for the period are recognised in the income statement and specified in note 3 Income/expense from equities and bonds.

Earned dividends and interest are presented in the balance sheet on the same line as the underlying financial instrument. Earned dividends are dividends formally approved, but not paid as of the balance sheet date, see note 3 Income/expense from equities and bonds for further information.

The balance sheet line *Equities lent* constitutes a part of the equity investments in the foreign exchange reserves, but is presented separately on its own line in the balance sheet. For further information on financial instruments lent, see note 9 Secured lending and borrowing.

For further information on measurement, see note 6 Measurement.

Table 4.1 Equities

Amounts in NOK million	31.12.2024	31.12.2023
Equity investments in the foreign exchange reserves	157 228	143 142
Equities in the BIS	249	231
Total equity investments	**157 477**	**143 373**
Of which presented in the balance sheet on the line Equities	*154 301*	*140 488*
Of which presented in the balance sheet on the line Equities lent[1]	*3 176*	*2 885*

[1] *Equities lent* is exclusively related to equity investments in the foreign exchange reserves.

Table 4.2 Bonds

	31.12.2024		31.12.2023	
Amounts in NOK million	Nominal value[1]	Fair value	Nominal value[1]	Fair value
Bonds	612 149	591 981	524 135	504 680
Total bonds	**612 149**	**591 981**	**524 135**	**504 680**
Of which presented in the balance sheet on the line Bonds lent	-	-	-	-

[1] Nominal values have been converted into NOK at the closing rate at the balance sheet date. The nominal value comprises the face value of the instrument or principal.

Bonds in Norges Bank's balance sheet are in their entirety associated with management of the foreign exchange reserves. Norges Bank issues government debt and enters into financial contracts in the area of government debt management in the name of the Ministry of Finance. Transactions related to government debt management are recognised in the government accounts and not in Norges Bank's income statement or balance sheet.

Bank for International Settlements (BIS)
The Bank for International Settlements (BIS) acts as a bank for central banks, and its mission is to serve central banks in their pursuit of monetary policy and financial stability by fostering international cooperation in those areas.

The BIS is a limited liability company owned by central banks. Norges Bank has 8 000 voting shares (with a face value of SDR 5 000) in the BIS, in addition to 564 non-voting shares (with a face value of SDR 5 000), for a total of 8 564 shares. Norges Bank's share of the total shares in the BIS was equal to 1.5 percent at year-end 2024, the same as at year-end 2023.

When the shares were issued, the BIS required payment of only 25 percent of the share capital, with the remaining 75 percent committed capital not recognised in the balance sheet. The committed capital was NOK 475 million at year-end 2024, compared with NOK 438 million at year-end 2023.

Dividends from the BIS are distributed annually. Dividends received from the BIS was NOK 44 million in 2024, compared with NOK 35 million in 2023.

Note 5 Foreign exchange reserves

The foreign exchange reserves are to be available for use in foreign exchange market transactions or as part of the conduct of monetary policy, with a view to promoting financial stability and to meet Norges Bank's international commitments. The foreign exchange reserves are divided into a fixed income portfolio, an equity portfolio and a petroleum buffer portfolio. See further discussion in note 7 Investment risk.

The petroleum buffer portfolio is intended to receive the government's cash flow from petroleum activities in foreign currency and any transfers to and from the GPFG. The purpose of the portfolio is to provide for an appropriate management of the government's need for converting foreign currency and NOK.

See note 8 Currency for a specification of the foreign exchange reserves' currency breakdown.

Tables 5.1 and 5.2 show income statement and balance sheet, respectively, for the foreign exchange reserves by portfolio, and are presented as they are operationally managed by Norges Bank.

Table 5.1 Foreign exchange reserves by portfolio, income statement

	Portfolios			2024
Amounts in NOK million	Equities	Fixed Income	Petroleum buffer	Total foreign exchange reserves
Income statement				
Net income/-expense from:				
- Equities	39 630	-	-	39 630
- Bonds	-	9 130	-	9 130
- Financial derivatives	12	-105	-	-93
- Secured lending	22	277	1 977	2 276
Interest income from deposits in banks	-1	171	887	1 057
Tax expense	-32	-	-	-32
Other financial income/-expense	-8	-	-1	-9
Net income/-expense from financial instruments before foreign exchange gains/-losses	**39 623**	**9 473**	**2 863**	**51 959**
Foreign exchange gains/-losses	6 007	46 087	4 658	56 752
Net income/-expense from financial instruments	**45 630**	**55 560**	**7 521**	**108 711**

	Portfolios			2023
Amounts in NOK million	Equities	Fixed Income	Petroleum buffer	Total foreign exchange reserves
Income statement				
Net income/-expense from:				
- Equities	30 474	-	-	30 474
- Bonds	-	18 565	-1	18 564
- Financial derivatives	15	104	-	119
- Secured lending	25	180	1 078	1 283
Interest income from deposits in banks	2	169	2 785	2 956
Tax expense	-39	-	-	-39
Other financial income/-expense	-15	-	-	-15
Net income/-expense from financial instruments before foreign exchange gains/-losses	**30 462**	**19 018**	**3 862**	**53 342**
Foreign exchange gains/-losses	2 222	22 354	4 986	29 562
Net income/-expense from financial instruments	**32 684**	**41 372**	**8 848**	**82 904**

Table 5.2 Foreign exchange reserves by portfolio, balance sheet

	Portfolios			31.12.2024
Amounts in NOK million	Equities	Fixed income	Petroleum buffer	Total foreign exchange reserves
Balance sheet				
Financial assets				
Deposits in banks	8	5 945	6 839	12 792
Secured lending	21	16 891	47 962	64 874
Cash collateral posted	-	8	-	8
Unsettled trades	3	161	-	164
Equities	154 051	-	-	154 051
Equities lent	3 176	-	-	3 176
Bonds	-	591 981	-	591 981
Financial derivatives	-	3	-	3
Other financial assets	179	-	-	179
Total financial assets	**157 438**	**614 989**	**54 801**	**827 228**
Financial liabilities				
Secured borrowing	21	-	-	21
Unsettled trades	-	13 879	23 982	37 861
Financial derivatives	-	10	-	10
Other financial liabilities	336	-	-	336
Total financial liabilities	**357**	**13 889**	**23 982**	**38 228**
Net foreign exchange reserves	**157 081**	**601 100**	**30 819**	**789 000**

	Portfolios			31.12.2023
Amounts in NOK million	Equities	Fixed income	Petroleum buffer	Total foreign exchange reserves
Balance sheet				
Financial assets				
Deposits in banks	29	6 993	13 551	20 573
Secured lending	29	7 170	53 524	60 723
Unsettled trades	16	2 004	-	2 020
Equities	140 256	-	-	140 256
Equities lent	2 885	-	-	2 885
Bonds	-	504 680	-	504 680
Financial derivatives	-	3	-	3
Other financial assets	98	-	-	98
Total financial assets	**143 313**	**520 850**	**67 075**	**731 238**
Financial liabilities				
Secured borrowing	29	-	-	29
Unsettled trades	-	9 574	29 321	38 895
Financial derivatives	-	3	9	12
Other financial liabilities	155	-	2 364	2 519
Total financial liabilities	**184**	**9 577**	**31 694**	**41 455**
Net foreign exchange reserves	**143 129**	**511 273**	**35 381**	**689 783**

Note 6 Measurement

Accounting policy

All assets and liabilities presented in the balance sheet as *Equities, Bonds, Financial derivatives, Secured lending and borrowing, Deposits in banks* and *Cash collateral posted / Cash collateral received* are measured at fair value through profit or loss.

Fair value, as defined by IFRS 13 *Fair Value Measurement*, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Introduction
Fair value for the vast majority of assets and liabilities is based on quoted market prices or observable market data. If the market is not active, fair value is established by using standard valuation techniques. Estimating fair value may be complex and require the use of judgement, in particular when observable inputs are not available. The valuation risk is addressed by the control environment at Norges Bank, which is responsible for fair value measurement.

The fair value hierarchy
All securities in the foreign exchange reserves are measured at fair value. The securities have been classified in the fair value hierarchy presented in table 6.1 Foreign exchange reserves' investments by level of valuation uncertainty. The classification is determined by the observability of the market inputs used in the fairvalue measurement:

- Level 1 comprises assets that are valued based on unadjusted quoted prices in active markets. An active market is a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Assets and liabilities classified as Level 2 are valued using models with inputs that are either directly or indirectly observable. Inputs are considered observable when they are based on market data reflecting actual events or transactions.

- Assets classified as Level 3 are valued using models with significant use of unobservable inputs. Inputs are considered unobservable when market data are not available and the input is developed using the best information available about the assumptions that market participants would use when pricing the asset.

An overview of models and valuation techniques with their respective observable and unobservable inputs, categorised by type of instrument, is described in this note.

Significant estimate

Classification in the fair value hierarchy is based on fixed criteria, of which some of the criteria may require the use of judgement.

Table 6.1 Foreign exchange reserves' investments by level of valuation uncertainty

	Level 1		Level 2		Level 3		Total	
Amounts in NOK million	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Equities	156 733	142 482	495	658	-	2	157 228	143 142
Bonds	585 249	492 180	6 732	12 500	-	-	591 981	504 680
Financial derivatives (assets)	3	3	-	-	-	-	3	3
Financial derivatives (liabilities)	-10	-12	-	-	-	-	-10	-12
Other[1]	-	-	39 798	41 970	-	-	39 798	41 970
Total	**741 975**	**634 653**	**47 025**	**55 128**	**-**	**2**	**789 000**	**689 783**
Total (percent)	**94.0%**	**92.0%**	**6.0%**	**8.0%**	**0.0%**	**0.0%**	**100.0%**	**100.0%**

[1] *Other* comprises other assets and liabilities limited to money market instruments, including reverse repurchase agreements, deposits in banks, short-term borrowing, unsettled trades and other assets and liabilities.

At year-end 2024, the valuation uncertainty for the foreign exchange reserves was generally unchanged compared with year-end 2023. The majority of foreign exchange reserves are associated with low valuation risk and are classified as Level 1. At year-end 2024, 99.7 percent of equity holdings and 98.9 percent of bond holdings are classified as Level 1, and valuation is thus based on quoted market prices.

Accounting policy

Transfers between levels in the fair value hierarchy are deemed to take place at the beginning of the reporting period.

Movements between levels in the hierarchy
There have been no substantial movements between levels in the fair value hierarchy.

Valuation techniques
Norges Bank has defined hierarchies for which price sources are to be used for valuation. Holdings that are included in the benchmark indices are normally valued in accordance with the index providers' prices, while the remaining holdings of equities and bonds are valued almost exclusively using prices from other reputable external price providers. For equities and derivatives traded in active markets (Level 1), the close price is used. For bonds traded in active markets, the bid price is generally used.

Below are the valuation techniques used for equities and bonds classified as Level 2 in the fair value hierarchy.

Equities (Level 2)
Equities that are valued based on models with observable inputs provided by vendors are classified as Level 2 in the fair value hierarchy. These holdings are not traded in active markets and include listed shares in companies where trading has been suspended. The valuation models take into account various observable market inputs, such as the price of comparable equity quotes, last traded price and volume.

Bonds (Level 2)
Bonds classified as Level 2 are valued based on observable market inputs from comparable issues, in addition to direct indicative or binding quotes. These holdings usually consist of less liquid bonds than those classified as Level 1, ie where there is not an activity volume for binding trades and a low activity volume for indicative price quotes at the measurement date.

Control environment
The control environment for fair value measurement is organised around a formalised and documented valuation policy and guidelines, which are supported by work and control procedures. The portfolios managed by Norges Bank Markets

contain only liquid government securities, where valuation risk is very low. Any questions are discussed by a separate management committee.

The valuation environment has been adapted in accordance with market standards and established practices for valuation. This is implemented in practice in the form of daily valuation of all holdings. These processes are scalable to market changes and are based on internal and external data solutions.

All holdings and investments are generally valued by external, independent price providers. They have been chosen on the basis of analyses performed by the Norges Bank units responsible for valuation.

Price providers are monitored on an ongoing basis through regular discussions, controls and price challenges for individual securities. For a large portion of holdings, prices from independent price providers are based on quoted market prices. For holdings that are not sufficiently liquid for valuation to be based on quoted prices, widely accepted models are used. Observable inputs are used where possible, but in some cases, owing to illiquid markets, unobservable inputs are used.

The valuation process is subject on a daily basis to numerous controls by the valuation departments. Controls are based on defined thresholds and sensitivities, which are monitored and adjusted in accordance with prevailing market conditions. At each month-end, more extensive controls are performed to ensure valuation in accordance with fair value.

In NBIM, valuation memos and reports are prepared at each quarter-end, documenting the results of the controls performed and the most important sources of uncertainties in the valuations.

The NBIM investment meeting, which includes NBIM's leader group, is held every quarter prior to the publication of the financial reporting. The committee reviews the documentation, discusses major pricing issues and approves the valuation.

Other investments
Norges Bank holds equity investments in the BIS and Swift, which are not part of the foreign exchange reserves. These are investments undertaken by Norges Bank in its role as Norway's central bank and to preserve Norway's international obligations in this area. The obligations involve long-term commitments that do not have economic gain as an objective and are not, by their nature, financial investments. This is primarily related to shares in the Bank for International Settlements (BIS) which are valued at NOK 249 million and would have been allocated to Level 3 in the fair value hierarchy. Valuation is uncertain owing to a lack of activity in the market. These shares are valued using models that use a substantial degree of non-observable inputs. See note 4 Holdings of equities and bonds for further information on equities in the BIS.

Classification of financial instruments
Norges Bank's financial assets are either classified as fair value through profit or loss (designated or mandatory) or as amortised cost. The measurement category is determined at initial recognition of the asset.

Financial liabilities shall generally be measured at amortised cost, except for financial liabilities in the foreign exchange reserves and financial derivatives, which are measured at fair value through profit or loss.

The carrying amount of financial assets and liabilities measured at amortised cost is considered a reasonable estimate of fair value, thus comparable fair value amounts have not been calculated.

Table 6.2 Classification of financial instruments

	Fair value through profit or loss			31.12.2024
Amounts in NOK million	Designated	Mandatory	Amortised cost	Total
Financial assets				
Deposits in banks	-	12 792	297	13 089
Secured lending	-	64 874	-	64 874
Cash collateral posted	-	8	-	8
Unsettled trades	-	164	-	164
Equities	-	154 301	-	154 301
Equities lent	-	3 176	-	3 176
Bonds	-	591 981	-	591 981
Financial derivatives	-	3	-	3
Lending to banks	-	-	2 920	2 920
Claims on the IMF	-	-	145 855	145 855
Other financial assets	-	179	781	960
Total financial assets	**-**	**827 477**	**149 854**	**977 331**
Financial liabilities				
Secured borrowing	21	-	-	21
Unsettled trades	37 861	-	-	37 861
Financial derivatives	-	10	-	10
Deposits from banks	-	-	91 465	91 465
Deposits from the Treasury	-	-	274 015	274 015
Notes and coins in circulation	-	-	38 221	38 221
Liabilities to the IMF	-	-	118 213	118 213
Other financial liabilities	336	-	2 828	3 164
Total financial liabilities	**38 218**	**10**	**524 742**	**562 970**

	Fair value through profit or loss			31.12.2023
Amounts in NOK million	Designated	Mandatory	Amortised cost	Total
Financial assets				
Deposits in banks	-	20 573	219	20 792
Secured lending	-	60 723	-	60 723
Unsettled trades	-	2 020	-	2 020
Equities	-	140 488	-	140 488
Equities lent	-	2 885	-	2 885
Bonds	-	504 680	-	504 680
Financial derivatives	-	3	-	3
Lending to banks	-	-	2 803	2 803
Claims on the IMF	-	-	134 999	134 999
Other financial assets	-	98	573	671
Total financial assets	**-**	**731 470**	**138 594**	**870 064**
Financial liabilities				
Secured borrowing	29	-	-	29
Unsettled trades	38 894	-	-	38 894
Financial derivatives	-	12	-	12
Deposits from banks	-	-	58 355	58 355
Deposits from the Treasury	-	-	281 816	281 816
Notes and coins in circulation	-	-	39 724	39 724
Liabilities to the IMF	-	-	107 979	107 979
Other financial liabilities	2 520	-	2 629	5 149
Total financial liabilities	**41 443**	**12**	**490 503**	**531 958**

Note 7 Investment risk

The aim of the management of the foreign exchange reserves is to attain the highest possible return within established guidelines and risk limits. Investment risk is mitigated by managing and controlling the investment management risks to which Norges Bank is exposed. In addition, a well-defined division of roles and responsibilities has been established for the risk management process.

Organisation

The Executive Board has the overarching responsibility for risk management at Norges Bank and has established principles for risk management in Central Banking, including financial risk. The Executive Board also lays down the overarching principles for the management of Norges Bank's foreign exchange reserves, including strategic asset allocation, benchmark indexes, investment universe and overarching risk measures. The management of the foreign exchange reserves and financial risk is reported quarterly to the Executive Board.

The Risk and Investment Committee is a preparatory and advisory body to strengthen and improve the Executive Board's work related to investment strategy and risk limits for the foreign exchange reserves.

The Governor is responsible for the management of the foreign exchange reserves. The Governor has operationalised the Executive Board's principles in guidelines issued for the management of the equity portfolio, fixed income portfolio and petroleum buffer portfolio. Operational responsibility for management has been delegated to NBIM and Norges Bank Markets. Under the framework of the Governor's guidelines, the equity portfolio is managed in accordance with risk management and associated processes for the GPFG, the fixed income portfolio and the petroleum buffer portfolio according to supplementary guidelines set by the head of Markets.

The division of roles and responsibilities in the risk management system is organised along three lines of defence. The first line of defence comprises the operational risk management and control activities that are performed by the operating units. The second line of defence comprises the central risk management and compliance functions, which are tasked with advising and supporting the operating units. Their task is to challenge the assessments of the first line of defence and ensure that the first line of defence performs adequate controls. The third line of defence is the internal audit function. Internal audit is placed under the Executive Board, independently of the administration, and shall assess whether risk management and compliance function as required.

Framework

The composition of the foreign exchange reserves and associated risk depends primarily on the strategic equity allocation and the portfolios' benchmark indexes, which are both defined by the Executive Board. The strategic equity allocation of the total equity and fixed income portfolio is 20 percent.

The benchmark index for the equity portfolio is a tax-adjusted version of the FTSE ALL World Developed Market Index, limited to euro area countries, the US, the UK, Japan, Canada, Australia, Switzerland, Sweden and Denmark. The equity portfolio may be invested in cash deposits and equities listed on a regulated and recognised exchange.

The benchmark index for the fixed income portfolio is a market-weighted index of all nominal government bonds with a residual maturity of between one month and 10 years issued by France, Germany, Japan, China, the UK and the US. The fixed income portfolio may be invested in cash deposits, Treasury bills and government bonds issued by the countries in the benchmark index.

No benchmark index has been set for the petroleum buffer portfolio. The purpose of the portfolio is to provide for an appropriate management of the government's need for converting foreign currency and NOK and for any transfers to and from the GPFG. The petroleum buffer portfolio is invested in short-term fixed income instruments.

Through management of the foreign exchange reserves, Norges Bank is exposed to various types of financial risk, including market risk, credit risk and counterparty risk. For the management of the foreign exchange reserves, risk management is defined as the management of these risks. The units with operational responsibility for management have the responsibility for managing risk in accordance with current principles and guidelines.

Risk management process
Norges Bank employs several measurement methodologies, processes and systems to control investment risk. Robust and widely accepted risk management systems and processes are complemented by internally developed measurement methods and processes.

Market risk
Market risk is defined as the risk of loss or a change in the market value of the portfolio, or parts of the portfolio, as a result of changes in the equity, fixed income or foreign exchange market, including changes in credit premiums.

Continuous monitoring, measurement and assessment of market risk are performed along multiple dimensions.By combining different and complementary risk measures, a better insight into the portfolios' risk profile is gained. Norges Bank measures both absolute and relative risk for the investments in the portfolios.

Allocation by geography and industry
The foreign exchange reserves primarily contain investments in sovereign bonds and listed companies. In accordance with the investment management framework, the investments are allocated to several countries and currencies. The following tables show investments broken down by geography and industry.

Table 7.1 Foreign exchange reserves' allocation by asset class and region/sovereign issuer

		31.12.2024		31.12.2023	
Amounts in NOK million		Market value in percent	Market value	Market value in percent	Market value
Equity portfolio					
Equities	Americas	76	119 545	72	103 563
	Europe	15	24 114	18	25 883
	Asia and Oceania	9	13 422	10	13 683
Total equity portfolio		**100**	**157 081**	**100**	**143 129**
Fixed income portfolio					
Bonds	US	49	298 807	50	253 090
	France	18	108 797	18	92 647
	Germany	15	89 466	15	77 684
	UK	7	41 636	7	35 794
	Japan	7	41 234	7	35 227
	China	2	12 041	2	10 238
Total bonds		**98**	**591 981**	**99**	**504 680**
Deposits	Americas	1	3 349	1	3 744
	Europe	1	5 601	0	1 634
	Asia and Oceania	0	169	0	1 215
Deposits		**2**	**9 119**	**1**	**6 593**
Total fixed income portfolio		**100**	**601 100**	**100**	**511 273**
Petroleum buffer portfolio					
Deposits	Americas	22	6 671	10	3 700
	Europe	78	24 148	90	31 681
Total petroleum buffer portfolio		**100**	**30 819**	**100**	**35 381**
Total foreign exchange reserves		**100**	**789 000**	**100**	**689 783**

Table 7.2 Equity portfolio by industry

	31.12.2024		31.12.2023	
Amounts in NOK million	Market value	Share	Market value	Share
Technology	48 486	31%	38 389	27%
Consumer discretionary	24 071	15%	21 211	15%
Financials	22 497	14%	19 541	14%
Industrials	19 600	13%	18 625	13%
Health care	16 528	11%	17 747	13%
Consumer goods	6 907	5%	7 689	5%
Energy	4 739	3%	4 892	3%
Basic materials	3 750	2%	4 560	3%
Real estate	3 416	2%	3 558	3%
Telecommunications	3 646	2%	3 495	2%
Utilities	3 477	2%	3 313	2%
Other[1]	-35	0%	110	0%
Total equity portfolio	**157 081**	**100%**	**143 129**	**100%**
Of which presented in the balance sheet on the line Equities	*154 051*		*140 256*	
Of which presented in the balance sheet on the line Equities lent	*3 176*		*2 885*	

[1] Includes other asset and liability items in the equity portfolio

Table 7.3 Foreign exchange reserves' 10 largest holdings of equities

			31.12.2024
Amounts in NOK million	Sector	Market value	Share[1]
Apple Inc	Technology	8 435	5.4%
NVIDIA Corp	Technology	7 392	4.7%
Microsoft Corp	Technology	7 380	4.7%
Amazon.com Inc	Consumer discretionary	4 847	3.1%
Alphabet Inc	Technology	4 804	3.0%
Meta Platforms Inc	Technology	3 016	1.9%
Tesla Inc	Consumer discretionary	2 634	1.7%
Broadcom Inc	Technology	2 482	1.6%
Berkshire Hathaway Inc	Financials	1 947	1.2%
JPMorgan Chase & Co	Financials	1 584	1.0%
Total		**44 521**	**28.3%**

			31.12.2023
Amounts in NOK million	Sector	Market value	Share[1]
Apple Inc	Technology	7 108	5.0%
Microsoft Corp	Technology	7 007	4.9%
Alphabet Inc	Technology	3 846	2.7%
Amazon.com Inc	Consumer discretionary	3 426	2.4%
NVIDIA Corp	Technology	2 945	2.1%
Meta Platforms Inc	Technology	1 961	1.4%
Tesla Inc	Consumer discretionary	1 716	1.2%
Berkshire Hathaway Inc	Financials	1 625	1.1%
Eli Lilly & Co	Health care	1 234	0.8%
JPMorgan Chase & Co	Financials	1 229	0.8%
Total		**32 097**	**22.4%**

[1] Percentage of the total equity portfolio.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the value of financial instruments will change owing to movements in foreign exchange rates. Norges Bank has, primarily through the foreign exchange reserves, invested in securities issued and traded in currencies other than NOK. Consequently, the value of these investments is exposed to foreign exchange rate risk. Note 8 Currency contains more information on the exchange rates used and the currency distribution in the foreign exchange reserves.

Interest rate risk

A substantial portion of the foreign exchange reserves is invested in sovereign bonds issued by the US, Germany, France, the UK, Japan and China. The value of fixed income instruments is affected by changes in interest rates in these countries. The investments' interest rate sensitivity is measured by modified duration. At year-end 2024, modified duration was 3.47 percent for the fixed income portfolio. In isolation, this means that a 1 percent fall in yields corresponds to a 3.47 percent rise in bond prices. By comparison, modified duration at year-end 2023 was 3.54.

Volatility and correlation risk

Norges Bank uses models to quantify the risk of value changes associated with the foreign exchange reserves. Volatility is a standard risk measure based on the statistical concept of standard deviation, which takes into account the correlation between different investments in the portfolio. Absolute volatility provides an estimate of how much the portfolio value can be expected to change in the course of a year, given the current portfolio composition. Relative volatility (tracking error) provides an indication of how much the portfolio is expected to fluctuate compared with its benchmark index. In accordance with the Executive Board's principles for management of the foreign exchange reserves, the maximum expected relative volatility is set at 50 basis points for the equity and fixed income portfolios, respectively. This implies that that the relative return on the portfolios is expected to lie within the range of ±50 basis points in two out of three years.

The risk models make it possible to estimate the risk in a portfolio across asset classes, markets, currencies, securities and instruments. Risk is then expressed as a single numerical value, which takes into account the correlation between risk factors. The models use historical relationships, which is expected to provide reliable forecasts in markets that are not experiencing substantial changes in volatility and correlation. Estimates will be less reliable in periods marked by significant market movements. Calculated volatility provides a point estimate of risk and says little about the overall risk profile. To compensate for these weaknesses, complementary models and methods, including stress tests, are used.

The risk models are regularly tested and evaluated for their ability to estimate risk. The risk measures provided here are annualised, which means that it is assumed that volatility and portfolio composition are constant over time.

Table 7.4 Portfolio risk, expected volatility

	31.12.2024	Min 2024	Max 2024	Avg. 2024	31.12.2023	Min 2023	Max 2023	Avg. 2023
Equity portfolio	15.8%	13.9%	15.9%	14.8%	14.0%	12.7%	16.0%	13.8%
Fixed income portfolio	9.4%	7.7%	13.7%	9.4%	10.7%	9.0%	14.6%	11.6%

Table 7.5 Portfolio risk, expected relative volatility

	31.12.2024	Min 2024	Max 2024	Avg. 2024	31.12.2023	Min 2023	Max 2023	Avg. 2023
Equity portfolio	4	4	5	4	5	5	10	7
Fixed income portfolio	2	1	3	2	2	1	3	2

At year-end 2024, expected absolute volatility was measured at 15.8 percent for the equity portfolio and 9.4 percent for the fixed income portfolio. This means that value fluctuations on the order of NOK 25 billion and NOK 56 billion, respectively, can be expected in two out of three years. In these cases, expected value fluctuations are calculated excluding expected returns. At year-end 2023, the corresponding expected value fluctuations were NOK 20 billion and NOK 55 billion, respectively. At year-end 2024, expected relative volatility for the equity and fixed income portfolios was 4 and 2 basis points, respectively, compared with 5 and 2 basis points, respectively, at year-end 2023.

Credit risk
Credit risk is the risk of loss due to an issuer being unable to meet its payment obligations.

The fixed income portfolio comprises only sovereign bonds issued by countries with high credit ratings from external credit rating agencies. The credit risk of bond investments in the foreign exchange reserves is therefore regarded as low.

Table 7.6 Bonds specified by sovereign issuer and credit rating

		31.12.2024		31.12.2023	
Country	Credit rating	Market value	Share	Market value	Share
Germany	AAA	89 466	15%	77 684	15%
US	AA+	298 807	50%	253 090	50%
France	AA-	108 797	18%	92 647	18%
UK	AA-	41 636	7%	35 794	7%
Japan	A+	41 234	7%	35 227	7%
China	A+	12 041	2%	10 238	2%
Total bonds		**591 981**	**100%**	**504 680**	**100%**

Counterparty risk
Counterparties are necessary for trading in markets and for ensuring effective management of liquidity, market and credit risk. Counterparty risk is defined as the risk of loss due to a counterparty default on its obligations. Counterparty risk includes the risk associated with counterparty insolvency, settlement risk and custodial risk. Counterparty risk is primarily related to securities lending, reverse repurchase agreement, unsecured bank deposits, foreign exchange contracts and futures.

In the management of the foreign exchange reserves a large number of counterparties are used to limit concentration. To reduce counterparty risk, requirements have been set for the credit quality of counterparties. Norges Bank's counterparties usually have credit ratings from several independent credit rating agencies. Credit ratings of Norges Bank's counterparties are monitored and complemented by alternative credit risk indicators.

Counterparty risk is also limited by setting exposure limits for individual counterparties. In most instances, the exposure limit is determined by the credit rating of the counterparty. Exposure per counterparty is measured daily.

Netting agreements are in place for trades in securities lending, currency contracts and reverse repurchase agreements, and there are collateral requirements for counterparty net positions with a positive market value. Minimum requirements have also been set relating to the credit quality, time to maturity and concentration of the collateral. Netting and collateral agreements are entered into for all counterparties approved for these types of trades. For securities lending transactions, a premium is added to the market value to reflect the position's volatility, and these positions are also adjusted for netting and actual collateral received and posted when determining net exposure. See note 10 Collateral and offsetting for further information.

At year-end 2024, counterparty risk is regarded as low. Collateral has been posted in excess of the exposure in the open reverse repurchase agreements, and unsecured bank deposits almost exclusively comprise deposits with the Federal Reserve (US dollar) or with other central banks.

Table 7.7 Counterparties[1] by credit rating[2]

	Non brokers		Brokers	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
AAA	3	3	-	-
AA	24	23	25	23
A	55	56	33	36
BBB	8	9	20	18
BB	2	2	13	12
B	-	-	5	5
Total	**92**	**93**	**96**	**94**

1 Counterparties in the category *Brokers* are defined as equity and bond brokers and futures brokers. Counterparties in other transactions are classified as *Non brokers*. In cases where a counterparty is used for trading securities and for other transactions, the same counterparty will be included in both categories. As counterparties are counted per legal entity, several counterparties may be included per corporate group. Counterparties that are central banks are not included in the table.

2 Median rating

Leverage

Leverage may be used to ensure effective management of the investments in the equity portfolio, but not with the aim of increasing the economic exposure to risky assets. Leverage is the difference between total net exposure and the market value of the portfolio. Leverage in the portfolio was 0.10 percent at year-end 2024, compared with 0.09 percent at year-end 2023.

Sale of securities that Norges Bank does not own (“short sale”)

The sale of securities that Norges Bank does not own is not permitted in the management of the foreign exchange reserves.

Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations at the agreed time. As a central bank, Norges Bank is not exposed to this type of liquidity risk in local currency. There is little or no liquidity risk associated with the Bank’s liabilities, which are primarily in NOK. The majority of assets are held in foreign currency and are highly liquid financial instruments. They may be realised at short notice without a substantial change in value, and the liquidity risk associated with them is therefore regarded as low. Assets in foreign currency are regarded as sufficient for meeting foreign currency obligations.

Climate risk

Climate risk is defined as the risk related to future physical climate changes and changes related to the transition to a low-carbon society.

The Executive Board has decided that the equity portfolio in the foreign exchange reserves shall be managed according to the same principles and strategies for responsible management as the equity investments in the GPFG. Among other things, it means that the Bank’s work with responsible management is based on a long-term goal that the companies in the investment portfolio align their operations with the goals of the Paris Agreement. The fixed income portfolio in the foreign exchange reserves consists exclusively of government bonds, and climate related issues will have little effect on the composition of the bond portfolio.

Other risk

Credit risk associated with lending to banks

Credit and counterparty risk associated with F-loans and intraday/overnight loans (D-loans) is managed by requiring collateral for such loans, in the form of securities pledged to Norges Bank. The total lending facility for banks is determined by collateral pledged to Norges Bank, F-deposits and deposits with the Scandinavian Cash Pool.

Norges Bank stipulates more detailed terms for pledging securities and fund units as collateral for loans in Norges Bank pursuant to section 6 of the Regulation on the Access of Banks to Borrowing and Deposit Facilities in Norges Bank etc. The current guidelines have been issued in Norges Bank's Circular 4/2024 from October 2024. See note 12 Loans and deposits for more information.

The rules for pledging collateral are intended to limit Norges Bank's risk associated with lending to banks and facilitate appropriate levels of bank borrowing. Risk is limited, since only high-quality securities are eligible and since the loan value is lower than the market value of the collateral (haircut).

Loans to the IMF

The Kingdom of Norway is a member of the IMF. Norges Bank shall, in accordance with the Central Bank Act, manage the countrý s rights and obligations as a result of membership in the IMF. This includes making currency available for IMF lending. Norges Bank considers the risk related to IMF loans to be low. See note 14 International Monetary Fund (IMF) for further information.

Expected credit losses

Financial assets measured at amortised cost are allocated on the reporting date to stages 1, 2 or 3.

On initial recognition, assets are allocated to stage 1. Stage 1 requires an estimation of a 12-month expected credit loss. The expected loss in stage 1 reflects the entire loss on an asset weighted by the probability that the loss will occur in the next 12 months. On each reporting date, an assessment shall be made of whether the credit risk of an asset has increased significantly since initial recognition. If this is the case, the exposure must be moved to stages 2 or 3. Stages 2 and 3 require estimation of an expected credit loss over the entire life of the exposure.

Table 7.8 Expected credit loss for financial assets measured at amortised cost

	31.12.2024		31.12.2023	
Amounts in NOK million	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss
Loans to and net claims on the IMF	27 642	-	27 020	-
Lending to banks	2 920	-	2 803	-
Other	610	-	405	-
Total	**31 172**	**-**	**30 228**	**-**

At year-end 2024 and 2023, the financial assets measured at amortised cost are allocated to stage 1, and no loss provisions have been made for expected credit losses.

Note 8 Currency

Critical accounting judgement

Norway is the economic environment in which the central bank primarily generates and expends cash. The return is measured in Norwegian kroner and is the dominant currency in the Bank's underlying activities. The management of Norges Bank has concluded that the Bank's functional currency is the Norwegian krone.

Accounting policy

Foreign currency transactions are recognised in the financial statements using the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into NOK using the exchange rate at the balance sheet date. The foreign exchange element, which is linked to realised and unrealised gains and losses on assets and liabilities, is disaggregated in the income statement and presented on a separate line, *Foreign exchange gain/-loss.*

Accounting policy

Gains and losses on financial instruments are due to changes in the price of the instrument (security element) and changes in foreign exchange rates (foreign exchange element). These are presented on separate lines in the income statement. The method for allocating total gains and losses in NOK to a security element and a foreign exchange element is described below.

Security element
Unrealised gains or losses from changes in the security price are calculated based on the change in the instrument's price from the purchase date to the balance sheet date and the closing exchange rate at the balance sheet date. If the holding was acquired in a previous period, gains and losses recognised in the income statement in previous periods are deducted to arrive at the gain or loss from security prices for the current period. When the holding is sold, the holding's selling price is used for calculating realised gains or losses, and previously recognised unrealised gains or losses for the holding are reversed in the current period.

Foreign exchange element
Unrealised gains or losses due to changes in foreign exchange rates are calculated based on the original cost of the holding in local currency and the change in the foreign exchange rate from the time of purchase until the balance sheet date. If the holding has been purchased in a previous period, gains and losses recognised in the income statement in previous periods are deducted to arrive at the gain or loss for the current period. For realised gains or losses, the foreign exchange rate on the date of sale is used for calculating realised gains or losses.

Table 8.1 Foreign exchange reserves by currency

						31.12.2024
Amounts in NOK million	USD	EUR	GBP	JPY	Other	Total
Financial assets						
Deposits in banks	10 679	86	1 170	815	42	12 792
Secured lending	36 270	22 914	5 690	-	-	64 874
Cash collateral posted	8	-	-	-	-	8
Unsettled trades	-	-	-	3	161	164
Equities	115 952	11 764	5 187	8 874	12 274	154 051
Equities lent	318	572	33	1 614	639	3 176
Bonds	298 807	198 264	41 636	41 233	12 041	591 981
Financial derivatives	3	-	-	-	-	3
Other financial assets	2	83	-	-	93	179
Total financial assets	**462 039**	**233 683**	**53 716**	**52 539**	**25 250**	**827 228**
Financial liabilities						
Secured borrowing	21	-	-	-	-	21
Unsettled trades	20 618	12 376	3 627	1 240	-	37 861
Financial derivatives	-	6	-	4	-	10
Other financial liabilities	191	37	3	6	99	336
Total financial liabilities	**20 830**	**12 419**	**3 630**	**1 250**	**99**	**38 228**
Net foreign exchange reserves	**441 209**	**221 264**	**50 086**	**51 289**	**25 151**	**789 000**

						31.12.2023
Amounts in NOK million	USD	EUR	GBP	JPY	Other	Total
Financial assets						
Deposits in banks	10 099	8 422	668	1 378	6	20 573
Secured lending	34 781	10 403	15 539	-	-	60 723
Unsettled trades	-	1 070	372	505	73	2 020
Equities	100 174	13 237	5 358	8 484	13 003	140 256
Equities lent	394	205	11	2 038	237	2 885
Bonds	253 090	170 331	35 794	35 227	10 238	504 680
Financial derivatives	3	-	-	-	-	3
Other financial assets	2	46	-	-	50	98
Total financial assets	**398 543**	**203 714**	**57 742**	**47 632**	**23 607**	**731 238**
Financial liabilities						
Secured borrowing	29	-	-	-	-	29
Unsettled trades	22 065	8 050	8 074	473	233	38 895
Financial derivatives	3	9	-	-	-	12
Other financial liabilities	2 317	96	20	11	75	2 519
Total financial liabilities	**24 414**	**8 155**	**8 094**	**484**	**308**	**41 455**
Net foreign exchange reserves	**374 129**	**195 559**	**49 648**	**47 148**	**23 299**	**689 783**

Total comprehensive income is affected by exchange rate movements. A 1 percent depreciation of NOK against all currency crosses will result in a positive impact on the income statement of around NOK 8 billion, and a corresponding negative impact on the income statement from a 1 percent appreciation of NOK.

Table 8.2 Exchange rates

	31.12.2024	31.12.2023	Change[1]
US dollar	11.36	10.16	11.8%
Euro	11.76	11.22	4.8%
British pound	14.22	12.95	9.9%
Japanese yen	0.07	0.07	0.3%
SDR[2]	14.79	13.65	8.3%

1 Percentage change in the exchange rate.

2 Special Drawing Rights is an international type of monetary reserve currency created by the International Monetary Fund (IMF). The value of the SDR is calculated from a weighted basket of US dollar, the euro, the Chinese renminbi, the Japanese yen and the British pound.

Note 9 Secured lending and borrowing

Secured lending and borrowing comprises transactions in which securities or cash is transferred or received secured by other securities or cash. Transactions are carried out under various agreements such as securities lending agreements and reverse repurchase agreements.

The purpose of secured lending and borrowing is to generate additional income from securities and cash holdings as a part of liquidity management and contributes to efficient market pricing. The share of securities lent shall not exceed 20 percent of the equity portfolio's market value. Lending is governed by demand for the equities in the portfolio and market pricing. All lending is secured by sufficient collateral received.

Accounting policy

Income and expense from secured lending and borrowing transactions
Income and expenses from secured lending and borrowing transactions primarily comprise interest and net fees, which are recognised on a straight-line basis over the term of the agreement. This is presented in the income statement as *Income/-expense from secured lending* and *Income/-expense from secured borrowing*, respectively.

Table 9.1 Income/expense from secured lending and borrowing

Amounts in NOK million	2024	2023
Income/-expense from secured lending	2 276	1 283
Income/-expense from secured borrowing	-	-
Net income/-expense from secured lending and borrowing	**2 276**	**1 283**

Accounting policy

Transferred financial assets
Securities lent to counterparties in connection with secured lending and borrowing are not derecognised when the agreement is entered into, as the derecognition criteria are not met. As the counterparty has the right to sell or pledge the security, the security is considered transferred. Transferred securities are presented on a separate line in the balance sheet, as *Equities lent.* During the lending period, the accounting for the underlying securities is in accordance with accounting policies for the relevant securities.

Secured lending
Cash collateral posted to counterparties is derecognised. A corresponding receivable reflecting the cash amount that will be returned is recognised in the balance sheet as an asset, *Secured lending.* This asset is measured at fair value.

Secured borrowing
Cash collateral received is recognised as *Deposits in banks* together with a corresponding liability, *Secured borrowing.* This liability is measured at fair value.

Collateral received in the form of securities
Collateral received in the form of securities, where Norges Bank has the right to sell or pledge the security, is not recognised in the balance sheet, unless reinvested.

Table 9.2 Lending associated with securities financing transactions

Amounts in NOK million	31.12.2024	31.12.2023
Secured lending	64 874	60 723
Of which unsettled trades (liability)	*31 793*	*32 906*
Secured lending excluding unsettled trades	**33 081**	**27 817**
Associated collateral in the form of securities (off-balance sheet)		
Equities received as collateral	-	-
Bonds received as collateral	34 652	29 562
Total security collateral received related to lending	**34 652**	**29 562**

Table 9.3 Transferred financial assets and secured borrowing

Amounts in NOK million	31.12.2024	31.12.2023
Transferred financial assets		
Equities lent	3 176	2 885
Total transferred financial assets	**3 176**	**2 885**
Associated cash collateral, recognised as liability		
Secured borrowing	21	29
Of which unsettled trades (assets)	-	-
Secured borrowing excluding unsettled trades	**21**	**29**
Associated collateral in the form of securities (off-balance sheet)		
Equities received as collateral	2 160	1 922
Bonds received as collateral	1 256	1 170
Total security collateral received related to transferred financial assets	**3 416**	**3 092**

Cash collateral received is reinvested in its entirety. No securities received as collateral were reinvested at year-end 2024 or 2023. Therefore, these securities are not recognised in the balance sheet.

Note 10 Collateral and offsetting

Accounting policy

Cash collateral, derivative transactions
Cash collateral posted in connection with derivative transactions is derecognised. A corresponding receivable reflecting the cash amount that will be returned is recognised in the balance sheet as *Cash collateral posted*. Cash collateral received in connection with derivative transactions is recognised as *Deposits in banks* together with a corresponding liability, *Cash collateral received.* Both *Cash collateral posted* and *Cash collateral received* are measured at fair value.

Offsetting
Financial assets and liabilities are offset and presented net in the balance sheet when there is a legally enforceable right to offset and an intention to settle on a net basis or realise the asset and settle the liability as a whole.

Collateral
Secured lending is extensively used by Norges Bank in the management of the foreign exchange reserves. In such lending agreements, Norges Bank's counterparties must provide collateral that exceeds the value of the loan, usually in the form of securities, but cash collateral can also be used. The balance sheet amount related to secured lending amounted to NOK 64 874 million at year-end 2024. Of this, NOK 31 793 million was related to unsettled trades, while the remaining amount of NOK 33 081 million was subject to netting agreements. At year-end 2023, the balance sheet amount related to secured lending amounted to NOK 60 723 million. Of this, NOK 32 906 million was related to unsettled trades, while the remaining amount of NOK 27 817 million was subject to netting agreements.

Secured borrowing is related to reinvestment of cash collateral received through the equities lent.

In connection with secured lending and borrowing transactions, collateral will be posted or received in the form of securities or cash.

For further information, see note 9 Secured lending and borrowing.

The balance sheet lines *Cash collateral posted* and *Cash collateral received* are exclusively associated with derivative transactions.

Offsetting
Offsetting is not extensively used by Norges Bank. At year-end 2024, this applies to only one counterparty, where the equity portfolio has traded futures and received variation margin equivalent to the contract's value of NOK 21 million. The agreement with this counterparty allows us to use netting.

In the event of counterparty default, a collective settlement between Norges Bank and the bankruptcy estate can be agreed upon for certain groups of instruments, irrespective of whether the instruments belong to the GPFG or Norges Bank's foreign exchange reserves. Such cross nettings will be settled proportionally between these portfolios.

Note 11 Deposits in banks

Accounting policy

Deposits in banks are primarily measured at fair value through profit or loss since they are associated with the management of the foreign exchange reserves. *Deposits working accounts* are not associated with the management of the foreign exchange reserves and are measured at amortised cost.

Accrued interest on deposits at year-end are included in this balance sheet line.

Norges Bank's deposits in banks are primarily associated with the management of the foreign exchange reserves. Different types of deposits are used for this purpose, and the aim of foreign currency deposits is to attain the highest possible return, at the same time as the funds remain liquid for contingency purposes.

Table 11.1 Deposits in banks

Amounts in NOK million	31.12.2024	31.12.2023
Nostro foreign banks	12 586	15 924
Time deposits foreign banks	-	4 321
Margin deposits futures	209	330
Fixed-rate deposits BIS	-	-
Deposits working accounts	294	217
Total deposits in banks	**13 089**	**20 792**

Table 11.2 Interest income from deposits in banks

Amounts in NOK million	2024	2023
Interest income on nostro foreign banks	112	371
Interest income on time deposits foreign banks	939	2 574
Interest income on margin deposits futures	9	8
Interest income on fixed-rate deposits BIS	-	8
Interest income on deposits working accounts	3	2
Total interest income from deposits in banks	**1 063**	**2 963**

Nostro foreign banks
Nostro foreign banks comprise foreign currency deposits in foreign banks, central banks and the BIS. Nostro account overdrafts are normally to be avoided, and any overdrafts shall be covered immediately.

Time deposits foreign banks
Time deposits foreign banks are short-term deposits with the BIS or other approved central banks at an agreed interest rate. Deposits are primarily in euro and US dollar.

Margin deposits futures
Margin deposits futures consist of liquidity placed with the Bank's futures broker.

Fixed-rate deposits BIS
Norges Bank may place deposit at the BIS at an agreed fixed interest rate with a maximum term of three months. Fixed-rate deposits are primarily in euro.

Deposits working account
Deposits working account primarily include deposits in foreign accounts used for operations (payroll and invoice management) by NBIM's foreign offices.

Note 12 Loans and deposits

Accounting policy

At initial recognition, loans to banks are recognised in the balance sheet at fair value. There are no establishment fees or other directly attributable transaction costs. Subsequent measurement is at amortised cost, where the effective interest is recognised under the line *Interest income from lending to banks* in the income statement. If there is an indication that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows. The carrying amount of the engagement is reduced, and the amount of the loss for the period is recognised in profit or loss.

At initial recognition, *Deposits from banks* and *Deposits from the Treasury* are recognised in the balance sheet at fair value. Subsequent measurement is at amortised cost, where the effective interest is recognised under the lines *Interest expense on deposits from banks* and *Interest expense on deposits from the Treasury.*

Table 12.1 Lending to banks

Amounts in NOK million	31.12.2024	31.12.2023
Fixed-rate loans to banks	2 920	2 803
Total lending to banks	**2 920**	**2 803**

Table 12.2 Deposits from banks

Amounts in NOK million	31.12.2024	31.12.2023
Sight and reserve deposits from banks	37 630	37 955
Fixed-rate deposits from banks	53 006	20 007
Other deposits	829	393
Deposits from banks	**91 465**	**58 355**

Table 12.3 Deposits from the Treasury

Amounts in NOK million	31.12.2024	31.12.2023
Deposits from the Treasury	274 015	281 816
Deposits from the Treasury	**274 015**	**281 816**

Table 12.4 Interest income from lending to banks

Amounts in NOK million	2024	2023
Interest income on D-loans to banks	-	-
Interest income on Fixed-rate loans to banks	190	905
Total interest income from lending to banks	**190**	**905**

Interest terms for loans to banks

Fixed-rate loans (F-loans) are the instrument primarily used to supply liquidity to the banking system. They are issued to banks at a fixed or floating rate and specified maturity against collateral in the form of securities. The maturity on F-loans is determined by Norges Bank and varies depending on the projection of structural liquidity. Average maturity on floating rate F-loans to banks was 2.3 days in 2024 and 3.6 days in 2023. Average maturity on fixed rate F-loans to banks was 2.0 days in 2024, compared with 3.3 days in 2023.

The interest rates on F-loans are normally determined by multi-price auctions. In a multi-price auction banks submit bids for a desired amount and interest rate. Norges Bank decides the aggregate amount of the allotment. The banks' interest rate bids are ranked in descending order. Banks that place bids within the aggregate amount will be awarded in the amount and at the interest rate submitted. The interest rate is normally close to the policy rate.

D-loans may be intraday or overnight. Intraday D-loans improve the efficiency of payment settlement, as banks can obtain cover for their positions. These loans are interest-free and are normally repaid by the end of the day. If the loan extends overnight, it becomes an interest-bearing D-loan, with an interest rate 1 percentage point above the policy rate.

Table 12.5 Interest expense on deposits from banks and the Treasury

Amounts in NOK million	2024	2023
Interest expense on sight and reserve deposits from banks	-1 580	-1 218
Interest expense on fixed-rate deposits from banks	-1 437	-296
Interest expense on depots operated by banks	-22	-19
Interest expense on deposits from the Treasury	-13 818	-13 336
Total interest expense on deposits from banks and the Treasury	**-16 857**	**-14 869**

Interest terms for deposits from banks

Sight deposits: Banks can deposit unlimited reserves in Norges Bank via the standing deposit facility. The interest rate on deposits less than or equal to a bank's quota is equal to the policy rate (sight deposit rate). Sight deposits in excess of this quota, referred to as reserve deposits, are remunerated at a lower rate, the reserve rate. The reserve rate is 1 percentage point lower than the policy rate.

Fixed-rate deposits: Norges Bank reduces the quantity of reserves in the banking system by providing banks with fixed-rate deposits (F-deposits). As in the case of F-loans, the interest rate is normally determined by multi-price auction. The maturity on F-deposits is determined by Norges Bank and varies depending on the projection of structural liquidity. Norges Bank can offer F-deposits at a floating rate, i.e. the interest rate on the F-deposits depends on the benchmark rate in the money market. Average maturity on F-deposits was 3.0 days in 2024 and 2.4 days in 2023.

Interest terms for deposits from the Treasury

Interest terms for deposits from the government are set in a special agreement between Norges Bank and the Ministry of Finance. The interest rate on the government's account is calculated on the basis of yields on foreign short-term government securities, weighted by the investments in the foreign exchange reserves.

Table 12.6 Interest rate (p.a.) on Treasury deposits

	2024	2023
First quarter	4.50%	3.00%
Second quarter	4.50%	3.75%
Third quarter	4.50%	4.00%
Fourth quarter	4.00%	4.25%

Note 13 Notes and coins

Accounting policy

Notes and coins in circulation are recognised in the balance sheet at face value when they are put into circulation and derecognised when they are withdrawn from circulation. Notes and coins are put into circulation at the time they are removed from a central bank depot and transferred to private banks. Likewise, they are removed from circulation when they are returned to a central bank depot.

Norges Bank is obliged to redeem withdrawn notes and coins at face value. At the date of withdrawal of notes and coins, a provision equal to an amount, which is deemed unlikely to be redeemed, is made. At the year-end closing, an assessment is conducted to determine whether the basis for the provision has changed significantly. Changes in the provision are recognised in profit or loss as *Other financial income/-expense.*

Expenses for the production of notes and coins are recognised in profit or loss as incurred in *Other operating expenses.*

Table 13.1 Notes and coins in circulation

Amounts in NOK million	31.12.2024	31.12.2023
Denomination		
50-krone	1 051	1 045
100-krone	1 966	1 992
200-krone	5 304	5 531
500-krone	18 798	19 621
1 000-krone	7 449	7 821
Total notes	**34 568**	**36 010**
Total coins	**4 153**	**4 214**
Total notes and coins	**38 721**	**40 224**
Provision of withdrawn notes from Series VII	-500	-500
Notes and coins in circulation	**38 221**	**39 724**

At year-end 2024, notes and coins in circulation amounted to NOK 38.2 billion, compared with NOK 39.7 billion at year-end 2023. Of notes and coins in circulation at 31 December 2024, NOK 4 927 million comprised withdrawn notes. This pertains to all denominations in Series VII, which were withdrawn in 2018, 2019 and 2020. Norges Bank is still obliged to redeem these notes at face value.

In 2023, NOK 500 million was recognised as income due to a change in provision related to the withdrawal of Series VII notes in circulation. The basis for the provision is not considered to have changed significantly in 2024, and the provision will therefore remain unchanged.

In 2024, withdrawn notes and coins were redeemed in the amount of NOK 5.0 million, compared with NOK 7.1 million in 2023.

Note 14 International Monetary Fund (IMF)

Accounting policy

Reserve tranche position
The reserve tranche position comprises Norges Bank's allocated IMF quota less the IMF's krone deposit with Norges Bank. The outstanding balance with the IMF is recognised gross in the balance sheet, under *Claims on the IMF* and *Liabilities to the IMF,* respectively. The IMF quota and the krone liability to the IMF are measured at amortised cost.

Allocated Special Drawing Rights (SDRs)
Norges Bank's holdings of SDRs are recognised as an asset in the balance sheet, under *Claims on the IMF.* The equivalent value of SDR allocations by the IMF shows Norges Bank's total allocations of SDRs and is recognised as a liability, under *Liabilities to the IMF.* Norges Bank's holdings of SDRs and the equivalent value of SDRs are measured at amortised cost.

Loans to the IMF and international commitments under the auspices of the IMF
Loans and international commitments are recognised in the balance sheet at fair value at initial recognition, under *Claims on the IMF.* Subsequent measurement is at amortised cost.

Pursuant to section 3-10, sub-section 1, of the Central Bank Act, Norges Bank shall administer Norway's financial rights and obligations ensuing from participation in the International Monetary Fund (IMF).

Norway helps to finance the IMF through Norway's IMF quota subscription and various lending agreements with the IMF. The current lending agreements are: the multilateral lending programme New Arrangements to Borrow (NAB), bilateral borrowing agreements with the IMF and agreements to finance the Poverty Reduction and Growth Trust (PRGT).

Table 14.1 Claims on and liabilities to the IMF

					31.12.2024
Amounts in NOK million	Loan resource commitments[1]	Amounts drawn on commitments	Subscription[2]	SDRs	Total amount recognised
Financial assets					
IMF subscription (quota)	-	-	55 818	-	55 818
Holdings of Special Drawing Rights (SDRs)	-	-	-	81 288	81 288
Loans to the IMF – NAB	58 156	-	-	-	-
Loans to the IMF – Bilateral borrowing agreement	38 220	-	-	-	-
Loans to the IMF – PRGT	17 003	8 749	-	-	8 749
Claims on the IMF	**-**	**8 749**	**55 818**	**81 288**	**145 855**
Financial liabilities					
Krone liability to the IMF	-	-	41 470	-	41 470
Equivalent value of SDR allocations	-	-	-	76 743	76 743
Liabilities to the IMF	**-**	**-**	**41 470**	**76 743**	**118 213**
Net positions with the IMF	**-**	**8 749**	**14 348**	**4 545**	**27 642**

					31.12.2023
Amounts in NOK million	Loan resource commitments[1]	Amounts drawn on commitments	Subscription[2]	SDRs	Total amount recognised
Financial assets					
IMF subscription (quota)	-	-	51 599	-	51 599
Holdings of Special Drawing Rights (SDRs)	-	-	-	75 176	75 176
Loans to the IMF – NAB	53 688	55	-	-	55
Loans to the IMF – Bilateral borrowing agreement	35 283	-	-	-	-
Loans to the IMF – PRGT	15 697	8 169	-	-	8 169
Claims on the IMF	**-**	**8 224**	**51 599**	**75 176**	**134 999**
Financial liabilities					
Krone liability to the IMF	-	-	37 035	-	37 035
Equivalent value of SDR allocations	-	-	-	70 944	70 944
Liabilities to the IMF	**-**	**-**	**37 035**	**70 944**	**107 979**
Net positions with the IMF	**-**	**8 224**	**14 564**	**4 232**	**27 020**

1 Commitments giving the IMF a borrowing facility with Norges Bank up to an agreed amount. Only the portion drawn is recognised in the balance sheet.

2 The net subscription refers to the reserve tranche position and is Norway's quota less Norway's krone liability to the IMF. If necessary, Norges Bank may draw from the IMF an amount equal to Norway's reserve tranche position.

All rights in and commitments to the IMF are denominated in SDRs. The value of the SDR is calculated on the basis of a currency basket comprising the US dollar, euro, Chinese renminbi, Japanese yen and British pound. The currency weights are adjusted each year in accordance with changes in bilateral foreign exchange rates.

Norway's IMF quota subscription

The IMF is owned and directed by member countries and functions like a credit union in which each member country pays in a subscription, also called its quota. These subscriptions are the IMF's basic source of funding for loans. The amount of the subscription reflects the member country's relative position in the global economy. The quota determines a member country's voting power in IMF decisions, the member's financial contribution to the IMF, the amount of financing the member can access in the event of balance of payments problems and the amount of SDRs the member receives when SDRs are allocated.

Converted to Norwegian kroner, the quota was NOK 55 818 million as at 31 December 2024, compared with NOK 51 599 million as at 31 December 2023.

Holdings and equivalent value of Special Drawing Rights (SDRs)
The IMF has created an international reserve asset called the Special Drawing Rights (SDR). SDRs are periodically allocated to IMF member countries, most recently in 2021. Equivalent value of SDR allocations shows the amount of SDRs Norway has been allocated since the scheme was established. Holdings of SDRs may be used to pay in quota increases, for other transactions with the IMF or for purchase or sale of SDRs from or to other IMF members. However, SDRs cannot be used for direct purchases of goods and services.

Converted to Norwegian kroner, a total of NOK 76 743 million had been allocated to Norway as at 31 December 2024, compared with NOK 70 944 million at year-end 2023.

Norges Bank's holdings of SDRs have been deposited with the IMF and amounted to NOK 81 288 million as at 31 December 2024, compared with NOK 75 176 million at year-end 2023.

Norges Bank's loans to the IMF
New Arrangements to Borrow (NAB)
The New Arrangements to Borrow (NAB) programme is used for loans if the IMF has a need for funds in excess of subscriptions from member countries.

Converted to Norwegian kroner, total resource commitments under the NAB were NOK 58 156 million as at 31 December 2024, compared with NOK 53 688 million at year-end 2023.

Norges Bank had no loans to the IMF under the NAB as at 31 December 2024, compared with NOK 55 million at year-end 2023.

Bilateral borrowing agreement
In 2020, the IMF and Norges Bank concluded a bilateral borrowing agreement. The agreement is part of a broader international effort to ensure the IMF sufficient resources to meet the borrowing requirements of member countries in times of crisis. Under the agreement, the IMF is provided with a borrowing facility in the form of a drawing arrangement on Norges Bank. The current borrowing agreement came into effect on 1 January 2021, with a drawing right of SDR 2 585 million. The agreement was further extended in December 2024 until the IMF's 16th quota increase takes effect or at the latest until 31 December 2027.

This borrowing agreement has for the time being not been drawn on. Converted to Norwegian kroner, the borrowing agreement was NOK 38 220 million as at 31 December 2024, compared with NOK 35 283 million at year-end 2023.

Poverty Reduction and Growth Trust (PRGT)
Norway participates in the financing of the IMF's subsidised lending programme for low-income countries under four agreements. Norway signed such agreements with the IMF in 2010, 2016, 2020 and 2022.

Converted to Norwegian kroner, total resource commitment under the PRGT was NOK 17 003 million as at 31 December 2024, compared with NOK 15 697 million at year-end 2023.

Norges Bank's loans to the PRGT totalled NOK 8 749 million as at 31 December 2024, compared with NOK 8 169 million at year-end 2023.

The IMF's deposits with Norges Bank
The IMF has deposited its entire NOK holdings with Norges Bank, referred to as the krone liability to the IMF. However, the value of these deposits is adjusted so that the IMF bears no risk associated with exchange rate movements between the krone and the SDR.

As at 31 December 2024, krone deposits from the IMF totalled NOK 41 470 million, compared with NOK 37 035 million at year-end 2023.

Interest income and expense on claims on and liabilities to the IMF

Table 14.2 Interest income and expense on claims on and liabilities to the IMF

				2024
Amounts in NOK million	Amount drawn on loan resource commitments	Subscription	SDRs	Total
Interest income from the IMF	333	2 066	3 057	**5 456**
Interest expense to the IMF	-	-1 548	-2 888	**-4 436**

				2023
Amounts in NOK million	Amount drawn on loan resource commitments	Subscription	SDRs	Total
Interest income from the IMF	286	1 988	2 942	**5 216**
Interest expense to the IMF	-	-1 437	-2 798	**-4 235**

SDR interest rate

The SDR interest rate forms the basis for interest income and expense related to member countries' relationship with the IMF. The rate is calculated and published every week by the IMF. It is based on a weighted average of the three-month sovereign yields in countries/currency areas included in the SDR basket (USD/EUR/CNY/JPY/GBP). The interest rate has a floor of 5 basis points.

Interest on the IMF quota subscription and interest on the krone liability to the IMF

Interest on the reserve tranche position is calculated by the IMF. Interest is calculated net by the IMF but presented gross in Norges Bank's financial statements as interest income and interest expenses associated with the quota subscription. Interest is calculated monthly and netted quarterly. The interest rate is based on the IMF's SDR, with the deductions and additions resulting from the IMF's Burden Sharing mechanism. Under the Burden Sharing mechanism, the SDR interest rate is adjusted to compensate for any future revenue losses.

Interest on Special Drawing Rights and interest on equivalent value of SDR allocations

Norges Bank earns interest income on its holdings of SDRs and is charged for interest expenses on the equivalent value of SDR allocations. Interest is calculated monthly and netted quarterly. The interest rate is the current SDR interest rate at any given time.

Interest on IMF lending programmes

Interest is calculated monthly and netted quarterly. The interest rate is the current SDR interest rate at any given time.

Note 15 Personnel expenses

Accounting policy

Pay comprises all types of remuneration to the Bank's own employees and is expensed as earned. Ordinary pay may be either a fixed salary or hourly wages and is earned and disbursed on an ongoing basis. Holiday pay is earned on the basis of ordinary pay and is normally disbursed during the holiday months of the subsequent year. Performance-based pay is earned and calculated on the basis of various performance targets and is disbursed in subsequent years.

Payroll tax is calculated and expensed for all pay-related expenses and normally paid in arrears every other month. Pensions are earned under separate rules, see note 16 Pension for further information.

Salary system

Norges Bank's Executive Board sets the limits for the Bank's salary and remuneration schemes and monitors how they are put into practice. Pay levels are to be competitive, but not market-leading. Salaries are set individually and reflect the position's responsibilities and the employee's skills, experience and achievements. Total remuneration paid includes fixed salary, performance-based pay, overtime payments and compensation for travel time.

The Executive Board sets pay bands for the CEO of NBIM, executive managers and employees in Central Banking Operations (CBO) whose salary is determined by the Governor. The Governor determines, within pay bands, the annual salary adjustment based on the managers' performance in the previous year.

In keeping with management mandate from the Ministry of Finance, the remuneration system in NBIM complies with the requirements of the regulations issued under the Securities Funds Act with necessary adjustments.

The Executive Board's Remuneration Committee is to contribute to thorough and independent consideration of matters concerning Norges Bank's remuneration arrangements. Norges Bank's Internal Audit unit also issues an independent statement on compliance with rules and guidelines on remuneration. The review in 2024 confirmed that the remuneration system was operated in line with applicable rules in 2023. There were no significant changes to the remuneration system during the year.

Norges Bank's Executive Board lays down the principles for the salary system and sets further pay bands for the employees in NBIM who are part of NBIM´s leader group. The leader group receives only a fixed salary. The CEO of NBIM determines, within pay bands, the annual salary adjustment based on the managers' performance in the previous year.

Performance-based pay NBIM

In addition to a fixed salary, employees of NBIM whose work directly involves investment decisions, and certain other NBIM employees, may be entitled to performance-based pay. Performance-based pay is calculated on the basis of the performance of the GPFG, group and individual measured against set qualitative and quantitative targets. Qualitative targets may include aspects of environmental, social and governance (ESG) performance. Results are measured over a period of at least two years.

The limit for performance-based pay is generally a maximum of 100 percent of fixed salary. For a limited number of employees at the overseas offices, however, the limit may 200 percent of fixed salary. Employees eligible for performance-based pay accrued an average of 51 percent of the overall limit for 2024, based on multi-year performance. In 2024, a total of NOK 332 million was paid in performance-based pay to 217 employees.

Performance-based pay is paid over a number of years. Up to half of the amount is paid the year after it is accrued, while the remainder is held back and paid over the following three years. The amount held back is adjusted according to the return on the GPFG.

NOK 12 million in performance-based pay was paid to 14 employees at subsidiaries, associated with the management of the real estate portfolio of the GPFG.

Performance-based pay Central Banking

Employees of Central Banking whose work directly involves investment decisions for the foreign exchange reserves may be entitled to performance-based pay. This scheme is a supplement to the ordinary salary system. Performance-based pay is calculated on the basis of performance measured against set targets for the management of the foreign exchange reserves.

Maximum accrued performance-based pay may not exceed fixed salary. 50 percent of the calculated performance-based pay is paid the year after it is accrued, while the remaining amount is held back and paid over the following three years.

NOK 5 million in performance-based pay was paid to 12 employees in 2024.

Personnel expenses

Table 15.1 Personnel expenses

Amounts in NOK million	2024	2023
Salary and fees	2 154	2 003
Employer's social security contributions	307	278
Pension expense, see Note 16 Pension	233	241
Other personnel expenses	357	331
Personnel expenses	**3 051**	**2 853**

Number of employees / full-time equivalents (FTEs)

Table 15.2 Number of employees/FTEs

	2024	2023
Number of employees	1 118	1 079
Number of FTEs	1 106	1 059

Benefits to governing bodies

Supervisory Council

Total remuneration paid in 2024 was NOK 1 134 571. Of this amount, fixed remuneration was NOK 1 056 400. Remuneration rates for 2024 were set by the Storting as from 1 January 2024 (cf Recommendation 117 S (2024–2025)). The remaining NOK 78 171 is other remuneration for attending meetings, including for lost earnings.

Total remuneration paid in 2023 was NOK 1 211 462.

For the remuneration of the director of the Office of the Supervisory Council and other expenses, see the Supervisory Council's report to the Storting for 2024.

Table 15.3 Remuneration to the Supervisory Council and the Permanent Committee

			2024
Amounts in NOK	Total remuneration per member	Supervisory Council	The Permanent Committee
Chair	193 000	77 200	115 800
Deputy chair	128 700	51 500	77 200
Three members of the Permanent Committee	115 900	38 700	77 200
10 members of the Supervisory Council	38 700	38 700	-

			2023
Amounts in NOK	Total remuneration per member	Supervisory Council	The Permanent Committee
Chair	175 400	70 200	105 200
Deputy chair	117 000	46 800	70 200
Three members of the Permanent Committee	105 400	35 200	70 200
10 members of the Supervisory Council	35 200	35 200	-

Executive Board – external members

Service on the Executive Board is remunerated at fixed annual rates. Remuneration to members and alternates of the Executive Board is determined by the Ministry of Finance. Total remuneration to members and alternates of the Executive Board and its committees was NOK 3 098 713 in 2024, compared with NOK 2 963 900 in 2023.

Table 15.4 Remuneration to the Executive Board

Amounts in NOK						2024
Name	Total remuneration	Executive Board	Audit Committee	Remuneration Committee	Ownership Committee	Risk and Investment Committee
Karen Helene Ulltveit-Moe[1]	190 613	145 350	33 975	11 288	-	-
Kristine Ryssdal	496 200	407 800	-	31 600	56 800	-
Arne Hyttnes	528 888	407 800	89 488	31 600	-	-
Hans Aasnæs	531 550	407 800	-	19 750	-	104 000
Nina Udnes Tronstad	544 400	407 800	79 800	-	56 800	-
Egil Herman Sjursen[2]	182 438	145 350	-	-	-	37 088
Thomas Ekeli[3]	319 875	254 875	-	-	-	65 000
Ragnhild Fresvik[4]	304 750	254 875	49 875	-	-	-

1 Member in the period 1 January 2024 to 15 May 2024.
2 Member in the period 1 January 2024 to 15 May 2024.
3 Member in the period 16 May 2024 to 31 December 2024.
4 Member in the period 16 May 2024 to 31 December 2024.

Amounts in NOK						2023
Name	Total remuneration	Executive Board	Audit Committee	Remuneration Committee	Ownership Committee	Risk and Investment Committee
Karen Helene Ulltveit-Moe	508 300	387 600	90 600	30 100	-	-
Kristine Ryssdal	471 650	387 600	-	30 100	53 950	-
Arne Hyttnes	493 550	387 600	75 850	30 100	-	-
Hans Aasnæs	486 500	387 600	-	-	-	98 900
Nina Udnes Tronstad	517 400	387 600	75 850	-	53 950	-
Egil Herman Sjursen	486 500	387 600	-	-	-	98 900

Monetary Policy and Financial Stability Committee – external members

Service on the Monetary Policy and Financial Stability Committee is remunerated at fixed annual rates as set by the Ministry of Finance. Total remuneration to the external members of the committee was NOK 745 400 in 2024, compared with NOK 708 600 in 2023.

Table 15.5 Remuneration to the Monetary Policy and Financial Stability Committee

Amounts in NOK		
Name	2024	2023
Steinar Holden[1]	372 700	-
Ingvild Almås	372 700	354 300
Jeanette Fjære-Lindkjenn[2]	-	354 300

[1] Member from 1 January 2024.
[2] Member until 31 December2023.

Benefits to senior executives

Gross salary is reported as the sum of paid salary and holiday pay.

Senior executives do not earn performance-based pay or other variable remuneration.

Value of other benefits shows the tax value of benefits-in-kind and primarily comprise coverage of electronic communication, personal insurance and some travel expenses.

Senior executives are entitled to the same retirement benefits and have the same borrowing rights as Norges Bank's other employees. Pension benefits earned for the year are equal to the individual executive's accrued service cost for the year. Pension plans are discussed in note 16 Pension, and loans to employees are discussed in a separate section in this note.

Governor and Deputy Governors

The salaries of the Governor and Deputy Governors of Norges Bank are determined by the Ministry of Finance. In addition, they have free telephone, free newspaper subscriptions and insurance covered by their employer.

A six-month quarantine period applies to the Governor and Deputy Governors after stepping down or the end of their terms of office. The Ministry of Finance may grant an exemption from this quarantine period. As long as the quarantine period is in force, the Governor and Deputy Governor are entitled to maintain a normal salary and other remuneration.

Table 15.6 Remuneration to the Norges Bank Executive Management Team

Amounts in NOK					2024
Position	Name	Gross salary	Value of other benefits	Pension benefits earned	Employee loan
Governor	Ida Wolden Bache	2 557 963	27 598	405 910	-
Deputy Governor	Øystein Børsum	2 261 145	31 973	408 808	-
Deputy Governor	Pål Longva	2 261 145	20 565	435 948	-
Chief Executive Officer – NBIM	Nicolai Tangen	7 397 781	12 638	395 805	-
Deputy Chief Executive Officer – NBIM / Chief of Staff	Trond Grande	5 391 943	12 052	432 369	-
Executive Director, Norges Bank Administration	Therese Steen[1]	810 215	5 299	171 537	-
Executive Director, General Secretariat	Ingunn Valvatne[2]	1 283 065	12 731	252 788	-

1 Began in the position 19 August 2024. Remuneration shown from the date the appointment became effective.
2 Began in the position 27 May 2024. Remuneration shown from the date the appointment became effective.

Amounts in NOK					2023
Position	Name	Gross salary	Value of other benefits	Pension benefits earned	Employee loan
Governor	Ida Wolden Bache	2 523 686	11 503	387 154	-
Deputy Governor	Øystein Børsum	2 234 720	17 469	399 086	-
Deputy Governor	Pål Longva	2 092 465	11 775	440 892	-
Chief Executive Officer – NBIM	Nicolai Tangen	7 141 040	18 472	382 856	-
Deputy Chief Executive Officer – NBIM / Chief of Staff	Trond Grande	5 199 029	9 156	409 556	-
Executive Director, Norges Bank Administration	Alexander Behringer[1]	2 047 602	10 900	365 953	-
Executive Director, General Secretariat	Ingrid Solberg[1]	1 876 341	18 052	343 189	-

1 Acting as interim senior executive throughout 2023.

Benefits to senior executives in Norges Bank's Central Banking Operations

Table 15.7 Remuneration to senior executives in Norges Bank's Central Banking Operations

Amounts in NOK						2024
Position	Name	Gross salary[1]	Gross performance-based salary[2]	Value of other benefits	Pension benefits earned	Employee loan
Executive Director, Financial Stability	Torbjørn Hægeland	2 354 756	-	9 168	378 764	-
Executive Director, Monetary Policy	Ole Christian Bech-Moen	2 353 214	-	36 932	355 864	-
Executive Director, Markets	Gaute Langeland[2]	2 325 211	867 623	13 032	382 811	-
Executive Director, ICT	Øystein Kruge	2 184 017	-	11 116	418 442	-

[1] Gross salary includes holiday pay from performance-based salary

[2] Members of the leader group in Norges Bank only receive a fixed salary. Langeland had performance-based salary related to his previous position at NBIM. He no longer has this scheme but will in the coming years be paid the withheld performance-based salary. The amounts stated in the table are performance salaries paid in the financial year but earned and recognised in the income statement in previous periods.

Amounts in NOK					2023
Position	Name	Gross salary	Value of other benefits	Pension benefits earned	Employee loan
Executive Director, Financial Stability	Torbjørn Hægeland	2 241 047	24 840	360 956	-
Executive Director, Monetary Policy	Ole Christian Bech-Moen	2 240 330	12 611	336 373	-
Executive Director, Markets	Gaute Langeland[1]	1 496 579	6 440	244 284	-
Executive Director, ICT	Øystein Kruge	2 039 220	9 156	418 109	-

[1] Began in this position on 1 May 2023. Remuneration shown from the date the appointment became effective. The payment of performance-based salary in 2023 occurred before taking up the position as head of Markets.

Remuneration to senior executives in Norges Bank Investment Management

A quarantine period of six months applies to the CEO of NBIM after stepping down or the end of his term of office. Moreover, he has contractually waived his rights to employment protection in exchange for severance pay. Severance pay shall be paid for six months in the event of dismissal by Norges Bank and for three months in the event of resignation. Any income from a new employer will be deducted from this compensation.

Table 15.8 Remuneration to senior executives in Norges Bank Investment Management

Amounts in NOK						2024
Position	Name	Gross salary[1]	Gross performance pay	Value of other benefits	Pension benefits earned	Employee loan
Chief Human Resources Officer	Aass, Ada Magnæs	2 412 033	-	13 314	382 851	-
Co-Chief Investment Officer Equities	Balthasar, Daniel[2, 3]	13 086 633	2 236 567	175 937	1 308 663	-
Chief Technology and Operating Officer	Bryne, Birgitte	4 215 284	-	20 621	455 332	-
Co-Chief Investment Officer Equities	Furtado Reis, Pedro[2, 3]	13 086 633	2 054 145	177 587	1 308 663	-
Deputy Chief Executive Officer & Chief of Staff	Grande, Trond	5 391 943	-	12 052	432 369	-
Chief Real Assets Officer	Holstad, Mie Caroline	3 590 266	-	18 833	365 723	-
Chief Risk Officer	Huse, Dag	5 015 911	-	9 330	420 595	-
Chief Governance and Compliance Officer	Ihenacho, Carine Smith[2]	7 115 294	-	238 443	711 529	-
Co-Chief Investment Officer Asset Strategies	Norberg, Malin[3]	4 598 713	824 960	14 523	359 167	1 113 296
Co-Chief Investment Officer Asset Strategies	Nygård, Geir Øivind[4]	4 408 718	-	15 627	311 764	-
Chief of Communications and External Relations	Skaar, Marthe	2 051 110	-	25 259	367 981	-
Chief Executive Officer	Tangen, Nicolai	7 397 781	-	12 638	395 805	-

1 Gross salary includes holiday pay from performance-based salary.

2 Receives salary in British pounds, therefore the figures include the currency effect when converting to Norwegian kroner.

3 Members of the leader group in Norges Bank Investment Management only receive a fixed salary. Some members of the leader group who previously had a performance-based salary no longer have this scheme, but will in the coming years be paid the withheld performance salary. The amounts stated in the table are performance salaries paid in the financial year, but earned and recognised in the income statement in previous periods.

4 Resigned from this position on 30 November 2024. Remuneration shown up until the resignation became effective. Transitioned to another position internally in NBIM 1 December 2024.

Amounts in NOK						2023
Position	Name	Gross salary[1]	Gross performance pay	Value of other benefits	Pension benefits earned	Employee loan
Chief Human Resources Officer	Ada Magenæs Aass[2]	1 711 965	-	7 261	274 828	-
Co-Chief Investment Officer Equities	Daniel Balthasar[3]	12 030 505	3 585 764	172 149	1 203 051	-
Chief Technology and Operating Officer	Birgitte Bryne	3 964 247	-	16 555	437 723	-
Co-Chief Investment Officer Equities	Pedro Furtado Reis[3]	12 030 505	3 475 348	168 777	1 203 051	-
Deputy Chief Executive Officer & Chief of Staff	Trond Grande	5 199 029	-	9 156	409 556	-
Chief Real Assets Officer	Mie Caroline Holstad	3 380 174	-	12 341	346 309	-
Chief Risk Officer	Dag Huse	4 842 036	-	9 156	668 627	-
Chief Governance and Compliance Officer	Carine Smith Ihenacho	5 800 948	-	155 701	580 095	-
Co-Chief Investment Officer Asset Strategies	Malin Norberg[2]	3 135 222	-	15 849	253 896	1 162 102
Co-Chief Investment Officer Asset Strategies	Geir Øivind Nygård	4 732 467	-	16 091	319 435	-
Chief of Communications and External Relations	Marthe Skaar[2]	1 467 748	-	15 077	262 270	-
Chief Executive Officer	Nicolai Tangen	7 141 040	-	18 472	382 856	-

1 Gross salary includes holiday pay from performance-based salary.

2 Began in this position on 1 April 2023. Remuneration shown from the date the appointment became effective.

3 Members of the leader group in Norges Bank Investment Management only receive a fixed salary. Some members of the leader group who previously had a performance-based salary no longer have this scheme, but will in the coming years be paid the withheld performance salary. The amounts stated in the table are performance salaries paid in the financial year, but earned and recognised in the income statement in previous periods.

Loans to employees

The Bank's loan scheme for its employees comprises residential mortgages and consumer loans. Mortgages are provided in accordance with guidelines from the Supervisory Council within 80 percent of the lowest amount of the purchase price and documented market value, limited to NOK 4 000 000 and a maximum term of 30 years. Consumer loans are limited to a maximum of four times the employee's monthly salary, though not exceeding NOK 350 000. The loan schemes apply to all permanent employees in a minimum half-time position with an employment contract in Norway. The interest rate is linked to the norm rate for loans on favourable terms from an employer. The Ministry of Finance sets the norm rate six times a year. The norm rate as at December 2024 was 5.3 percent. Total loans to employees as at 31 December 2024 were NOK 419 million, compared with NOK 405 million as at 31 December 2023.

Note 16 Pension

Accounting policy

Accounting treatment of pension and other benefit obligations is in accordance with IAS 19 *Employee Benefits*. Calculations for fund-based plans through Norges Bank's pension fund are based on actuarial assumptions regarding life expectancy, expected wage growth and adjustment of the National Insurance basic amount (G), among others. The net benefit obligation is the difference between the present value of the benefit obligation and the fair value of plan assets.

Plan assets are measured at fair value. Benefit obligations and plan assets are measured on the balance sheet date. Employers' National Insurance contributions are included. Pension expense is calculated on the basis of a straight-line attribution of benefit over the period of service and consists of the current service cost, less the return on plan assets. Recognised pension expense is presented in its entirety under the line *Personnel expenses.* Changes in actuarial gains and losses are presented under the line *Change in actuarial gains/-losses* in total comprehensive income.

Norges Bank has funded and unfunded pension and other benefit obligations. All significant funded and unfunded plans are included in the Bank's actuarial settlement. Norges Bank has a pension plan where the benefits are in line with the Norwegian Public Service Pension Fund and other comparable public sector pension plans. Pension benefits are subject to a life expectancy adjustment and are coordinated with benefits from the National Insurance scheme.

Norges Bank's funded pension benefit obligations are covered by Norges Bank's own pension fund, which is organised as a separate legal entity. Service credit for retirement benefits is generally earned for each year the employee is working up until age 70. Employees contribute 2 percent of their gross annual salary into the pension fund. Norges Bank's contributions are covered by cash payments or the premium fund.

Table 16.1 Number of pension plan members (funded plan)

	31.12.2024	31.12.2023
Members drawing retirement benefits	824	931
Active members (including all those affected by restructuring)	936	867
Members who have left the Bank with vested rights	1 274	1 237
Total number of pension plan members	**3 034**	**3 035**

Norges Bank's benefit obligation

Norges Bank has funded pension plans associated with membership of Norges Bank's pension fund. In addition, the Bank has unfunded plans funded out of current income. These are special and allocated pensions, the unfunded portions of pensions for employees with salaries higher than 12 G earned after 1 January 2007, contractual early retirement pensions calculated on the basis of an expected 15 percent take-up rate and early retirement pension and redundancy pay agreements related to restructuring. The benefit obligation related to restructuring is the present value of all agreements, including agreements with disbursements in 2024 or later.

Significant estimate

Measurement of the present value of Norges Bank's pension benefit obligation requires determination of a number of economic and demographic assumptions. Changes in these assumptions may affect the pension expense and the pension benefit obligation recognised in the balance sheet. Norges Bank follows Norwegian Accounting Standards Board (NASB) guidelines in determining the economic assumptions. The guideline assumptions are assessed against actual conditions at Norges Bank before a decision is made to apply them.

Table 16.2 Economic and demographic assumptions

	31.12.2024	31.12.2023
Discount rate	3.90%	3.10%
Interest rate on assets	3.90%	3.10%
Rate of compensation increase	4.00%	3.50%
Rate of pension increase	3.00%	2.80%
Increase in social security base amount (G)	3.75%	3.25%
Expected annual attrition	5% up to age 50, then 1%	5% up to age 50, then 1%
Payroll tax/social security tax	14.10%	14.10%
Mortality table	K2013	K2013
Disability table	KU	KU

Table 16.3 Net liability recognised in the balance sheet

Amounts in NOK million	31.12.2024	31.12.2023
Change in defined benefit obligation (DBO) incl. payroll tax		
DBO at beginning of year	6 174	5 700
Service cost	229	229
Interest cost	189	168
Payroll tax on employer contribution	-51	-65
Benefits paid	-172	-158
Remeasurement loss/-gain	-435	300
DBO at year-end	**5 934**	**6 174**
Change in plan assets		
Fair value of assets at beginning of year	6 267	5 531
Interest income	185	157
Employer contribution incl. payroll tax	417	529
Payroll tax on employer contribution	-51	-65
Benefits paid	-163	-149
Remeasurement gain/-loss	586	265
Fair value of assets at year-end	**7 240**	**6 267**
Net amount recognised in the balance sheet	**-1 306**	**-93**

Table 16.4 Specification of funded and unfunded plans

	31.12.2024			31.12.2023		
Amounts in NOK million	Funded plan	Unfunded plans	Total	Funded plan	Unfunded plans	Total
Accrued benefit obligations	5 707	227	5 934	5 944	230	6 174
Plan assets	-7 240	-	-7 240	-6 267	-	-6 267
Net benefit obligation/-net plan assets	**-1 533**	**227**	**-1 306**	**-323**	**230**	**-93**

Table 16.5 Allocation of plan assets for funded plan

Amounts in NOK million	31.12.2024	31.12.2023
Equities	3 423	3 008
Bonds	3 014	2 588
Real estate fund	804	671
Total	**7 240**	**6 267**

Pension expense for employees in Norway

Pension expense includes current service cost, interest expense and expected return on plan assets.

The change in the unfunded plans is included in the overall pension expense.

Expenses relating to employees associated with NBIM are covered in their entirety by the management fee and amounted to NOK 117.5 million in 2024 and NOK 113.8 million in 2023.

Table 16.6 Pension expense (incl. payroll tax)

Amounts in NOK million	2024	2023
Service cost incl. interest	229	229
Administration cost	7	7
Service cost and cost of benefit changes	**236**	**236**
Net interest cost/-income	-3	5
Net periodic pension cost	**233**	**241**
Other comprehensive income (OCI) in the period		
Remeasurement loss/-gain – change in discount rate	-896	-115
Remeasurement loss/-gain – change in other economic assumptions	327	154
Remeasurement loss/-gain – change in other demographic assumptions	-	(14)
Remeasurement loss/-gain – experience adjustments, DBO	134	275
Remeasurement loss/-gain – experience adjustments, assets	-631	-306
Investment management cost	46	41
OCI losses/-gains in the period	**-1 021**	**35**

Sensitivity analysis
The sensitivity analysis has been prepared in the light of possible changes in the assumptions discount rate and wage growth, which are expected to have the most pronounced effect on the pension obligation. The other actuarial assumptions are kept unchanged in the sensitivity analysis.

Table 16.7 Sensitivity analysis

				31.12.2024
	Discount rate	General compensation increase	ABO pensioners / DBO other[1]	Change[2]
Assumptions at 31 December 2023	3.90%	4.00%	5 934	
Discount rate + 0.5 percentage point	4.40%	4.00%	5 425	-8.6%
Discount rate - 0.5 percentage point	3.40%	4.00%	6 520	9.9%
General compensation increase + 0.5 percentage point	3.90%	4.50%	6 150	3.6%
General compensation increase - 0.5 percentage point	3.90%	3.50%	5 738	-3.3%

[1] Amounts in NOK million.
[2] Percentage change in the pension benefit obligation.

Pension plans for locally employed staff of foreign offices
Locally employed staff at Norges Bank's offices in London, New York and Singapore have a defined-contribution pension plan in accordance with local provisions in addition to what has been established by the authorities. The plans are managed externally, within rules determined by Norges Bank.

Recognised expenses for the plans were NOK 57.2 million in 2024, compared with NOK 51.5 million in 2023, and are presented under the line *Other personnel expenses* in table 15.1 Personnel expenses.

Note 17 Other operating expenses and other operating income

Other operating expenses
Norges Bank allocates costs to the primary tasks *Monetary Policy, Financial Stability, Management of the foreign exchange reserves, Banknotes and coins, Settlement services for banks, Government debt management* and *The Treasury single account system.* In addition, costs are allocated to the management of the Government Pension Fund Global.

See note 20.12 Management costs for specification and further information regarding costs covered by management fee, GPFG.

Table 17.1 Other operating expenses

Amounts in NOK million	2024	2023
Custody costs	508	509
IT services, systems, data and information	1 200	1 133
Research, consulting and legal fees	343	362
Other costs	438	431
Total other operating expenses excl. external managers	**2 488**	**2 435**
Base fees to external managers	1 554	1 205
Performance-based fees to external managers	1 543	1 343
Total fees to external managers	**3 097**	**2 549**
Total other operating expenses	**5 585**	**4 984**
Depreciation, amortisation and impairment losses	140	135
Personnel expenses	3 051	2 853
Total operating expenses	**8 776**	**7 971**
Of which costs for Norges Bank's primary tasks	*1 385*	*1 339*
Of which covered by mangement fee, GPFG	*7 390*	*6 632*

Table 17.2 Fees, external auditor

	Norges Bank		Subsidiaries	
Amounts in NOK thousands, inclusive VAT	2024	2023	2024	2023
Statutory audit	13 708	13 310	14 288	11 536
Other assurance services	918	1 523	225	306
Tax advice[1]	423	1 325	-500	-
Other services	3 474	-	-	-
Total fees, external auditor	**18 523**	**16 158**	**14 013**	**11 842**

[1] *Tax advice* for subsidiaries in 2024 shows a negative amount. This is due to a reversal of previously accrued costs in subsidiaries that became wholly owned during 2024. Therefore, the original cost from 2023 is not disclosed in the table.

Statutory audit
Statutory audit consists of audit fees of Central Banking Operations and the GPFG. Norges Bank's external auditor is Ernst & Young AS (EY).

Norges Bank has established subsidiaries which invest exclusively as part of Norges Bank's management of the investment portfolio of the GPFG. The subsidiaries have separate engagement agreements with their external auditors and are not bound by the agreement between Norges Bank and EY.

Other assurance services

The external auditor assists the Supervisory Council in several of their supervisory reviews. The fees for this work are agreed separately and are presented as *Other assurance services*.

Tax advice

Services provided to Norges Bank in 2024 relate exclusively to services provided by EY. This is mainly related to services for NBIM.

Other services

In 2024, Norges Bank carried out a major cyber project. EY provided services for this project on behalf of the Bank.

Other operating income

Accounting policy

Other operating income is recognised at the time a service is rendered. The transaction price is agreed annually and primarily contains fixed elements.

Table 17.3 Other operating income

Amounts in NOK million	2024	2023
Services, banks	143	122
Services, government (see note 19 Related parties)	1	1
Rent (see note 19 Related parties)	31	31
Other income	8	7
Total other operating income	**183**	**161**

Services for banks

Norges Bank performs settlement services for banks through Norges Bank's settlement system (NBO). To promote efficient and robust settlement of payments in Norges Bank, expenses for account maintenance and settlement services are covered by the annual fees for NBO. The assumption is that revenues will cover two-thirds of the overall cost of implementing and operating the settlement system. A third of expenses is attributable to central banking functions and covered by Norges Bank.

Note 18 Non-financial assets

Accounting policy

Non-current assets are recognised at cost, less accumulated straight-line depreciation over their expected useful life.

Gold comprises gold coins and gold bars that are part of the Bank's historical collections. The holdings were recognised at estimated cost in accordance with fair value on the date the gold was reclassified from international reserves to non-current assets. In the event the metallic value of gold rises, the holdings of gold are not revalued.

The collection of art and numismatic objects such as medals, banknotes and coins is recognised at estimated cost on the basis of the most recent appraisal.

Impairment testing
An impairment test is performed if there is an indication that an asset is impaired. If the carrying amount exceeds fair value, the carrying amount will be reduced to fair value.

Table 18.1 Non-financial assets

Amounts in NOK million	31.12.2024	31.12.2023
Non-current assets	1 549	1 492
Gold	291	291
Art and numismatic collections	92	91
Other assets	217	204
Non-financial assets	**2 149**	**2 078**

Table 18.2 Non-current assets

	Intangible assets	Property, plant and equipment				2024
Amounts in NOK million	Software	Buildings	Land	Other	Plant under construction	Total
Cost at 1 Jan.	673	3 522	60	168	74	4 498
+ Additions for the year	12	85	-	1	99	197
- Disposals for the year	-42	-19	-	-62	-	-123
-/+ Adjustments for the year	-	-	-	-	-	-
Cost at 31 Dec.	**643**	**3 588**	**60**	**108**	**173**	**4 572**
- Accumulated depreciation and impairment at 1 Jan.	-640	-2 223	-	-142	-	-3 007
+ Disposals depreciation for the year	42	19	-	62	-	123
- Depreciation for the year	-22	-110	-	-8	-	-140
- Impairment for the year	-	-	-	-	-	-
Depreciation and impairment at 31 Dec.	**-620**	**-2 314**	**-**	**-88**	**-**	**-3 023**
Carrying amount at 31 Dec.	**23**	**1 274**	**60**	**19**	**173**	**1 549**
Depreciation schedule, no. of years	3–6	5–75	none	4–10	none	

	Intangible assets	Property, plant and equipment				2023
Amounts in NOK million	Software	Buildings	Land	Other	Plant under construction	Total
Cost at 1 Jan.	676	3 434	60	258	48	4 476
+ Additions for the year	7	99	-	12	26	144
- Disposals for the year	-10	-11	-	-102	-	-123
-/+ Adjustments for the year	-	-	-	-	-	-
Cost at 31 Dec.	**673**	**3 522**	**60**	**168**	**74**	**4 497**
- Accumulated depreciation and impairment at 1 Jan.	-629	-2 129	-	-237	-	-2 995
+ Disposals depreciation for the year	10	11	-	102	-	123
- Depreciation for the year	-23	-105	-	-7	-	-135
- Impairment for the year	-	-	-	-	-	-
Depreciation and impairment at 31 Dec.	**-640**	**-2 223**	**-**	**-142**	**-**	**-3 007**
Carrying amount at 31 Dec.	**33**	**1 299**	**60**	**26**	**74**	**1 491**
Depreciation schedule, no. of years	3–6	5–75	none	4–10	none	

Bankplassen 4
In 1986, Bankplassen 4 was transferred from Norges Bank to the government by the then Norwegian Directorate of Public Construction and Property, now Statsbygg. The transfer agreement pertains to ownership rights to the building and a ground lease, limited to the plot the building occupies. Norges Bank does not receive rent for the right of use. The term of the lease is 80 years, with the option of 10-year extensions. If the lease is not renewed, the building reverts to Norges Bank free of charge. The building is fully depreciated and its carrying amount at 31 December 2024 is NOK 0.

Note 19 Related parties

Accounting policy

Norges Bank is owned by the Norwegian government and under IAS 24 *Related Party Disclosures* is exempt from the disclosure requirements pertaining to related party transactions and outstanding balances, including commitments, with the Norwegian government. This includes transactions with other entities that are related parties because the Norwegian government has control of, joint control of, or significant influence over both Norges Bank and the other entities.

Norges Bank, including the GPFG, is a separate legal entity that is wholly owned by the government through the Ministry of Finance. See note 1 General information for information regarding the relationship between the Ministry of Finance, Norges Bank and the GPFG. All transactions are carried out in its own name and on market terms.

For information regarding transactions with governing bodies and senior executives of Norges Bank, see note 15 Personnel expenses.

The management of the GPFG

Inflows to / withdrawals from the Ministry of Finance's krone account

Transfers are made to and from the krone account in accordance with the management mandate.

Inflows to / withdrawals from the krone account are carried out by monthly transfers between the GPFG and Norges Bank. In 2024, net inflow amount to the krone account was NOK 409 billion, compared with net inflow amount to the krone account of NOK 711 billion in 2023.

Five percent of the transferred amount is withheld until the following month, in order to adjust the transferred amount in transaction currency to the instructed amount stated in Norwegian kroner from the Ministry of Finance. Unsettled transfers between the GPFG and Norges Bank are presented in the balance sheet as a net balance between the two reporting entities, on the balance sheet line *Other financial liabilities*. In December 2024, the transferred amount was executed in the middle of the month, and there was no unsettled transfer at year-end 2024. At year-end 2023 the unsettled transfer was NOK 2 365 million.

Management fee

Accounting policy

The management fee for management of the GPFG accrues during the financial year and is presented in the income statement as *Management fee, GPFG*. Unsettled management fee at year-end is measured at amortised cost.

Norges Bank's total operating expenses related to the management of the GPFG are reimbursed by the Ministry of Finance as principal. The management fee corresponds to actual costs incurred by Norges Bank, excluding administration fees invoiced separately to Norges Bank's subsidiaries in Norway and including performance-based fees to external managers. The management fee was NOK 7 390 million in 2024 and NOK 6 632 million in 2023.

The management fee is withdrawn from the krone account during the year based on forecasts. The difference between the total amount withdrawn and the actual management fee for the year is presented either on the balance sheet line *Other financial assets* or *Other financial liabilities* and is settled the following year.

In 2024, Norges Bank received a payment of NOK 7.0 billion withdrawn from the krone account, compared with NOK 6.5 billion in 2023. At year-end 2024, Norges Bank's receivable from the GPFG totalled NOK 190 million, compared with a liability to the GPFG of NOK 168 million at year-end 2023.

See note 20.12 Management costs for further information.

Transactions between Norges Bank's equity portfolio and the GPFG
Internal trades in the form of money market lending or borrowing between the GPFG and Norges Bank's equity portfolio are presented in the balance sheet as a net balance between the portfolios, either on the balance sheet line *Other financial assets* or *Other financial liabilities.* For Norges Bank, net balance between the portfolios amounted to a liability of NOK 301 million at year-end 2024, compared with a liability of NOK 59 million at year-end 2023.

Associated income and expense items are presented net in the income statement as *Other financial income/-expense.* All transactions are carried out at market prices.

Transactions between Norges Bank and wholly owned subsidiaries
As part of the management of the GPFG's investments in real estate and infrastructure for renewable energy, Norwegian subsidiaries have been established that are wholly owned by Norges Bank. For an overview of the companies that own and manage the investments, as well as consolidated subsidiaries, see note 20.16 Interests in other entities. For further information regarding transactions with subsidiaries, see note 20.6 Unlisted real estate and note 20.7 Unlisted renewable energy infrastructure.

Other transactions with the government
Pursuant to section 3-7 of the Central Bank Act, Norges Bank provides services in connection with government borrowing and government debt management and the central government's group account. Under the new Central Bank Act in force from 1 January 2020, Norges Bank's costs related to these tasks are no longer covered by the Ministry of Finance.

Pursuant to point 5 of the Guidelines for provisions and allocations of Norges Bank's profit or loss, "In connection with the closing of the books each year, an amount equal to one third of the capital in the Transfer Fund shall be transferred to the Treasury." This transfer amounted to NOK 30.1 billion for 2024 and NOK 17.6 billion for 2023. On the basis of the prepared financial statements, the transfer takes place in the following year, but the amount due appears under the balance sheet item *Other liabilities* in the balance sheet at 31 December.

Other related party transactions
Norges Bank has transactions with other government agencies and bodies. These transactions are primarily related to leasing of buildings and amounted to NOK 31 million in 2024 and NOK 32 million in 2023.

Note 20 Government Pension Fund Global (GPFG)

Income statement

Amounts in NOK million	Note	2024	2023
Profit/loss on the portfolio before foreign exchange gain/loss			
Income/expense from:			
- Equities	4	2 454 653	2 030 561
- Bonds	4	70 889	231 769
- Unlisted real estate	6	-3 789	-47 389
- Unlisted infrastructure	7	-627	-257
- Financial derivatives	4	11 262	15 752
- Secured lending	13	21 622	9 922
- Secured borrowing	13	-24 810	-13 278
Tax expense	10	-17 211	-13 555
Interest income/expense		-939	49
Other income/expense		4	4
Profit/loss on the portfolio before foreign exchange gain/loss		**2 511 054**	**2 213 577**
Foreign exchange gain/loss	11	1 072 207	409 441
Profit/loss on the portfolio		**3 583 261**	**2 623 018**
Management fee	12	-7 390	-6 632
Profit/loss and total comprehensive income		**3 575 870**	**2 616 385**

Balance sheet

Amounts in NOK million	Note	31.12.2024	31.12.2023
Assets			
Deposits in banks		25 550	8 584
Secured lending	13,14	1 020 455	728 559
Cash collateral posted	14	11 340	19 361
Unsettled trades		72 619	33 812
Equities	5	13 290 055	10 577 325
Equities lent	5,13	862 197	493 949
Bonds	5	4 481 076	3 563 613
Bonds lent	5,13	1 088 846	1 006 711
Financial derivatives	5,14	32 904	19 192
Unlisted real estate	6	355 769	300 541
Unlisted infrastructure	7	25 236	17 593
Withholding tax receivable	10	17 938	10 522
Other assets	17	1 690	2 752
Management fee receivable		-	168
Total assets		**21 285 673**	**16 782 681**
Liabilities and owner's capital			
Secured borrowing	13,14	1 319 892	911 548
Cash collateral received	14	103 193	28 754
Unsettled trades		76 260	44 247
Financial derivatives	5,14	31 229	33 055
Deferred tax	10	13 170	8 246
Other liabilities	17	147	112
Management fee payable		190	-
Total liabilities		**1 544 083**	**1 025 962**
Owner's capital		19 741 590	15 756 719
Total liabilities and owner's capital		**21 285 673**	**16 782 681**

Statement of cash flows

Accounting policy

The statement of cash flows is prepared in accordance with the direct method. Major classes of gross cash receipts and payments are presented separately, with the exception of specific transactions that are presented on a net basis, primarily relating to the purchase and sale of financial instruments. Cash flows related to the fund's investment activities are presented as operating activities, since they represent the income-generating activities of the fund. Inflows and withdrawals between the GPFG and the Norwegian government are financing activities. These transfers have been settled in the period. Accrued inflows/withdrawals are shown in the Statement of changes in owner's capital.

Amounts in NOK million, receipt (+) / payment (-)	Note	2024	2023
Operating activities			
Receipts of dividend from equities		267 025	234 173
Receipts of interest from bonds		131 621	90 644
Receipts of interest and dividend from unlisted real estate	6	8 175	6 861
Receipts of interest and dividend from unlisted infrastructure	7	440	752
Net receipts of interest and fee from secured lending and borrowing		-3 359	-3 730
Receipts of dividend, interest and fee from holdings of equities, bonds, unlisted real estate and unlisted infrastructure		403 902	328 700
Net cash flow from purchase and sale of equities		-230 218	-436 867
Net cash flow from purchase and sale of bonds		-650 861	-412 160
Net cash flow to/from investments in unlisted real estate	6	-40 244	-6 742
Net cash flow to/from investments in unlisted infrastructure	7	-7 614	-3 256
Net cash flow financial derivatives		20 874	2 219
Net cash flow cash collateral related to derivative transactions		73 732	16 030
Net cash flow secured lending and borrowing		65 565	-184 578
Net payment of taxes	10	-20 710	-11 173
Net cash flow related to interest on deposits in banks and bank overdraft		214	428
Net cash flow related to other income/expense, other assets and other liabilities		920	947
Management fee paid to Norges Bank[1]		-7 032	-6 526
Net cash inflow/outflow from operating activities		**-391 472**	**-712 977**
Financing activities			
Inflow from the Norwegian government		411 365	710 104
Withdrawal by the Norwegian government		-	-
Net cash inflow/outflow from financing activities		**411 365**	**710 104**
Net change deposits in banks			
Deposits in banks at 1 January		8 584	12 061
Net increase/decrease of cash in the period		19 892	-2 873
Net foreign exchange gain/loss on cash		-2 927	-604
Deposits in banks at end of period		**25 550**	**8 584**

[1] Management fee in the statement of cash flows consists of transfers to/from the krone account in connection with the settlement of management costs incurred in Norges Bank.

Statement of changes in owner's capital

Accounting policy

Owner's capital for the GPFG comprises contributed capital in the form of accumulated net inflows from the Norwegian government and retained earnings in the form of total comprehensive income. Owner's capital corresponds to the Ministry of Finance's krone account in Norges Bank.

Amounts in NOK million	Inflows from owner	Retained earnings	Total owner's capital
1 January 2023	4 057 370	8 371 964	12 429 334
Profit/loss and total comprehensive income	-	2 616 385	2 616 385
Inflow during the period	711 000	-	711 000
Withdrawal during the period	-	-	-
31 December 2023	**4 768 370**	**10 988 349**	**15 756 719**
1 January 2024	4 768 370	10 988 349	15 756 719
Profit/loss and total comprehensive income	-	3 575 870	3 575 870
Inflow during the period	409 000	-	409 000
Withdrawal during the period	-	-	-
31 December 2024	**5 177 370**	**14 564 220**	**19 741 590**

GPFG Note 1 General information

General information relating to the GPFG appears in note 1 General information.

GPFG Note 2 Accounting policies

The accounting policies for the financial reporting of the GPFG are described in note 2 Accounting policies.

GPFG Note 3 Returns

Table 3.1 shows return for the fund and for each asset class.

Table 3.1 Returns

	2024	2023
Returns measured in the fund's currency basket (percent)		
Return on equity investments	18.19	21.25
Return on fixed-income investments	1.28	6.13
Return on unlisted real estate investments	-0.57	-12.37
Return on unlisted infrastructure investments	-9.81	3.68
Return on fund	13.09	16.14
Relative return on fund (percentage points)	-0.45	-0.18
Returns measured in NOK (percent)		
Return on equity investments	28.10	26.26
Return on fixed-income investments	9.77	10.51
Return on unlisted real estate investments	7.77	-8.75
Return on unlisted infrastructure investments	-2.25	7.96
Return on fund	22.57	20.93

A time-weighted rate of return methodology is applied. The fair value of holdings is determined at the time of cash flows into and out of the asset classes and the fund as a whole. Geometric linking of periodic returns is used for longer return periods.

Returns are calculated net of transaction costs, non-reclaimable withholding taxes on dividends and interest, and taxes on realised capital gains.

Returns are measured both in Norwegian kroner and in the fund's currency basket. The currency basket is weighted according to the currency composition of the benchmark index for equities and bonds. Returns measured in the fund's currency basket are calculated as the geometric difference between the fund's returns measured in Norwegian kroner and the return of the currency basket.

The fund's relative return is calculated as the arithmetic difference between the fund's return and the return of the fund's benchmark index. The fund's benchmark index consists of global equity and bond indices determined by the Ministry of Finance and is calculated by weighting the monthly returns of the benchmark indices for each of the two asset classes, using the weight in the actual benchmark at the beginning of the month for the respective asset class.

GPFG Note 4 Income/expense from equities, bonds and financial derivatives

Accounting policy

Investments in equities, bonds and financial derivatives are measured at fair value through profit and loss. See note 2 Accounting policies for further information.

Tables 4.1 to 4.3 specify the change in fair value during the period, where the line Income/expense shows the amount recognised in profit or loss for the relevant income statement line. The following principles for presentation apply to the respective income and expenses presented in the tables:

Dividend income is recognised on the ex-dividend date, which is when the right to receive the dividend is established.

Interest income is recognised when the interest is accrued. Interest expense is recognised as incurred. The measurement of interest income and expense is based on contractual terms.

Realised gain/loss mainly represents amounts realised when assets or liabilities are derecognised. Average acquisition cost is assigned upon derecognition. Realised gain/loss includes transaction costs, which are expensed as incurred. Transaction costs are defined as all costs directly attributable to the completed transaction. For investments in equities and bonds, these normally comprise commission fees and stamp duty.

Unrealised gain/loss represents changes in fair value for the related balance sheet item during the period, that are not attributable to the aforementioned categories.

Table 4.1 Specification Income/expense from equities

Amounts in NOK million	2024	2023
Dividends	270 263	240 842
Realised gain/loss	617 366	236 321
Unrealised gain/loss	1 567 024	1 553 398
Income/expense from equities before foreign exchange gain/loss	**2 454 653**	**2 030 561**

Table 4.2 Specification Income/expense from bonds

Amounts in NOK million	2024	2023
Interest	157 191	109 431
Realised gain/loss	-44 964	-101 065
Unrealised gain/loss	-41 338	223 402
Income/expense from bonds before foreign exchange gain/loss	**70 889**	**231 769**

Table 4.3 Specification Income/expense from financial derivatives

Amounts in NOK million	2024	2023
Interest	-4 494	4 185
Realised gain/loss	11 411	13 404
Unrealised gain/loss	4 345	-1 837
Income/expense from financial derivatives before foreign exchange gain/loss	**11 262**	**15 752**

GPFG Note 5 Holdings of equities, bonds and financial derivatives

Accounting policy

Investments in equities and bonds are measured at fair value through profit or loss.

Earned dividends and interest are presented in the balance sheet on the same line as the underlying financial instruments. Earned dividends are dividends that have been declared but are not paid at the balance sheet date. See note 4 Income/expense from equities, bonds and financial derivatives for further information.

The balance sheet line Equities includes investments in depository certificates (GDR/ADR) and units in listed funds, such as REITs. Transferred equities and bonds are presented separately. For more information, see note 13 Secured lending and borrowing.

Financial derivatives are measured at fair value through profit or loss. Exchange-traded futures and associated variation margin are presented net in the balance sheet, since there is a legally enforceable right to offset and the intention is to settle on a net basis or to realise the asset and settle the liability simultaneously. Norges Bank does not engage in hedge accounting, therefore no financial instruments are designated as hedging instruments.

For further information on fair value measurement, see note 8 Fair value measurement. Changes in fair value are recognised in the income statement and specified in note 4 Income/expense from equities, bonds and financial derivatives.

Table 5.1 specifies the sector composition of investments in equities.

Table 5.1 Equities

	31.12.2024	31.12.2023
Amounts in NOK million	**Fair value incl. earned dividends**	**Fair value incl. earned dividends**
Technology	3 821 747	2 465 516
Financials	2 175 781	1 655 254
Consumer discretionary	2 018 538	1 562 073
Industrials	1 790 346	1 447 684
Health care	1 390 234	1 230 877
Consumer staples	652 771	618 337
Real estate	691 317	608 689
Basic materials	434 985	441 742
Energy	444 666	413 062
Telecommunications	405 090	367 904
Utilities	326 775	260 137
Total equities	**14 152 251**	**11 071 274**
Of which presented in the balance sheet line Equities	13 290 055	10 577 325
Of which presented in the balance sheet line Equities lent	862 197	493 949

At the end of 2024, accrued dividends amounted to NOK 12 234 million (NOK 12 580 million at the end of 2023).

Table 5.2 specifies investments in bonds per category. Notional value represents the amount that shall be returned at maturity, also referred to as the par value of the bond.

Table 5.2 Bonds

	31.12.2024		31.12.2023	
Amounts in NOK million	**Notional value**	**Fair value incl. earned interest**	**Notional value**	**Fair value incl. earned interest**
Government bonds				
Government bonds issued in the government's local currency	3 388 045	3 166 117	2 742 815	2 594 816
Total government bonds	**3 388 045**	**3 166 117**	**2 742 815**	**2 594 816**
Government-related bonds				
Sovereign bonds	16 640	16 151	11 311	10 632
Bonds issued by local authorities	182 060	172 785	154 963	142 393
Bonds issued by supranational bodies	100 588	100 466	101 177	98 290
Bonds issued by federal agencies	207 826	203 263	166 493	155 662
Total government-related bonds	**507 114**	**492 665**	**433 944**	**406 977**
Inflation-linked bonds				
Inflation-linked bonds issued by government authorities	325 074	303 792	232 929	283 137
Total inflation-linked bonds	**325 074**	**303 792**	**232 929**	**283 137**
Corporate bonds				
Convertible bonds	58	69	57	73
Bonds issued by utilities	124 293	116 511	100 984	95 387
Bonds issued by financial institutions	599 756	580 509	466 844	446 681
Bonds issued by industrial companies	643 891	605 262	487 613	460 147
Total corporate bonds	**1 367 998**	**1 302 352**	**1 055 498**	**1 002 288**
Securitised bonds				
Covered bonds	322 255	304 996	307 782	283 106
Total securitised bonds	**322 255**	**304 996**	**307 782**	**283 106**
Total bonds	**5 910 486**	**5 569 922**	**4 772 968**	**4 570 324**
Of which presented in the balance sheet line Bonds		4 481 076		3 563 613
Of which presented in the balance sheet line Bonds lent		1 088 846		1 006 711

At the end of 2024, earned interest amounted to NOK 51 128 million (NOK 34 537 million at the end of 2023).

Financial derivatives
Financial derivatives are used to adjust the exposure in various portfolios as a cost-efficient alternative to trading in the underlying securities. Foreign exchange derivatives are also used in connection with liquidity management. Equity derivatives with an option component are often a result of corporate actions, and can be converted into equities or sold. The GPFG also uses equity swaps in combination with purchase and sale of equities.

Table 5.3 specifies financial derivatives recognised in the balance sheet. Notional amounts are the basis for calculating any cash flows and gains/losses for derivative contracts. This provides information on the extent to which different types of financial derivatives are used.

Table 5.3 Financial derivatives

	31.12.2024			31.12.2023		
		Fair value			Fair value	
Amounts in NOK million	Notional amount	Asset	Liability	Notional amount	Asset	Liability
Foreign exchange derivatives	1 216 103	14 652	10 267	976 868	6 388	18 148
Interest rate derivatives	2 827 002	14 028	10 961	464 466	11 920	12 323
Credit derivatives	173 841	4 147	9 982	52 311	706	2 556
Equity derivatives[1]	-	36	-	-	69	-
Exchange-traded futures contracts[2]	174 242	40	20	95 742	110	29
Total financial derivatives	**4 391 189**	**32 904**	**31 229**	**1 589 387**	**19 192**	**33 055**

1 Notional amounts are not considered relevant for equity derivatives and are therefore not included in the table.

2 Exchange-traded futures contracts have daily margin payments and the net amount recognised in the balance sheet is normally zero at the balance sheet date, with the exception of futures contracts in certain markets where there is different timing for setting the market value for recognition in the balance sheet and daily margining.

Foreign exchange derivatives
This consists of foreign exchange forward contracts, which are agreements to buy or sell a specified quantity of foreign currency on an agreed future date.

Interest rate derivatives
This consists of agreements between two parties to exchange interest payment streams based on different interest rate calculation methods. Interest rate derivatives recognised in the balance sheet are mainly interest rate swaps, where one party pays a floating rate of interest and the other pays a fixed rate.

Credit derivatives
This comprises credit default swaps indices (CDS indices) for corporate bonds, where one party (the seller) assumes the credit risk and the other party (the buyer) reduces the credit risk on the underlying index of corporate bonds. Under a CDS index contract, the seller receives a periodic coupon from the buyer as compensation for assuming the credit risk. The buyer only receives payment if the credit protection is triggered by for instance default on the underlying credit in the index (credit event).

Equity derivatives
Equity derivatives are derivatives with exposure to an underlying equity. Equity derivatives recognised in the balance sheet include instruments with an option component, such as rights and warrants. These instruments grant the owner the right to purchase an equity at an agreed price within a certain time frame.

Futures contracts
Futures contracts are listed contracts to buy or sell a specified asset (security, index, interest rate, power or similar assets) at an agreed price at a future point in time.

Equity swaps in combination with purchase or sale of equities
Equity swaps are entered into in combination with purchases or sales of equities, as part of the fund's secured lending and borrowing activities. See note 13 Secured lending and borrowing for further information. The GPFG does not take market risk in these transactions and therefore has virtually no net exposure. The equity swaps (derivative) are not recognised in the balance sheet. At the end of 2024, equities purchased in combination with offsetting equity swaps amounted to NOK 671 billion (NOK 250 billion at the end of 2023). Equity sales in combination with offsetting equity swaps amounted to NOK 194 billion (NOK 132 billion at the end of 2023). See also table 14.1 in note 14 Collateral and offsetting.

GPFG Note 6 Unlisted real estate

Accounting policy
Investments in unlisted real estate are made through subsidiaries of Norges Bank, exclusively established as part of the management of the GPFG. Subsidiaries presented as Unlisted real estate in the balance sheet are measured at fair value through profit or loss. See note 2 Accounting policies for further information. The fair value of unlisted real estate is equivalent to the sum of the GPFG's share of assets and liabilities in the underlying real estate subsidiaries, measured at fair value. For further information, see note 8 Fair value measurement. Changes in fair value are recognised in the income statement and presented as Income/expense from unlisted real estate. The following principles for presentation apply for the respective income and expense elements presented in table 6.1: Interest is recognised when it is earned. Dividends are recognised when the dividend is formally approved by the general meeting or equivalent decision-making body, or is paid out in accordance with the company's articles of association.

Income/expense and changes in carrying amounts related to investments in unlisted real estate are specified in tables 6.1 and 6.2 below.

Table 6.1 Income/expense from unlisted real estate

Amounts in NOK million	2024	2023
Receipts of interest and dividend	8 175	6 861
Unrealised gain/loss[1]	-11 963	-54 251
Income/expense from unlisted real estate before foreign exchange gain/loss	**-3 789**	**-47 389**

[1] Earned interest and dividends which are not cash-settled are included in Unrealised gain/loss.

Table 6.2 Changes in carrying amounts unlisted real estate

Amounts in NOK million	31.12.2024	31.12.2023
Unlisted real estate at 1 January	**300 541**	**329 732**
Net cash flow to/from investments	40 244	6 742
Unrealised gain/loss	-11 963	-54 251
Foreign exchange gain/loss	26 947	18 318
Unlisted real estate, closing balance for the period	**355 769**	**300 541**

Cash flows between the GPFG and subsidiaries presented as Unlisted real estate
The GPFG makes cash contributions to subsidiaries in the form of equity and long-term loan financing, to fund investments in real estate assets, primarily properties. Net income in the underlying real estate companies can be distributed back to the GPFG in the form of interest and dividend as well as repayment of equity and long-term loan financing. There are no significant restrictions on the distribution of interest and dividend from subsidiaries to the GPFG.

Net income distributed back to the GPFG in the form of interest and dividend is presented in the statement of cash flows as Receipts of interest and dividend from unlisted real estate. Cash flows in the form of equity and loan financing, as well as repayment of these, are presented in the statement of cash flows as Net cash flows to/from investments in unlisted real estate.

Net income that is not distributed back to the GPFG is reinvested in the underlying real estate companies, to finance for instance property development and repayment of external debt.

A net cash flow from the GPFG to subsidiaries will result in an increase in the value of Unlisted real estate in the balance sheet, while a net cash flow from subsidiaries to the GPFG will result in a decrease.

Table 6.3 specifies cash flows between the GPFG and subsidiaries presented as Unlisted real estate.

Table 6.3 Cash flow unlisted real estate

Amounts in NOK million	2024	2023
Receipts of interest from ongoing operations	2 889	2 042
Receipts of dividends from ongoing operations	5 252	4 709
Receipts of interest from sales	33	110
Receipts of interest and dividend from unlisted real estate	**8 175**	**6 861**
Payments for new investments	-37 716	-7 007
Payments for property development	-3 444	-1 778
Net payments external debt	-	-104
Receipts from ongoing operations	890	1 533
Receipts from sales	26	615
Net cash flow to/from investments in unlisted real estate	**-40 244**	**-6 742**
Net cash flow unlisted real estate	**-32 069**	**119**
Of which cash flow from ongoing operations	9 032	8 284
Of which cash flow to/from other activities	-41 101	-8 164

Underlying real estate companies

Real estate subsidiaries have investments in other non-consolidated, unlisted companies. For further information, see note 16 Interests in other entities.

Principles for presentation

The following principles apply for the respective income and expense elements in the subsidiaries presented in table 6.4:

Rental income is recognised on a straight-line basis over the lease term. Net rental income mainly comprises accrued rental income, less costs relating to the operation and maintenance of properties.

Asset management fees are directly related to the underlying properties and are primarily linked to the operation and development of properties and leases. Fixed fees are expensed as incurred. Variable fees to external asset managers are based on achieved performance over time. The provision for variable fees is based on the best estimate of the incurred fees to be paid. The change in best estimate in the period is recognised in profit or loss.

Transaction costs and fees from purchases and sales of properties are incurred as one-off costs and expensed as incurred.

Table 6.4 specifies the GPFG's share of net income generated in the underlying real estate companies, which is the basis for Income/expense from unlisted real estate presented in table 6.1.

Table 6.4 Income from underlying real estate companies

Amounts in NOK million	2024	2023
Net rental income	14 708	13 852
External asset management – fixed fees	-1 023	-1 044
External asset management – variable fees	-24	-23
Internal asset management – fixed fees[1]	-114	-123
Operating costs in wholly-owned subsidiaries[2]	-76	-82
Operating costs in joint ventures	-174	-171
Interest income/expense	-806	-776
Tax expense	-253	-210
Net income from ongoing operations	**12 237**	**11 424**
Realised gain/loss	93	46
Unrealised gain/loss[3]	-15 718	-58 630
Realised and unrealised gain/loss	**-15 625**	**-58 584**
Transaction costs and fees from purchases and sales	**-400**	**-229**
Net income underlying real estate companies	**-3 789**	**-47 389**

1 Internal asset management is carried out on 100 percent owned properties by employees in a wholly-owned, consolidated subsidiary.

2 Operating costs in wholly-owned subsidiaries are measured against the upper limit from the Ministry of Finance, see note 12 Loans and deposits for more information.

3 Unrealised gain/loss presented in table 6.1 includes net income in the underlying real estate companies which is not distributed back to the GPFG, and will therefore not correspond to Unrealised gains/loss presented in table 6.4.

Table 6.5 specifies the GPFG's share of assets and liabilities in the underlying real estate companies, which comprises the closing balance for Unlisted real estate presented in table 6.2.

Table 6.5 Assets and liabilities underlying real estate companies

Amounts in NOK million	31.12.2024	31.12.2023
Properties	374 603	327 165
External debt	-31 494	-25 564
Net other assets and liabilities[1]	12 660	-1 060
Total assets and liabilities underlying real estate companies	**355 769**	**300 541**

1 Net other assets and liabilities comprise cash, tax and operational receivables and liabilities.

GPFG Note 7 Unlisted renewable energy infrastructure

Accounting policy

Investments in unlisted renewable energy infrastructure (Unlisted infrastructure) are made through subsidiaries of Norges Bank, exclusively established as part of the management of the GPFG. Subsidiaries presented as Unlisted infrastructure in the balance sheet are measured at fair value through profit or loss. See note 2 Accounting policies for further information.

The fair value of unlisted infrastructure is equivalent to the sum of the GPFG's share of assets and liabilities in the underlying infrastructure subsidiaries, measured at fair value. For further information, see note 8 Fair value measurement.

Changes in fair value are recognised in the income statement and presented as Income/expense from unlisted infrastructure.

The following principles for presentation apply for the respective income and expense elements presented in table 7.1:

Interest is recognised when it is earned.

Dividends are recognised when the dividend is formally approved by the general meeting or equivalent decision-making body, or is paid out in accordance with the company's articles of association.

Income/expense and changes in carrying amounts related to unlisted infrastructure are specified in table 7.1 and 7.2 below.

Table 7.1 Income/expense from unlisted infrastructure

Amounts in NOK million	2024	2023
Receipts of interest and dividend	440	752
Unrealised gain/loss[1]	-1 067	-1 010
Income/expense from unlisted infrastructure before foreign exchange gain/loss	**-627**	**-257**

[1] Earned interest and dividends which are not cash-settled are included in Unrealised gain/loss.

Table 7.2 Changes in carrying amounts unlisted infrastructure

Amounts in NOK million	31.12.2024	31.12.2023
Unlisted infrastructure at 1 January	**17 593**	**14 489**
Net cash flow to/from investments	7 614	3 256
Unrealised gain/loss	-1 067	-1 010
Foreign exchange gain/loss	1 096	859
Unlisted infrastructure, closing balance for the period	**25 236**	**17 593**

Cash flows between the GPFG and subsidiaries presented as Unlisted infrastructure
The GPFG makes cash contributions to subsidiaries in the form of equity and long-term loan financing, to fund investments in renewable energy infrastructure. Net income in the underlying infrastructure companies can be distributed back to the GPFG in the form of interest and dividend as well as repayment of equity and long-term loan financing. There are no significant restrictions on the distribution of interest and dividend from subsidiaries to the GPFG.

Net income which is distributed back to the GPFG in the form of interest and dividend is presented in the statement of cash flows as Receipts of interest and dividend from unlisted infrastructure. Cash flows in the form of equity and loan financing, as well as repayment of these, are presented in the statement of cash flows as Net cash flows to/from investments in unlisted infrastructure.

A net cash flow from the GPFG to subsidiaries will result in an increase in the value of Unlisted infrastructure in the balance sheet, while a net cash flow from subsidiaries to the GPFG will result in a decrease.

Table 7.3 specifies cash flows between the GPFG and subsidiaries presented as Unlisted infrastructure.

Table 7.3 Cash flow unlisted infrastructure

Amounts in NOK million	2024	2023
Receipts of interest from ongoing operations	407	397
Receipts of dividends from ongoing operations	33	355
Receipts of interest and dividend from unlisted infrastructure	**440**	**752**
Payments for new investments	-7 541	-2 939
Payments for development of infrastructure assets	-681	-1 071
Receipts from ongoing operations	608	755
Net cash flow to/from investments in unlisted infrastructure	**-7 614**	**-3 256**
Net cash flow unlisted infrastructure	**-7 174**	**-2 504**
Of which cash flow from ongoing operations	1 048	1 507
Of which cash flow to/from other activities	-8 222	-4 010

Underlying infrastructure companies

Infrastructure subsidiaries have investments in other non-consolidated, unlisted companies. For further information, see note 16 Interests in other entities.

Principles for presentation

The following principles apply for the respective income and expense elements in the subsidiaries presented in table 7.4:

Income from the sale of renewable energy is recognised at the time of delivery. Net income from the sale of renewable energy mainly comprises accrued income less costs relating to the operation and maintenance of infrastructure assets.

Transaction costs and fees from purchases and sales of infrastructure for renewable energy are incurred as one-off costs and expensed as incurred.

Table 7.4 specifies the GPFG's share of net income generated in the underlying infrastructure companies, which is the basis for Income/expense from unlisted infrastructure presented in table 7.1.

Table 7.4 Income from underlying infrastructure companies

Amounts in NOK million	2024	2023
Net income from sale of renewable energy	1 661	1 356
Fees to external fund manager	-148	-
Operating costs in wholly-owned subsidiaries[1]	-12	-8
Operating costs in joint ventures	-226	-32
Interest income/expense	-222	26
Tax expense	-84	-70
Net income from ongoing operations	**970**	**1 273**
Unrealised gain/loss[2]	**-1 503**	**-1 468**
Transaction costs and fees from purchases	**-95**	**-62**
Net income underlying infrastructure companies	**-627**	**-257**

1 Operating costs in wholly-owned subsidiaries are measured against the upper limit from the Ministry of Finance, see note 12 for more information.

2 Unrealised gain/loss presented in table 7.1 includes net income in the underlying infrastructure companies which is not distributed back to the GPFG, and will therefore not correspond to Unrealised gains/loss presented in table 7.4.

Table 7.5 specifies the GPFG's share of assets and liabilities in the underlying infrastructure companies, which comprises the closing balance for Unlisted infrastructure as presented in table 7.2.

Table 7.5 Assets and liabilities underlying infrastructure companies

Amounts in NOK million	31.12.2024	31.12.2023
Infrastructure assets	32 582	15 936
External debt	-9 109	-
Net other assets and liabilities[1]	1 763	1 657
Total assets and liabilities underlying infrastructure companies	**25 236**	**17 593**

1 Net other assets and liabilities comprise cash, tax and operational receivables and liabilities.

GPFG Note 8 Fair value measurement

Accounting policy
All assets and liabilities presented as Equities, Bonds, Unlisted real estate, Unlisted infrastructure, Financial derivatives, Secured lending and borrowing, Deposits in banks and Cash collateral posted and received are measured at fair value through profit or loss. Fair value, as defined by IFRS 13 Fair value measurement, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Introduction
Fair value for the majority of assets and liabilities is based on quoted market prices or observable market inputs. If the market is not active, fair value is established using valuation techniques that maximise the use of relevant observable inputs. Estimating fair value can be complex and requires the use of judgement, particularly when observable inputs are not available. The control environment in Norges Bank Investment Management addresses valuation risk, as described in the Control environment section of this note.

The fair value hierarchy
All assets and liabilities that are part of the investment portfolio are classified in the three categories in the fair value hierarchy presented in table 8.1. The classification is determined by the observability of the market inputs used in the fair value measurement:

- Level 1 comprises assets that are valued based on unadjusted quoted prices in active markets. An active market is defined as a market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Assets and liabilities classified as Level 2 are valued using models with market inputs that are either directly or indirectly observable. Inputs are considered observable when they are developed based on market data reflecting actual events and transactions.

- Assets classified as Level 3 are valued using models with significant use of unobservable inputs. Inputs are considered to be unobservable when market data is not available, and the input is developed using the best available information on the assumptions that market participants would use when pricing the asset.

The Valuation techniques section of this note provides an overview of models and valuation techniques, along with their observable and unobservable inputs, categorised by instrument type.

Significant estimates
Classification in the fair value hierarchy is based on set criteria, some of which may require the use of judgement. Level 3 investments consist of instruments measured at fair value that are not traded or quoted in active markets. Fair value is determined using valuation techniques that use models with significant use of unobservable inputs. A considerable degree of judgement is applied in determining the assumptions that market participants would use when pricing the asset or liability, when observable market data is not available.

Table 8.1 Categorisation of the investment portfolio by level in the fair value hierarchy

	Level 1		Level 2		Level 3		Total	
Amounts in NOK million	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Equities	**14 117 497**	**11 033 488**	**33 124**	**36 286**	**1 630**	**1 500**	**14 152 251**	**11 071 274**
Government bonds	2 862 994	2 165 249	303 122	429 567	-	-	3 166 117	2 594 816
Government-related bonds	415 878	340 242	75 397	65 926	1 389	809	492 665	406 977
Inflation-linked bonds	245 771	220 652	58 021	62 485	-	-	303 792	283 137
Corporate bonds	1 277 040	942 658	25 311	59 628	1	2	1 302 352	1 002 288
Securitised bonds	257 841	256 012	47 157	26 989	-	105	304 996	283 106
Total bonds	**5 059 523**	**3 924 813**	**509 008**	**644 595**	**1 390**	**916**	**5 569 922**	**4 570 324**
Financial derivatives (assets)	4 051	282	28 843	18 906	10	4	32 904	19 192
Financial derivatives (liabilities)	-9 434	-1 633	-21 795	-31 422	-	-	-31 229	-33 055
Total financial derivatives	**-5 383**	**-1 351**	**7 048**	**-12 516**	**10**	**4**	**1 675**	**-13 863**
Unlisted real estate	**-**	**-**	**-**	**-**	**355 769**	**300 541**	**355 769**	**300 541**
Unlisted infrastructure	**-**	**-**	**-**	**-**	**25 236**	**17 593**	**25 236**	**17 593**
Other (assets)[1]	-	-	1 149 591	803 590	-	-	1 149 591	803 590
Other (liabilities)[2]	-	-	-1 499 493	-984 661	-	-	-1 499 493	-984 661
Market value investment portfolio[3]	**19 171 638**	**14 956 950**	**199 278**	**487 294**	**384 035**	**320 554**	**19 754 950**	**15 764 797**
Total (percent)	**97.1**	**94.9**	**1.0**	**3.1**	**1.9**	**2.0**	**100.0**	**100.0**

[1] Other (assets) consists of the balance sheet lines Deposits in banks, Secured lending, Cash collateral posted, Unsettled trades (assets), Withholding tax receivable and Other assets.

[2] Other (liabilities) consists of the balance sheet lines Secured borrowing, Cash collateral received, Unsettled trades (liabilities) and Other liabilities.

[3] Market value investment portfolio is exclusive of Management fee payable/receivable and Deferred tax.

The majority of the total portfolio is priced based on observable market prices. At the end of 2024, 98.1 percent of the portfolio was classified as Level 1 or 2, which is a marginal increase compared to year-end 2023. For further information, see the section Movements between levels in the fair value hierarchy in this note.

Equities

Measured as a share of total value, virtually all equities (99.76 percent) were valued based on official closing prices from stock exchanges at the end of 2024 and classified as Level 1. A small share of equities (0.23 percent) were classified as Level 2 at year-end. These are mainly equities that are valued based on derived prices. The share of equities valued with significant use of unobservable inputs and classified as Level 3 at year-end was 0.01 percent. These are equities that are not listed, or where trading has been suspended and an adjustment has been applied to the last traded price based on company- or country-specific factors.

Bonds

The majority of bonds have observable, executable market quotes in active markets and 90.84 percent of bond holdings were classified as Level 1 at the end of 2024. Bond holdings that do not have a sufficient number of observable quotes or that are priced based on comparable liquid bonds are classified as Level 2. These amounted to 9.14 percent of bond holdings at year-end. An insignificant share of bond holdings (0.02 percent) that did not have observable quotes were classified as Level 3 at year-end, since the valuation was based on significant use of unobservable inputs.

Unlisted real estate and unlisted renewable energy infrastructure

All investments in unlisted real estate and unlisted renewable energy infrastructure are classified as Level 3, since models are used to value the underlying assets and liabilities with extensive use of unobservable market inputs. Properties and direct investments in unlisted infrastructure are measured at the value determined by external valuers. Exceptions to this policy are newly acquired investments where the purchase price, excluding transaction costs, is normally considered to be the best estimate of fair value, or where there are indications that the value determined by external valuers does not reflect fair value and adjustments are therefore warranted.

The fund had one investment in an unlisted infrastructure fund at the end of 2024. This was measured at the fair value provided by the fund manager at year-end.

Financial derivatives

Some equity derivatives (rights and warrants) and credit derivatives (CDS indices) that are actively traded, are classified as Level 1. The majority of derivatives are classified as Level 2, since the valuation of these is based on standard models using observable market inputs. Certain derivatives are valued based on models with significant use of unobservable inputs and are classified as Level 3.

Other assets and liabilities that are part of the investment portfolio are classified as Level 2.

Movements between the levels in the fair value hierarchy

Accounting policy
Transfers between levels in the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Reclassifications between Level 1 and Level 2

The share of equities classified as Level 1 was virtually unchanged compared to year-end 2023. There were no significant reclassifications of equities between Level 1 and Level 2.

The share of bonds classified as Level 1 increased by 5.0 percentage points compared to year-end 2023, with a corresponding decrease in the share of Level 2 holdings. The primary drivers of this change were net purchases of government bonds and corporate bonds classified as Level 1. There was a net reclassification from Level 2 to Level 1 of NOK 20 billion during the year. This consisted of bonds with a value of NOK 86 billion which were reclassified from Level 2 to Level 1, primarily due to increased price observability, offset by bonds with a value of NOK 66 billion which were reclassified from Level 1 to Level 2.

Reclassifications between Level 2 and Level 3

The share of equities classified as Level 3 was virtually unchanged compared to year-end 2023. There were no significant reclassifications of equities between Level 2 and Level 3.

The share of bonds classified as Level 3 was virtually unchanged compared to year-end 2023. There was a net reclassification of government-related bonds from Level 2 to Level 3 during the year of NOK 395 million.

Table 8.2 Changes in Level 3 holdings

Amounts in NOK million	01.01.2024	Purchases	Sales	Settle-ments	Net gain/ loss	Trans-ferred into Level 3	Trans-ferred out of Level 3	Foreign exchange gain/loss	31.12.2024
Equities	1 500	23	-33	21	-72	277	-65	-21	1 630
Bonds	916	-	-105	-56	-46	535	-9	155	1 390
Financial derivatives (assets)	4	6	-	-	1	-	- 1	-	10
Unlisted real estate[1]	300 541	40 244	-	-	-11 963	-	-	26 947	355 769
Unlisted infrastructure[1]	17 593	7 614	-	-	-1 067	-	-	1 096	25 236
Total	**320 554**	**47 887**	**-138**	**-35**	**-13 147**	**812**	**-75**	**28 177**	**384 035**

Amounts in NOK million	01.01.2023	Purchases	Sales	Settle-ments	Net gain/ loss	Trans-ferred into Level 3	Trans-ferred out of Level 3	Foreign exchange gain/loss	31.12.2023
Equities	3 206	-	-100	- 21	-1 328	47	-1	-303	1 500
Bonds	340	245	-147	-54	45	563	-97	20	916
Financial derivatives (assets)	45	4	-45	-	-	-	-	-	4
Unlisted real estate[1]	329 732	6 742	-	-	-54 251	-	-	18 318	300 541
Unlisted infrastructure[1]	14 489	3 256	-	-	-1 010	-	-	859	17 593
Total	**347 812**	**10 247**	**-292**	**-75**	**-56 544**	**610**	**-98**	**18 894**	**320 554**

[1] Purchases represent the net cash flow to investments in unlisted real estate and unlisted infrastructure, as presented in the Statement of cash flows.

The share of the portfolio classified as Level 3 was 1.9 percent at the end of 2024, a slight decrease from 2.0 percent at year-end 2023. The GPFG's aggregate holdings in Level 3 amounted to NOK 384 035 million at year-end 2024, an increase of NOK 63 481 million compared to year-end 2023. The increase was mainly due to investments in unlisted real estate which are all classified as Level 3.

Investments in unlisted real estate amounted to NOK 355 769 million at year-end, an increase of NOK 55 228 million compared to year-end 2023. The increase was mainly due to new investments and foreign exchange gains, partly offset by unrealised losses.

Russian equities constituted the majority of equity securities classified as Level 3 at year-end 2024. These securities had a value of NOK 1.2 billion at year-end, compared to NOK 1.4 billion at year-end 2023.

Valuation techniques
Norges Bank Investment Management has defined hierarchies for which price sources are to be used in the valuation. Holdings that are included in the benchmark indices are normally valued in accordance with prices from the index providers, while the remaining holdings of equities and bonds are valued almost exclusively using prices from other external price providers. For equities and derivatives traded in active markets (Level 1), the close price is used. For bonds traded in active markets, the bid price is generally used. Market activity and volumes are monitored using several price sources that provide access to market prices, quotes and transactions at the measurement date.

The next section sets out the valuation techniques used for instruments classified as Level 2 and Level 3 in the fair value hierarchy. In addition, the most significant observable and unobservable inputs used in the valuation models are described.

Unlisted real estate (Level 3)

The fair value of unlisted real estate is determined as the sum of the underlying assets and liabilities as presented in note 6 Unlisted real estate. Assets and liabilities consist mainly of properties and external debt. Properties are valued at each reporting date by external certified and independent valuation specialists using valuation models. Valuation of properties is inherently dependent on significant forward-looking assumptions. These include key estimates with respect to each individual property type, location, future estimated net cash flows and relevant yields. These assumptions represent primarily unobservable inputs and unlisted real estate is therefore classified as Level 3 in the fair value hierarchy. Assumptions used reflect recent comparable market transactions of properties with a similar location and quality.

Yields and assumptions regarding expected future cash flows are the most important inputs in the valuation models. Expected future cash flows are affected by changes in assumptions related to, but not limited to:

- Estimated market rental values and market rental value growth
- Changes in actual tenancy situation
- Expected inflation (market, consumer price index, costs, etc.)
- Renewal and tenant default probabilities, void periods, operating costs and capital costs

The asset values are estimated by discounting the expected future cash flows. The discount rates used take into account a range of factors reflecting the specific investment, including asset level characteristics, market outlook, comparable market transactions and the local and global economic environment. For certain investments, the capitalisation method, also known as the traditional method, is used in line with local market convention. The traditional method capitalises the current net income with a capitalisation rate that incorporates the same factors as the above-mentioned discount rate and estimated cash flows.

Table 8.3 provides information on the significant unobservable inputs used in the measurement of fair value for investments in unlisted real estate.

Table 8.3 Unobservable inputs – Unlisted real estate

Property type	Fair value in NOK million		Valuation methodology	Average equivalent yield/ discount rate in percent		Average annual market rent per square meter (in NOK)	
	31.12.2024	31.12.2023		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Office							
Europe	31 660	28 291	Income capitalisation	4.8	4.6	13 132	11 191
Europe	52 382	47 864	Discounted cash flow	5.4	5.3	7 266	6 700
US	85 027	74 128	Discounted cash flow	8.2	7.3	8 840	8 152
Retail							
Europe	19 344	13 814	Income capitalisation	5.6	5.1	18 670	17 549
Europe	20 976	18 939	Discounted cash flow	5.2	4.9	21 974	19 895
Logistics							
US	91 031	70 439	Discounted cash flow	7.5	7.8	1 746	1 770
Europe	43 386	36 946	Income capitalisation	5.5	5.7	1 153	1 093
Tokyo							
Office/Retail	8 124	8 022	Discounted cash flow	2.3	2.3	16 488	16 428
Other	3 839	2 097					
Total	**355 769**	**300 541**					

Unlisted renewable energy infrastructure (Level 3)

The fair value of unlisted infrastructure is determined as the sum of the underlying assets and liabilities as presented in note 7 Unlisted renewable energy infrastructure. The investments are valued by external, independent valuation specialists using bespoke valuation models, apart from the investment in an unlisted fund, which is measured based on the reported value from the fund manager.

Valuation of unlisted infrastructure is based on valuation models that are dependent on significant forward-looking judgements. These include key assumptions and estimates with respect to each individual asset type, future revenue streams and relevant discount rates. These assumptions represent primarily unobservable inputs, and Unlisted infrastructure is therefore classified as Level 3 in the fair value hierarchy.

Discount rates and assumptions regarding expected future revenue streams (power prices) are the most important inputs in the valuation models. Power prices are forecasted by independent, energy market forecasters.

Forecasted future cash flows are discounted with a discount rate using valuation models. The models take into account estimates of risk premiums both for the market in general and for the specific infrastructure assets. In addition, the external valuers also compare this value with value estimates calculated using market multiples (trading factors from similar companies) and transaction multiples (metrics from recent comparable transactions), before determining the final estimate of fair value.

Equities (Level 2 and Level 3)

Equities that are valued based on models with observable inputs are classified as Level 2 in the fair value hierarchy. These holdings are not traded in active markets. The valuation models take into account various observable market inputs such as comparable equity quotes, last traded price and volume.

Holdings in Level 3 consist of equities that are not listed or have been suspended from trading, where the valuation models use unobservable inputs to a significant extent. For equities that are suspended from trading, the value is adjusted down compared to last-traded price, based on an assessment of company- and country-specific factors. For equities that are not listed, an adjustment for liquidity risk is applied. Valuation models for these holdings take into account unobservable inputs such as historical volatility, company performance and analysis of comparable companies and securities.

Bonds (Level 2 and Level 3)

Bonds classified as Level 2 are valued using observable inputs from comparable issues, as well as direct indicative or executable quotes. These holdings usually consist of less liquid bonds than those classified as Level 1, i.e. where there is no trading volume of binding offers and a low volume of indicative quotes at the measurement date.

Bonds classified as Level 3 are valued based on models using unobservable inputs such as probability for future cash flows and spreads to reference curves. These holdings include defaulted and highly illiquid bonds.

Financial derivatives (Level 2 and Level 3)

Foreign exchange derivatives mainly consist of foreign exchange forward contracts, and are valued using industry standard models which use observable market data inputs such as forward rates.

Interest rate derivatives, which mainly consist of interest rate swaps, are valued using industry standard models with observable market data inputs such as interest from traded interest rate swaps.

Equity derivatives and credit derivatives are mainly valued using observable prices provided by vendors according to the price hierarchy. In some cases where an equity derivative is not traded, inputs such as conversion factors, subscription price and strike price are utilised to value the instruments.

Sensitivity analysis for Level 3 holdings

The valuation of holdings in Level 3 involves the use of judgement when determining the assumptions that market participants would use when observable market data is not available. In the sensitivity analysis for Level 3 holdings, the effect of using reasonable alternative assumptions is shown.

Table 8.4 Additional specification Level 3 and sensitivities

Amounts in NOK million	Key assumptions	Change in key assumptions	Specification of Level 3 holdings 31.12.2024	Sensitivities 31.12.2024		Change in key assumptions	Specification of Level 3 holdings 31.12.2023	Sensitivities 31.12.2023	
				Unfavourable changes	Favourable changes			Unfavourable changes	Favourable changes
	Adjustment for country-specific factors Russia	-	1 200	-1 200	-	-	1 358	-1 358	-
	Suspension adjustment	20.0 percent	430	-86	86	20.0 percent	142	-28	28
Equities			**1 630**	**-1 286**	**86**		**1 500**	**-1 386**	**28**
Bonds	Probability of future cash flows	10.0 percent	**1 390**	**-140**	**140**	10.0 percent	**916**	**-90**	**90**
Financial derivatives (assets)	Other		**10**	**-3**	**3**		**4**	**-1**	**1**
	Yield	0.25 percentage point		-16 687	18 885	0.25 percentage point		-14 818	16 879
	Market rent	2.0 percent		-5 657	5 662	2.0 percent		-5 400	5 419
Unlisted real estate			**355 769**	**-22 344**	**24 547**		**300 541**	**-20 218**	**22 298**
	Discount rate	0.25 percentage point		-1 186	1 211	0.25 percentage point		-424	463
	Power price forecast	5.0 percent		-707	757	5.0 percent		-976	1 027
Unlisted infra-structure			**25 236**	**-1 893**	**1 968**		**17 593**	**-1 400**	**1 490**
Total			**384 035**	**-25 666**	**26 744**		**320 554**	**-23 095**	**23 907**

Unlisted real estate

Changes in key assumptions can have a material effect on the valuation. Several key assumptions are used, of which yields and growth forecasts for future market rents are the assumptions that have the largest impact when estimating property values. This is illustrated in the sensitivity analysis by using other reasonable alternative assumptions for yield and market rents. The sensitivity analysis is based on a statistically relevant sample that is representative for the unlisted real estate portfolio, and reflects both favourable and unfavourable changes.

In an unfavourable outcome, it is estimated that an increase in the yield of 0.25 percentage point, and a reduction in market rents of 2 percent would result in a decrease in value of the unlisted real estate portfolio of approximately NOK 22 344 million or 6.3 percent (6.7 percent at year-end 2023). In a favourable outcome, a reduction in the yield of 0.25 percentage point and an increase in market rents of 2 percent would result in an increase in value of the unlisted real estate portfolio of approximately NOK 24 547 million or 6.9 percent (7.4 percent at year-end 2023). The isolated effects of changes in yields and future market rents are presented in table 8.4.

Changes outside of the ranges specified above are considered to be less reasonable alternative assumptions, however if the range of alternative assumptions were to be expanded, the value changes would be approximately linear.

Unlisted renewable energy infrastructure

The sensitivity analysis for unlisted infrastructure is adapted to each individual investment. Several key assumptions are used, of which discount rates and future power prices are the assumptions that have the largest impact when estimating values. This is illustrated in the sensitivity analysis by using other reasonable alternative assumptions for discount rates and future power prices.

Equities

Fair value of equities classified as Level 3 is sensitive to assumptions regarding whether trading will be resumed and how markets have moved from the time the trading was suspended, as well as specific factors related to the country and the individual company, such as trading restrictions and the company's financial situation.

Control environment

The control environment for fair value measurement of financial instruments and investments in unlisted real estate and unlisted infrastructure is organised around a formalised and documented valuation policy and guidelines, supported by work and control procedures.

The valuation environment has been adapted in accordance with market standards and established valuation practices. This is implemented in practice through daily valuation of all holdings, except for investments in unlisted real estate and unlisted infrastructure, where valuations are performed quarterly. These processes are scalable to market changes and are based on internal and external data solutions.

All holdings and investments are generally valued by external, independent price providers. These have been selected based on analyses performed by the departments responsible for valuation. Price providers are monitored on an ongoing basis through regular discussions, controls and price challenges for individual securities. For a large portion of holdings, prices from independent price providers are based on quoted market prices. For holdings that are not sufficiently liquid for the valuation to be based on quoted prices, models are used. Observable inputs are used where possible, but unobservable inputs are used in some cases, due to illiquid markets.

The valuation process is subject to numerous daily controls by the valuation departments. These controls are based on defined thresholds and sensitivities, which are monitored and adjusted in accordance with prevailing market conditions. At the end of each month for financial instruments and at the end of each quarter for investments in unlisted real estate and unlisted infrastructure, more extensive controls are performed to ensure the valuations represent fair value in accordance with IFRS. Particular attention is paid to illiquid financial instruments and unlisted investments, i.e. investments deemed to pose valuation challenges. Illiquid instruments are identified using sector and currency classifications, credit rating indicators, bid/ask spreads, and market activity.

Valuation memos and reports are prepared each quarter-end, documenting the results of the controls performed and the most important sources of uncertainty in the valuations. Prior to the publication of the financial reporting, the valuation documentation is reviewed, significant pricing issues are discussed, and the valuation is approved in the NBIM Leader Group Investment meeting.

GPFG Note 9 Investment risk

Management mandate for the GPFG

The GPFG is managed by Norges Bank on behalf of the Ministry of Finance, in accordance with section 3, second paragraph of the Government Pension Fund Act and the management mandate for the GPFG issued by the Ministry of Finance.

The GPFG shall seek to generate the highest possible return, net of costs, measured in the currency basket of the investment portfolio, within the applicable investment management framework. The strategic benchmark index set by the Ministry of Finance is divided into two asset classes, equities and bonds, with an allocation of 70 percent to equities and 30 percent to bonds.

The benchmark index for equities is constructed based on the market capitalisation for equities in the countries included in the benchmark. The benchmark index for bonds specifies a defined allocation between government bonds and corporate bonds, with a weight of 70 percent to government bonds and 30 percent to corporate bonds. The currency distribution is a result of these weighting principles.

Unlisted real estate and unlisted renewable energy infrastructure are not included in the fund's benchmark index. The management mandate sets a maximum allocation to unlisted real estate of 7 percent of the investment portfolio. Investments in unlisted infrastructure can constitute up to 2 percent of the investment portfolio. The fund's allocation to unlisted real estate and unlisted infrastructure is further regulated in the investment mandate issued by the Executive Board of Norges Bank. It is up to Norges Bank to determine the allocation to unlisted real estate and unlisted infrastructure within the limits set in the management mandate, and how this shall be financed.

The fund cannot invest in securities issued by Norwegian entities, securities issued in Norwegian kroner, or real estate and infrastructure located in Norway. The fund also cannot invest in companies that are excluded following the guidelines for observation and exclusion from the GPFG.

Chart 9.1 Management mandate for the GPFG

Norges Bank's governance structure

The Executive Board of Norges Bank has delegated responsibility for the management of the GPFG to the Chief Executive Officer (CEO) of Norges Bank Investment Management.

The CEO of Norges Bank Investment Management is authorised through a job description and an investment mandate. The Executive Board has issued principles for, among other things, risk management, responsible investment and remuneration for employees in Norges Bank Investment Management. Internationally recognised standards are applied for valuation and performance measurement, as well as for the management, measurement and control of risk. Reporting to the Executive Board is carried out monthly, and more extensively on a quarterly basis. The Governor of Norges Bank and the Executive Board are notified immediately in the event of special events or significant matters.

Investment responsibilities within Norges Bank Investment Management are further delegated through investment mandates. Responsibility for processes and personnel is delegated through job descriptions, while process requirements are described in policies and guidelines. The composition of the leader group and the delegation of authority shall ensure segregation of duties between the investment areas, trading, operations, risk management and compliance and control.

Chart 9.2 Norges Bank's governance structure

The NBIM Leader Group Investment Meeting complements the delegation of responsibility by advising on investment risk management and the portfolio's investment universe.

Requirements for internal risk reporting are set by the CEO of Norges Bank Investment Management, through job descriptions within the risk area. Reporting to the CEO is done on a daily, weekly and monthly basis. The CEO shall be notified immediately of any special events or serious breaches of the investment mandate.

Framework for investment risk

The management mandate for the GPFG includes several limits and restrictions for the combined equity and fixed-income asset class, as well as within the individual asset classes. Investments in unlisted real estate and unlisted renewable energy infrastructure are regulated by a separate management framework in the investment mandate. The framework underpins how a diversified exposure to unlisted real estate and unlisted infrastructure shall be established and managed.

Clear roles and responsibilities are a cornerstone of process design at Norges Bank Investment Management. Changes to investment mandates, the portfolio hierarchy and new counterparties are monitored and require approval from the Chief Risk Officer (CRO), or a person authorised by the CRO.

The Executive Board's principles for risk management are further described in policies and guidelines. Responsibility for effective processes related to risk management is delegated to the CRO and the Chief Corporate Governance & Compliance Officer.

Risk management is defined as the management of market risk, credit risk, counterparty risk, operational risk and risk related to environmental, social and governance factors. The first three are defined as investment risk. The investment area in Norges Bank Investment Management is responsible for managing risk in the portfolio and in individual mandates, while the risk management areas independently measure, manage and report investment risk across the portfolio, at asset class level and other levels within the portfolio that reflect the investment process. Separate risk assessments are required in advance of investments in unlisted real estate and unlisted infrastructure.

Table 9.1 Investment risk

Type	Market risk	Credit risk	Counterparty risk
Definition	Risk of loss or a change in the market value of the portfolio, or parts of the portfolio, due to changes in financial market variables, real estate and infrastructure values	Risk of loss due to a bond issuer not meeting its payment obligations	Risk of loss due to counterparty bankruptcy or other events leading to counterparties defaulting
Main dimensions	Measured both absolute and relative to the benchmark - Concentration risk - Volatility and correlation risk - Systematic factor risk - Liquidity risk	Measured at single issuer and portfolio levels - Probability of default - Loss given default - Correlation between instruments and issuers at portfolio level	Measured risk exposure by type of position - Securities lending - Unsecured bank deposits and securities - Derivatives including FX contracts - Repurchase and reverse repurchase agreements - Settlement risk towards brokers and long settlement transactions

Investment risk – market risk

Norges Bank Investment Management defines market risk as the risk of loss or a change in the market value of the portfolio, or parts of the portfolio, due to changes in financial market variables, as well as real estate and infrastructure values. Market risk for the investment portfolio, both absolute and relative to the benchmark, is measured along the dimensions concentration risk, volatility and correlation risk, systematic factor risk and liquidity risk. For unlisted real estate, this involves measurement of the share of real estate under construction, vacancy, tenant concentration and geographical concentration. For unlisted infrastructure, this involves measurement of exposure towards different sectors, share of income from government subsidies, construction exposure, and geographical concentration. Market risk is actively taken to generate investment returns in line with the objectives of the investment mandates.

Investment risk – credit risk

Norges Bank Investment Management defines credit risk as the risk of loss resulting from a bond issuer defaulting on their payment obligations. Credit risk is measured both in relation to individual issuers, where the probability of default and loss given default are taken into account, and at portfolio level, where the correlation of credit losses between instruments and issuers is taken into account. Credit risk is actively taken to generate investment returns in line with the objectives of the investment mandates.

Investment risk – counterparty risk

Norges Bank Investment Management defines counterparty risk as the risk of loss due to counterparty bankruptcy or other events leading to counterparties defaulting. Counterparties are necessary to ensure effective liquidity management and effective trading and management of market and credit risk. Counterparty risk also arises in connection with securities lending and the management of the equity and bond portfolios, as well as the real estate and infrastructure portfolios. Counterparty risk is controlled and limited to the greatest extent possible, given the investment strategy.

Risk management process

Norges Bank Investment Management employs several measurement methodologies, processes and systems to control investment risk. Robust and recognised risk management systems and processes are complemented by internally developed measurement methodologies and processes.

Market risk

Norges Bank Investment Management measures market risk both for the actual portfolio, and the relative market risk for holdings in the GPFG.

Continuous monitoring, measurement and assessment of market risk is carried out across multiple risk dimensions, using various methods and approaches. By combining different and complementary risk measures, greater insight is gained into the risk profile of the GPFG's holdings.

Concentration risk

Concentration analysis complements statistical risk estimation by describing the concentration of a single exposure or a group of exposures. More concentrated portfolios tend to contribute to less diversification. Concentration is measured across different dimensions depending on the asset class, including country, currency, sector, issuer and company exposure.

The portfolio is invested across several asset classes, countries and currencies, as shown in table 9.2.

Table 9.2 Allocation by asset class, country and currency

	Market value in percent by country and currency[1]				Market value by asset class in percent		Market value by asset class in NOK million	
Asset class	**Market**	**31.12.2024**	**Market**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Equities	**Developed**	**89.2**	**Developed**	**89.8**				
	US	54.7	US	48.8				
	Japan	6.6	Japan	7.2				
	UK	5.2	UK	6.1				
	Switzerland	3.2	France	4.3				
	Germany	3.2	Switzerland	4.1				
	Total other	16.3	Total other	19.4				
	Emerging	**10.8**	**Emerging**	**10.2**				
	China	3.3	China	3.1				
	India	2.5	India	2.2				
	Taiwan	2.5	Taiwan	2.1				
	Brazil	0.4	Brazil	0.6				
	South Africa	0.4	Mexico	0.4				
	Total other	1.7	Total other	1.9				
Total equities					**71.44**	**70.88**	**14 112 924**	**11 174 263**
Bonds	**Developed**	**100.0**	**Developed**	**99.8**				
	US dollar	54.4	US dollar	51.2				
	Euro	27.4	Euro	28.2				
	Japanese yen	5.9	Japanese yen	6.9				
	British pound	4.6	British pound	5.0				
	Canadian dollar	3.8	Canadian dollar	3.9				
	Total other	4.0	Total other	4.6				
	Emerging[2]	**0.0**	**Emerging**[2]	**0.2**				
Total bonds					**26.59**	**27.10**	**5 253 095**	**4 271 746**
Unlisted real estate	US	50.0	US	48.6				
	UK	20.1	France	18.7				
	France	14.8	UK	15.7				
	Germany	5.0	Germany	5.3				
	Switzerland	3.0	Switzerland	3.6				
	Total other	7.2	Total other	8.0				
Total unlisted real estate					**1.84**	**1.91**	**363 583**	**301 128**
Total unlisted infrastructure					**0.13**	**0.11**	**25 348**	**17 660**
Market value investment portfolio[3]							**19 754 950**	**15 764 797**

[1] Market value in percent by country and currency includes derivatives and cash.
[2] The share of individual emerging market currencies in the fixed income portfolio is insignificant.
[3] Market value investment portfolio is exclusive of Management fee payable/receivable and Deferred tax.

At the end of 2024, the equity portfolio's share of the fund was 71.4 percent, up from 70.9 percent at year-end 2023. The bond portfolio's share of the fund was 26.6 percent, down from 27.1 percent at year-end 2023. Unlisted real estate amounted to 1.8 percent of the fund at year-end, compared to 1.9 percent at year-end 2023. Unlisted infrastructure amounted to 0.1 percent of the fund at year-end, which was the same as year-end 2023.

For equity investments, concentration in the portfolio is further measured by sector. Table 9.3 shows the composition of the equity asset class by sector.

Table 9.3 Allocation of equity investments by sector[1], percent

Sector	31.12.2024	31.12.2023
Technology	27.9	22.3
Financials	15.9	15.0
Consumer discretionary	14.8	14.1
Industrials	13.1	13.1
Health care	10.2	11.1
Real estate	5.1	5.5
Consumer staples	4.8	5.6
Energy	3.3	3.7
Basic materials	3.2	4.0
Telecommunications	3.0	3.3
Utilities	2.4	2.4

[1] Does not sum up to 100 percent because cash and derivatives are not included.

The GPFG has substantial investments in government-issued bonds. Table 9.4 shows the largest holdings in bonds issued by governments. These include government bonds issued in local and foreign currency and inflation-linked bonds issued in local currency.

Table 9.4 Largest holdings within the segment government bonds

Amounts in NOK million	Market value 31.12.2024
US	1 788 943
Japan	275 041
Germany	267 331
Singapore	221 803
UK	174 860
Canada	120 290
France	96 876
Italy	92 413
Netherlands	78 868
Spain	56 684

Amounts in NOK million	Market value 31.12.2023
US	1 344 708
Japan	362 637
Singapore	225 902
Germany	201 925
UK	152 941
Canada	85 209
France	79 170
Italy	60 385
Netherlands	52 858
Spain	49 664

The portfolio is also invested in companies that issue both equities and bonds. Table 9.5 shows the portfolio's largest holdings of non-government issuers, including both bond and equity holdings. Covered bonds issued by financial institutions and debt issued by other underlying companies are included in the bonds column.

Table 9.5 Largest holdings excluding sovereigns, both bonds and equities

Amounts in NOK million, 31.12.2024	Sector	Equities	Bonds	Total
Apple Inc	Technology	524 828	3 729	528 557
Microsoft Corp	Technology	496 984	1 152	498 136
NVIDIA Corp	Technology	488 070	3 949	492 019
Alphabet Inc	Technology	332 449	2 224	334 672
Amazon.com Inc	Consumer discretionary	306 414	6 372	312 786
Meta Platforms Inc	Technology	224 314	9 466	233 780
Broadcom Inc	Technology	189 808	3 768	193 575
Taiwan Semiconductor Manufacturing Co Ltd	Technology	174 541	-	174 541
Tesla Inc	Consumer discretionary	161 402	-	161 402
JPMorgan Chase & Co	Financials	92 806	32 365	125 172

Amounts in NOK million, 31.12.2023	Sector	Equities	Bonds	Total
Microsoft Corp	Technology	358 388	1 717	360 105
Apple Inc	Technology	337 297	5 631	342 929
Alphabet Inc	Technology	195 493	1 948	197 440
Amazon.com Inc	Consumer discretionary	177 283	6 596	183 879
NVIDIA Corp	Technology	145 855	3 230	149 085
Meta Platforms Inc	Technology	113 120	4 198	117 318
Nestlé SA	Consumer staples	91 221	1 527	92 747
Taiwan Semiconductor Manufacturing Co Ltd	Technology	89 218	-	89 218
Novo Nordisk A/S	Health care	88 694	-	88 694
JPMorgan Chase & Co	Financials	59 877	22 686	82 563

Table 9.6 shows the composition of the unlisted real estate asset class by sector.

Table 9.6 Distribution of unlisted real estate investments by sector, percent

Sector	31.12.2024	31.12.2023
Office	48.0	52.0
Retail	12.6	11.9
Logistics	37.0	35.7
Other	2.4	0.4
Total	**100.0**	**100.0**

Volatility and correlation risk

Norges Bank Investment Management uses models to quantify the risk of fluctuations in value for all or parts of the portfolio. Volatility is a standard risk measure based on the statistical concept of standard deviation, which takes into account the correlation between different investments in the portfolio. Expected volatility is defined as one standard deviation. This risk measure provides an estimate of how much the current portfolio value can be expected to fluctuate during the course of a year, based on market conditions over the past three years. In two out of three years, the portfolio's return is expected to fall within the negative and positive value of the metric. Expected volatility can be expressed in terms of the portfolio's absolute or relative risk. Norges Bank Investment Management uses the same model for both portfolio risk and relative volatility.

All the fund's investments are included in the calculation of expected relative volatility and are measured against the fund's benchmark index consisting of global equity and bond indices.

Modelling unlisted investments is challenging due to limited or no historical prices. For investments in unlisted real estate, the exposure to a group of relevant risk factors is mapped in MSCI's Barra Private Real Estate 2 (PRE2) model framework. These factors are determined by key attributes such as location and property type. The model uses time series of valuations and actual transactions as a starting point, but also incorporates listed real estate shares to establish representative, daily time series. For investments in unlisted infrastructure, the approach is based on a combination of time series available in the existing framework for listed markets. The exposure to generic listed risk factors is mapped for each project based on attributes such as the share of contractually agreed prices, project lifetime, project phase, sector, country, and counterparty quality.

MSCI's risk model then uses these mapped factors for unlisted investments in the same way as standard equity and fixed-income risk factors, to calculate expected absolute and relative volatility, as well as expected shortfall for the fund's investments.

Calculation of expected volatility

Expected volatility of the portfolio, and volatility relative to the benchmark index, is estimated using a parametric calculation method based on current investments. The model equally weights weekly return data over a sampling period of three years.

Tables 9.7 and 9.8 present risk both in terms of the portfolio's absolute risk and relative risk.

Table 9.7 Portfolio risk, expected volatility, percent

	Expected volatility, actual portfolio							
	31.12.2024	Min 2024	Max 2024	Average 2024	31.12.2023	Min 2023	Max 2023	Average 2023
Portfolio	11.2	10.2	11.3	10.8	10.3	8.7	10.8	9.7
Equities	13.9	12.4	14.0	13.1	12.5	11.3	15.0	12.4
Bonds	10.7	10.7	11.1	10.9	10.8	9.8	11.2	10.4
Unlisted real estate	13.8	12.7	13.9	13.1	12.9	11.8	12.9	12.4
Unlisted infrastructure	23.9	23.9	54.0	39.6	34.0	14.9	40.0	32.1

Table 9.8 Relative risk measured against the fund's reference index, expected relative volatility, basis points

	Expected relative volatility							
	31.12.2024	Min 2024	Max 2024	Average 2024	31.12.2023	Min 2023	Max 2023	Average 2023
Portfolio	44	34	44	37	34	33	41	36

Risk measured as expected volatility indicates an expected annual value fluctuation in the fund of 11.2 percent, or approximately NOK 2 200 billion at the end of 2024, up from 10.3 percent at year-end 2023. Expected volatility for the equity portfolio was 13.9 percent at year-end, up from 12.5 percent at year-end 2023, while expected volatility for the fixed-income portfolio was 10.7 percent, versus 10.8 percent at year-end 2023.

The management mandate stipulates that expected relative volatility for the fund shall not exceed 1.25 percentage points. The measurement of risk and monitoring of the limit is done based on the risk model described above. The fund's expected relative volatility was 44 basis points at year-end, up from 34 basis points at year-end 2023. The increase in the fund's expected relative volatility in 2024 is mainly due to increased relative volatility from equity investments.

In addition to the aforementioned model, other risk models are used that take greater account of recent market dynamics and models that measure tail risk.

Expected shortfall is a tail risk measure that quantifies the expected loss of a portfolio in extreme market situations. When applied to relative returns, expected shortfall provides an estimate of the expected annual relative underperformance against the benchmark index for a given confidence level. Using historical simulations, relative returns on the current portfolio against the benchmark index are calculated on a weekly basis over a sampling period from January 2007 to the end of the latest accounting period. The expected shortfall at a 97.5 percent confidence level is then given by the annualised average relative return, measured in the currency basket for the 2.5 percent worst weeks.

The Executive Board has determined that the fund shall be managed so that the annual expected shortfall measured against the benchmark index does not exceed 3.75 percentage points. Expected shortfall is measured and monitored based on the risk model described above. At year-end, expected shortfall was 1.18 percentage points, compared to 1.08 percentage points at year-end 2023.

Calculation of expected shortfall

Expected shortfall for the portfolio, measured against its benchmark index, is estimated using historical simulations based on current investments. The model equally weights weekly returns over a sampling period from January 2007 to the end of the last accounting period, so that the measure can capture extreme market movements. A confidence level of 97.5 percent is used for the calculations.

Strengths and weaknesses

The strength of these types of risk model is that one can estimate the risk associated with a portfolio across different asset classes, markets, currencies, securities and derivatives, and express this risk as a single numerical value that takes into account the correlation between different asset classes, securities and risk factors, as well as capturing deviations from a normal distribution.

The model-based risk estimates are based on historical relationships in the markets and are expected to provide reliable forecasts in markets without significant changes in volatility and correlation. Estimates will be less reliable in periods marked by significant changes in volatility and correlation. Calculated volatility gives a point estimate of risk but provides little information on the overall risk profile and potential tail risk. Annualisation implies that volatility and the composition of the portfolio are assumed to be constant over time. To compensate for these shortcomings, complementary models and methods are employed, such as stress tests and analyses of concentration risk and realised returns.

Verification of models

Risk models used in estimating and controlling investment risk are continuously evaluated and verified for their ability to estimate risk. The special nature of the investment portfolio and the investment universe, as well as the GPFG's long-term investment horizon, are taken into account when evaluating the models.

Credit risk

Credit risk is the risk of losses resulting from issuers of bonds defaulting on their payment obligations. Fixed-income instruments in the portfolio's benchmark index are all rated investment grade by one of the major credit rating agencies. Investments in bonds are made based on internal assessments with regards to expected return and risk profile.

Table 9.9 Bond portfolio specified by credit rating

Amounts in NOK million, 31.12.2024	AAA	AA	A	BBB	Lower rating	Total
Government bonds	729 896	1 925 725	345 833	128 129	35 051	3 164 634
Government-related bonds	266 286	168 844	33 055	22 088	2 392	492 665
Inflation-linked bonds	52 249	216 988	16 470	18 084	-	303 792
Corporate bonds	10 371	93 141	614 581	565 884	18 375	1 302 352
Securitised bonds	270 150	32 744	2 102	-	-	304 996
Total bonds[1]	**1 328 952**	**2 437 443**	**1 012 041**	**734 185**	**55 818**	**5 568 439**

Amounts in NOK million, 31.12.2023	AAA	AA	A	BBB	Lower rating	Total
Government bonds	612 472	1 456 325	406 747	80 433	36 233	2 592 210
Government-related bonds	198 601	149 019	34 615	22 373	2 369	406 977
Inflation-linked bonds	48 794	193 647	24 943	15 752	-	283 137
Corporate bonds	8 977	66 905	460 349	455 568	10 487	1 002 288
Securitised bonds	239 362	41 931	1 812	-	-	283 106
Total bonds[1]	**1 108 207**	**1 907 827**	**928 467**	**574 127**	**49 090**	**4 567 718**

[1] At year-end 2024, bonds received as collateral amounting to NOK 1.5 billion were sold. At year-end 2023, NOK 2.6 billion were sold. These bonds are presented in the balance sheet as a liability under Secured borrowing.

The market value of the bond portfolio increased to NOK 5 568 billion at year-end 2024, from NOK 4 568 billion at year-end 2023. The share of holdings in corporate bonds increased by 1.4 percentage points during the year, to 23.4 percent of the bond portfolio at year-end 2024. Government bonds, including inflation-linked bonds, constituted 62.3 percent of the bond portfolio at year-end, a reduction of 0.6 percentage point compared to year-end 2023.

The share of bonds with credit rating A was reduced by 2.2 percentage points during the year, to 18.2 percent at year-end 2024. The decrease is mainly due to a reduction in the holdings of Japanese government bonds in the period. The share of the bond portfolio with credit rating AA increased by 2.0 percentage points during the year, mainly driven by an increase in US government bonds. The share of the bond portfolio with credit rating BBB increased by 0.6 percentage point compared to year-end 2023, to 13.2 percent at year-end 2024.

The share of bonds in the Lower rating category was reduced to 1.0 percent at year-end 2024, from 1.1 percent at year-end 2023. This was mainly due to a reduction of the holdings of Brazilian government bonds in this category. Defaulted bonds had a market value of NOK 13.8 million at year-end 2024, compared to NOK 23 million at year-end 2023. Defaulted bonds are grouped under Lower rating.

Table 9.10 Bond portfolio by credit rating and currency, percent

31.12.2024	AAA	AA	A	BBB	Lower rating	Total
US Dollar	0.9	34.0	7.6	6.8	0.2	49.4
Euro	12.3	4.6	4.5	4.5	0.1	26.0
Japanese yen	-	-	5.0	-	-	5.0
Canadian dollar	3.3	-	-	-	-	5.0
British pound	0.1	3.2	0.4	-	-	4.4
Other currencies	7.3	1.2	0.2	1.0	0.6	10.2
Total	**23.9**	**43.8**	**18.2**	**13.2**	**1.0**	**100.0**

31.12.2023	AAA	AA	A	BBB	Lower rating	Total
US dollar	0.8	31.3	7.1	6.9	0.1	46.1
Euro	11.7	5.1	4.2	4.0	0.1	25.1
Japanese yen	-	-	8.0	-	-	8.0
Singapore dollar	4.9	-	-	-	-	4.9
Canadian dollar	3.1	1	1	-	-	4.7
Other currencies	3.7	4.6	0.5	1.4	0.8	11.1
Total	**24.3**	**41.8**	**20.3**	**12.6**	**1.1**	**100.0**

At year-end 2024, investments in purchased credit default swaps had a nominal value of NOK 173.8 billion, an increase from NOK 52.3 billion at year-end 2023. 21.8 percent of these were in the category where the underlying issuers have a low credit rating. See table 5.3 in note 5 Holdings of equities, bonds and financial derivatives for further information. When investing in purchased credit default swaps, the credit risk in the bond portfolio is reduced when the portfolio has investments in the same underlying bonds as the credit default swaps. At year-end 2024, credit risk exposure was reduced by NOK 79.5 billion as a result of purchased credit default swaps, compared to a reduction of NOK 23.7 billion at year-end 2023.

In addition to credit ratings from credit rating agencies, credit risk measurement is complemented by two credit risk models, one of which is based on credit ratings and the other on observable credit premiums. Both of these methods also take into account the correlation and expected value of bonds in a bankruptcy situation. The models also consider credit default swaps, which reduce or increase credit risk depending on whether credit risk is purchased or sold. The models are used for risk measurement and monitoring of credit risk in the fixed-income portfolio. The overall credit quality of the bond portfolio deteriorated slightly during the year.

Counterparty risk
Counterparties are necessary for trading in markets and for ensuring effective management of liquidity, market and credit risk. Counterparty risk exposure is related to trading in derivatives and foreign exchange contracts, securities lending, and repurchase and reverse repurchase agreements. Counterparty risk also arises in connection with unsecured bank deposits and the daily liquidity management of the fund, as well as purchases and sales of unlisted real estate and unlisted infrastructure. There is further exposure to counterparty risk related to counterparties in the international settlement and custody systems where transactions are settled. This can occur both in currency trading and in the purchase and sale of securities. Settlement risk and exposure from trades with a long settlement period are also defined as counterparty risk.

Multiple counterparties are used to reduce concentration and there are strict requirements for counterparty credit rating. Credit rating requirements are generally higher for counterparties to unsecured deposits in banks than where collateral is received. Changes in counterparty credit ratings are monitored continuously.

To reduce counterparty risk, netting agreements are used for trades in OTC derivatives, currency contracts, as well as repurchase and reverse repurchase agreements, in order to reduce counterparty risk. Many derivatives are also cleared, such that counterparty risk is primarily towards the clearing house instead of banks. Further reduction of counterparty risk is ensured by requirements for collateral for counterparty net positions with a positive market value. For instruments where collateral is used, minimum requirements have been set relating to the credit quality, time to maturity and concentration of the collateral. Netting and collateral agreements are entered into for all approved counterparties for these types of trades.

Requirements are also set for how real estate and infrastructure transactions are conducted, to ensure acceptable counterparty risk. Counterparty risk that arises during the acquisition process is analysed in advance of the transaction and requires approval from the CRO. In 2024, 14 real estate transactions were analysed and approved by the CRO through this process, compared to 8 transactions in 2023. In 2024, 4 investments in unlisted infrastructure were analysed and approved by the CRO through this process, compared to 2 in 2023.

Counterparty risk is also limited by setting exposure limits for individual counterparties. In most instances, the exposure limit is determined by the counterparty's credit rating, where counterparties with strong credit rating have a higher limit than counterparties with weaker credit rating. Exposure per counterparty is measured daily against established limits set by the Executive Board and the CEO of Norges Bank Investment Management.

The methods used to calculate counterparty risk are in accordance with internationally recognised standards. As a rule, the Basel regulations for banks are used for measuring counterparty risk, with some adjustments based on internal analyses. The risk model calculates the expected counterparty exposure in the event of a counterparty default. The Standardised Approach in the Basel regulations (SA-CCR) is used for derivatives and foreign exchange contracts. The Standardised Approach takes into account collateral received and netting arrangements when calculating counterparty risk.

For repurchase agreements, securities lending transactions executed through an external agent and securities posted as collateral in derivative trades, a method is used where a premium is added to the market value to reflect the position's volatility. When determining counterparty risk exposure for these positions, an adjustment is also made for netting and actual collateral received and posted. There is also counterparty risk in connection with investments strategies for equities facilitated by prime brokers.

Exposure to counterparty risk is linked to counterparties in the settlement and custody systems, both for currency trades and for the purchase and sale of securities. Settlement risk is reduced using the currency settlement system CLS (Continuous Linked Settlement), or by trading directly with the settlement bank. For some currencies, Norges Bank is exposed to settlement risk when the sold currency is delivered to the counterparty before the receipt of currency is confirmed. This type of exposure is included on the line Settlement risk towards brokers and long settlement transactions in table 9.11.

In table 9.11, exposure is broken down by type of activity/instrument associated with counterparty risk.

Total counterparty risk increased to NOK 296.7 billion at year-end 2024, from NOK 212.0 billion at year-end 2023. The largest increase in counterparty risk exposure came from derivatives including foreign exchange contracts and from securities lending. Derivatives including foreign exchange contracts accounted for 51.2 percent of the total counterparty risk at year end, and increased by 49.6 billion compared to year-end 2023. The increase is due to higher risk exposure from both foreign exchange contracts and derivatives throughout the year.

Counterparty risk exposure from the securities lending programme increased to NOK 105.9 billion at year-end 2024, from NOK 66.8 billion at year-end 2023. The increase was mainly due to higher equity lending in the programme at year-end 2024. Both equities and bonds are lent through the securities lending programme. Counterparty risk exposure from securities lending accounted for 35.7 percent of the fund's total counterparty risk exposure at the end of 2024, compared to 31.5 percent at the end of 2023.

Table 9.11 Counterparty risk by type of position

Amounts in NOK million	Risk exposure 31.12.2024	Risk exposure 31.12.2023
Derivatives including foreign exchange contracts	152 047	102 476
Securities lending	105 908	66 750
Unsecured bank deposits[1]	23 518	20 188
Repurchase and reverse repurchase agreements	14 316	19 798
Prime brokerage	554	-
Settlement risk towards brokers and long-settlement transactions	344	2 798
Total	**296 687**	**212 011**

[1] Includes bank deposits in non-consolidated subsidiaries.

Norges Bank's counterparties have a credit rating from independent credit rating agencies or a documented internal credit rating. Credit ratings for counterparties are monitored and complemented by alternative credit risk indicators.

Table 9.12 shows approved counterparties classified according to credit rating category. The table also includes brokers used when purchasing and selling securities.

Table 9.12 Counterparties by credit rating[1]

	Norges Bank's counterparties (excluding brokers)		Brokers	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
AAA	3	3	1	1
AA	43	38	45	40
A	64	70	88	89
BBB	9	9	34	33
BB	2	2	25	23
B	-	-	5	5
Total	**121**	**122**	**198**	**191**

[1] The table shows the number of legal entities. The same legal entity can be included as both broker and counterparty.

The total number of counterparties and brokers increased slightly during the year. There were 121 counterparties at year-end 2024, compared to 122 at year-end 2023. The number of brokers increased to 198 at year-end 2024, from 191 at year-end 2023. The overall credit quality of brokers and counterparties remained unchanged from year-end 2023.

Leverage

Leverage may be used to ensure efficient management of investments within the equity and bond portfolios, but not with the aim of increasing the economic exposure to risky assets. The use of leverage is regulated both in the management mandate and in the investment mandate. Leverage is the difference between total net exposure and market value of the portfolio. Net exposure is determined by including securities at market value, cash at nominal value and positions in derivatives by converting them to the underlying exposure. When the exposure is greater than market value, the portfolio is leveraged.

The GPFG’s leverage was 1.2 percent for the aggregated equity and bond portfolio at the end of 2024, compared to 1.5 percent at the end of 2023. For investments in unlisted real estate, requirements are set in the investment mandate, limiting the maximum leverage of the portfolio to 35 percent. The unlisted real estate investments had a debt ratio of 8.0 percent at the end of 2024, compared to 7.8 percent at the end of 2023. For investments in unlisted infrastructure, the maximum leverage of the portfolio is limited to 60 percent. At year-end 2024, the investments in unlisted infrastructure had a debt ratio of 29.4 percent, whereas there was no external debt at year-end 2023.

Sale of securities Norges Bank does not own

Sale of securities not owned by Norges Bank (short sales) can only be carried out if there are established borrowing agreements to cover a negative position. Such transactions were used to a limited extent in 2024.

GPFG Note 10 Tax

Accounting policy

Investment income and gains of the GPFG are exempt from income tax in Norway, but may be subject to taxes in foreign jurisdictions.

Tax expense in the income statement represents income taxes that are not reimbursed through local tax laws or treaties, and consists of taxes on dividends, interest income and capital gains related to the GPFG's investments in equities and bonds, tax on fee income from secured lending and taxes in consolidated subsidiaries. The majority of these taxes are collected at source.

Withholding taxes, net of deductions for refundable amounts, are recognised at the same time as the related dividend or interest income. See the accounting policy in note 4 Income/expense from equities, bonds and financial derivatives.

Other income tax, which is not collected at source, is recognised in the income statement in the same period as the related income or gain and presented in the balance sheet as a liability within Other liabilities, until it has been settled. Deferred tax in the balance sheet mainly consists of capital gains tax. Capital gains tax is recognised as a liability based on the expected future payment when the GPFG is in a gain position in the applicable market. No deferred tax asset is presented in the balance sheet when the GPFG is in a loss position, since the recognition criteria are not considered to be met.

Tax incurred in subsidiaries presented in the balance sheet lines Unlisted real estate and Unlisted infrastructure is recognised in the income statement as Income/expense from unlisted real estate and Income/expense from unlisted infrastructure, respectively. Only the tax expense in consolidated subsidiaries is included in the income statement line Tax expense. This is specified in table 10.1 in the line Other.

The rules on global minimum taxation (Pillar 2) were implemented in Norway with effect from 2024. It has been concluded that the rules should not have an economic impact on the GPFG, and accordingly there have not been any changes in the fund's tax cost as a result of the implementation.

All uncertain tax positions, such as disputed withholding tax refunds, are assessed each reporting period. The best estimate of the probable reimbursement or payment is recognised in the balance sheet.

Table 10.1 shows tax expense by type of investment and type of tax.

Table 10.1 Specification tax expense

Amounts in NOK million, 2024	Gross income before taxes	Income tax on dividends, interest and fees	Capital gains tax	Other	Tax expense	Net income after taxes
Income/expense from:						
Equities	2 454 653	-8 522	-8 393	-	-16 915	2 437 738
Bonds	70 889	-36	-4	-	-40	70 849
Secured lending	21 622	-246	-	-	-246	21 376
Other			-	-10	-10	-
Tax expense		**-8 804**	**-8 397**	**-10**	**-17 211**	

Amounts in NOK million, 2023	Gross income before taxes	Income tax on dividends, interest and fees	Capital gains tax	Other	Tax expense	Net income after taxes
Income/expense from:						
Equities	2 030 561	-7 533	-5 818	-	-13 351	2 017 210
Bonds	231 769	-20	-	-	-20	231 749
Secured lending	9 922	-165	-	-	-165	9 757
Other	-	-	-	-19	-19	-
Tax expense		**-7 718**	**-5 818**	**-19**	**-13 555**	

Table 10.2 shows receivables and liabilities recognised in the balance sheet related to tax.

Table 10.2 Specification balance sheet items related to tax

Amounts in NOK million	31.12.2024	31.12.2023
Withholding tax receivable	17 938	10 522
Tax payable[1]	40	15
Deferred tax	13 170	8 246

[1] Included within the balance sheet line Other liabilities.

Table 10.3 specifies the line Net payment of taxes in the statement of cash flows.

Table 10.3 Specification net payment of taxes

Amounts in NOK million	2024	2023
Receipt of refunded withholding tax	8 494	8 231
Payment of taxes	-29 204	-19 405
Net payment of taxes	**-20 710**	**-11 173**

GPFG Note 11 Foreign exchange gains and losses

In accordance with the management mandate, the fund is not invested in securities issued by Norwegian companies, securities denominated in Norwegian kroner nor real estate or infrastructure located in Norway. The fund's returns are measured primarily in the fund's currency basket, which is a weighted combination of the currencies in the fund's benchmark index for equities and bonds. The fund's market value in Norwegian kroner is impacted by changes in exchange rates, but this has no bearing on the fund's international purchasing power.

Accounting judgement

The GPFG's functional currency is the Norwegian krone. Owner's equity, in the form of the GPFG krone account, is denominated in Norwegian kroner and returns on the investment portfolio are reported both internally and to the owner in Norwegian kroner. The percentage return is measured both in Norwegian kroner and in the currency basket defined in the management mandate. Furthermore, there is no single investment currency that stands out as dominant within the investment management.

Accounting policy

Foreign currency transactions are recognised in the financial statements using the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into Norwegian kroner using the exchange rate at the balance sheet date. The foreign exchange element linked to realised and unrealised gains and losses on assets and liabilities is disaggregated in the income statement and presented on a separate line, Foreign exchange gain/loss. This presentation is considered to provide the best informational value, based on the objective of the investment strategy of the GPFG which is to maximise the international purchasing power of the fund.

Accounting policy

Gains and losses on financial instruments are due to changes in the price of the instrument (security element) and changes in foreign exchange rates (foreign exchange element). These are presented separately in the income statement. The method used to allocate the total gain/loss in Norwegian kroner to a security element and a foreign exchange element is described below.

Foreign exchange element
Unrealised gain/loss due to changes in foreign exchange rates is calculated based on the cost of the holding in foreign currency and the change in the exchange rate from the time of purchase until the balance sheet date. If the holding has been purchased in a prior period, previously recognised gain/loss is deducted to arrive at the gain/loss in the current period. Upon realisation, the exchange rate on the date of sale is used when calculating the realised gain/loss.

Security element
Unrealised gain/loss due to changes in the security price is calculated based on the change in the security price from the purchase date to the balance sheet date, and the exchange rate at the balance sheet date. If the holding has been purchased in a prior period, previously recognised gain/loss is deducted to arrive at the gain/loss in the current period. Upon realisation, the selling price is used when calculating the realised gain/loss.

The change in the fund's market value due to changes in foreign exchange rates is presented in table 11.1.

Table 11.1 Specification foreign exchange gain/loss

Amounts in NOK million	2024	2023
Foreign exchange gain/loss – USD/NOK	758 950	114 262
Foreign exchange gain/loss – EUR/NOK	119 705	150 575
Foreign exchange gain/loss – GBP/NOK	81 057	64 611
Foreign exchange gain/loss – JPY/NOK	3 936	-33 765
Foreign exchange gain/loss – CHF/NOK	13 967	43 197
Foreign exchange gain/loss – other	94 593	70 561
Foreign exchange gain/loss	**1 072 207**	**409 441**

Table 11.2 gives an overview of the distribution of the market value of the investment portfolio for the main currencies the GPFG is exposed to. This supplements the overview of the allocation by asset class, country and currency shown in table 9.2 in note 9 Investment risk.

Table 11.2 Specification of the investment portfolio by currency

Amounts in NOK million	31.12.2024	31.12.2023
US dollar	10 632 003	7 765 611
Euro	3 168 468	2 836 773
British pound	1 212 905	1 079 685
Japanese yen	1 098 646	939 710
Swiss franc	637 326	593 279
Other currencies	3 005 601	2 549 740
Market value investment portfolio	**19 754 950**	**15 764 797**

Table 11.3 gives an overview of exchange rates at the balance sheet date for the main currencies the GPFG is exposed to.

Table 11.3 Exchange rates

	31.12.2024	31.12.2023	Percent change
US dollar	11.36	10.17	12
Euro	11.76	11.24	5
British pound	14.22	12.93	10
Japanese yen	0.07	0.07	1
Swiss franc	12.53	12.14	3

GPFG Note 12 Management costs

Accounting policy

Management fee is recognised in the GPFG's income statement as an expense when incurred.

Performance-based fees to external managers are based on achieved excess returns relative to the applicable benchmark index over time. The provision for performance-based fees is based on the best estimate of the incurred fee to be paid. The effect of changes in estimates is recognised in profit or loss in the current period.

Management costs comprise all costs relating to the management of the fund. These are mainly incurred in Norges Bank, but management costs are also incurred in subsidiaries of Norges Bank that are exclusively established as part of the management of the GPFG's investments in unlisted real estate and unlisted renewable energy infrastructure.

Management costs in Norges Bank
The Ministry of Finance reimburses Norges Bank for costs incurred in connection with the management of the GPFG, in the form of a management fee. The management fee is equivalent to the actual costs incurred by Norges Bank, including performance-based fees to external managers, and is expensed in the income statement line Management fee. Costs included in the management fee are specified in table 12.1.

Table 12.1 Management fee

	2024		2023	
Amounts in NOK million		**Basis points**		**Basis points**
Salary, social security and other personnel-related costs	2 218		2 045	
Custody costs	483		464	
IT services, systems, data and information	815		773	
Research, consulting and legal fees	255		269	
Other costs	282		276	
Allocated costs Norges Bank	241		256	
Base fees to external managers	1 554		1 205	
Management fee excluding performance-based fees	**5 848**	**3.3**	**5 289**	**3.6**
Performance-based fees to external managers	1 543		1 343	
Management fee	**7 390**	**4.1**	**6 632**	**4.5**

Management costs in subsidiaries
Management costs incurred in wholly owned subsidiaries consist of costs related to the management of the investments in unlisted real estate and unlisted renewable energy infrastructure. These costs are expensed directly in the portfolio result and are not part of the management fee.

Management costs incurred in non-consolidated subsidiaries are presented in the income statement lines Income/expense from unlisted real estate and Income/expense from unlisted infrastructure. Management costs incurred in consolidated subsidiaries are presented in the income statement line Other income/expense. These costs are specified in table 12.2.

Table 12.2 Management costs subsidiaries

Amounts in NOK million	2024	2024 Basis points	2023	2023 Basis points
Salary, social security and other personnel-related costs	35		34	
IT services, systems, data and information	6		5	
Research, consulting and legal fees	59		52	
Other costs	49		58	
Total management costs, subsidiaries[1]	**149**	**0.1**	**148**	**0.1**
Of which management costs non-consolidated subsidiaries	88		89	
Of which management costs consolidated subsidiaries	61		59	

[1] Costs in 2024 consisted of NOK 137 million related to investments in unlisted real estate and NOK 12 million related to investments in unlisted infrastructure. In 2023, NOK 141 million was related to investments in unlisted real estate and NOK 7 million was related to investments in unlisted infrastructure.

Upper limit for reimbursement of management costs
Every year the Ministry of Finance establishes an upper limit for the reimbursement of management costs. Norges Bank is only reimbursed for costs incurred within this limit. Norges Bank is also reimbursed for performance-based fees to external managers. These fees are not measured against the upper limit.

For 2024, total management costs incurred in Norges Bank and its subsidiaries, excluding performance-based fees to external managers, were limited to NOK 7 100 million. In 2023, the limit was NOK 6 200 million.

Total management costs measured against the upper limit amounted to NOK 5 997 million in 2024. This consisted of management costs in Norges Bank, excluding performance-based fees to external managers, of NOK 5 848 million and management costs in subsidiaries of NOK 149 million. Total management costs including performance-based fees to external managers amounted to NOK 7 539 million in 2024.

Costs measured as a share of assets under management
Costs are also measured in basis points, as a share of average assets under management. Average assets under management are calculated based on the market value of the portfolio in Norwegian kroner at the start of each month in the calendar year.

In 2024, management costs incurred in Norges Bank and its subsidiaries, excluding performance-based fees to external managers, corresponded to 3.4 basis points of assets under management. Management costs including performance-based fees to external managers corresponded to 4.2 basis points of assets under management.

Other operating costs in subsidiaries
In addition to the management costs presented in table 12.2, other operating costs are also incurred in subsidiaries related to the ongoing maintenance, operation and development of the investments. These are not costs related to investing in real estate or renewable energy infrastructure but are costs for operating the underlying investments once they are acquired. Therefore, they are not defined as management costs. Other operating costs are expensed directly in the portfolio result and are not part of the management fee. They are also not included in the costs measured against the upper limit.

Other operating costs incurred in non-consolidated subsidiaries are presented in the income statement lines Income/expense from unlisted real estate and Income/expense from unlisted infrastructure. For further information, see table 6.4 in note 6 Unlisted real estate and table 7.4 in note 7 Unlisted renewable energy infrastructure. Other operating costs incurred in consolidated subsidiaries are presented in the income statement line Other income/expense.

GPFG Note 13 Secured lending and borrowing

Secured lending and borrowing consists of collateralised (secured) transactions, where the GPFG posts or receives securities or cash to or from a counterparty, with collateral in the form of other securities or cash. These transactions take place under various agreements such as securities lending agreements, repurchase and reverse repurchase agreements and equity swaps in combination with purchases or sales of equities.

The objective of secured lending and borrowing is primarily to provide an incremental return on the GPFG's holdings of securities and cash. These transactions are also used in connection with liquidity management.

Principles for presentation

Income and expense from secured lending and borrowing
Income and expense mainly consist of interest and net fees. These are recognised on a straight-line basis over the term of the agreement and are presented in the income statement as Income/expense from secured lending and Income/expense from secured borrowing.

Table 13.1 Income/expense from secured lending and borrowing

Amounts in NOK million	2024	2023
Income/expense from secured lending	21 622	9 922
Income/expense from secured borrowing	-24 810	-13 278
Net income/expense from secured lending and borrowing	**-3 188**	**-3 356**

Accounting policy

Transferred financial assets
Securities transferred to counterparties are not derecognised when the agreement is entered into, as the derecognition criteria are not met. Since the counterparty has the right to sell or pledge the security, the security is considered to be transferred. Transferred securities are therefore presented separately in the balance sheet lines Equities lent and Bonds lent. During the lending period, the underlying securities are accounted for in accordance with accounting policies for the relevant securities.

When an equity is sold in combination with the purchase of an equivalent equity swap, the sold equity is presented in the balance sheet as Equities lent, since the GPFG's exposure to the equity is virtually unchanged. The equity swap (derivative) is not recognised in the balance sheet, since this would lead to recognition of the same rights twice. When an equity is purchased in combination with the sale of an equivalent equity swap, the GPFG has virtually no exposure to the equity or the derivative and neither the equity nor the derivative are recognised in the balance sheet.

Secured lending
Cash collateral posted to counterparties is derecognised, and a corresponding receivable reflecting the cash amount that will be returned is recognised as a financial asset, Secured lending. This receivable is measured at fair value.

Secured borrowing
Cash collateral received is recognised as Deposits in banks together with a corresponding financial liability, Secured borrowing. This liability is measured at fair value.

Collateral received in the form of securities
Collateral received through secured lending and borrowing transactions in the form of securities, where the GPFG has the right to sell or pledge the security, is not recognised in the balance sheet.

Table 13.2 shows the amount presented as Secured lending, and the associated collateral received in the form of securities.

Table 13.2 Secured lending

Amounts in NOK million	31.12.2024	31.12.2023
Secured lending	1 020 455	728 559
Total secured lending	**1 020 455**	**728 559**
Associated collateral in the form of securities (off balance sheet)		
Equities received as collateral	690 154	273 558
Bonds received as collateral[1]	336 265	486 798
Total collateral received in the form of securities related to secured lending	**1 026 419**	**760 356**

1 At year-end 2024, bonds received as collateral amounting to NOK 1.5 billion were sold (2023: NOK 2.6 billion).

Table 13.3 shows transferred securities with the associated liability presented as Secured borrowing, and collateral received in the form of securities or guarantees.

Table 13.3 Transferred financial assets and secured borrowing

Amounts in NOK million	31.12.2024	31.12.2023
Transferred financial assets		
Equities lent	862 197	493 949
Bonds lent	1 088 846	1 006 711
Total transferred financial assets	**1 951 043**	**1 500 660**
Associated cash collateral, recognised as liability		
Secured borrowing	1 319 892	911 548
Total secured borrowing	**1 319 892**	**911 548**
Associated collateral in the form of securities or guarantees (off balance sheet)		
Equities received as collateral	320 398	264 550
Bonds received as collateral	361 132	360 945
Guarantees	5 406	4 544
Total collateral received in the form of securities or guarantees related to transferred financial assets	**686 936**	**630 039**

GPFG Note 14 Collateral and offsetting

Accounting policy

Cash collateral derivative transactions
Cash collateral posted in connection with derivative transactions is derecognised and a corresponding receivable, reflecting the cash amount that will be returned, is recognised in the balance sheet as Cash collateral posted. Cash collateral received in connection with derivative transactions is recognised in the balance sheet as Deposits in banks, with a corresponding liability Cash collateral received. Both Cash collateral posted and Cash collateral received are measured at fair value.

Offsetting
Financial assets and liabilities are offset and presented net in the balance sheet when there is a legal right to offset and the intention is to settle net or realise the asset and settle the liability simultanously.

Collateral
For various counterparties and transaction types, cash collateral will both be posted to and received from the same counterparty. Therefore, received cash collateral can be netted against posted cash collateral and vice-versa as shown in table 14.1. Collateral in the form of cash or securities is also posted and received in connection with secured lending and borrowing transactions. See note 13 Secured lending and borrowing for further information.

Offsetting
Table 14.1 provides an overview of financial assets and liabilities, the effects of legally enforceable netting agreements and related collateral to reduce counterparty risk. The column Assets/Liabilities in the balance sheet subject to netting shows the carrying amounts of financial assets and liabilities that are subject to legally enforceable netting agreements. These amounts are adjusted for the effect of potential netting of financial assets and liabilities recognised in the balance sheet with the same counterparty, together with posted or received cash collateral. This results in a net exposure, which is shown in the column Assets/Liabilities after netting and collateral.

Some netting agreements could potentially not be legally enforceable. Transactions under the relevant contracts are shown in the column Assets/Liabilities not subject to enforceable netting agreements.

In the event of counterparty default, a collective settlement between Norges Bank and the bankruptcy estate could be agreed for certain groups of instruments, irrespective of whether the instruments belong to the GPFG or Norges Bank's foreign exchange reserves. Such a settlement will be allocated proportionately between these portfolios and is not adjusted for in the table.

Table 14.1 Assets and liabilities subject to netting agreements

Amounts in NOK million, 31.12.2024					Amounts subject to enforceable master netting agreements				
Description	Gross financial assets recognised in the balance sheet	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Assets not subject to enforceable netting agreements[1]	Assets in the balance sheet subject to netting	Financial liabilities related to same counterparty	Cash collateral received (recognised as liability)	Security collateral received (not recognised)	Assets after netting and collateral
Assets									
Secured lending	1 020 455	-	1 020 455	726 830	293 624	-	117 987	175 637	-
Cash collateral posted	11 340	-	11 340	526	10 814	8 819	1 939	-	57
Financial derivatives	37 245	4 342	32 904	76	32 827	25 630	5 911	-	1 286
Total	**1 069 040**	**4 342**	**1 064 699**	**727 432**	**337 265**	**34 449**	**125 837**	**175 637**	**1 343**

Amounts in NOK million, 31.12.2024					Amounts subject to enforceable master netting agreements				
Description	Gross financial liabilities recognised in the balance sheet	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Liabilities not subject to enforceable netting agreements[2]	Liabilities in the balance sheet subject to netting	Financial assets related to same counterparty	Cash collateral posted (recognised as asset)	Security collateral posted (not derecognised)	Liabilities after netting and collateral
Liabilities									
Secured borrowing	1 319 892	-	1 319 892	356 652	963 240	-	119 909	830 109	13 222
Cash collateral received	103 193	-	103 193	94 213	8 980	8 980	-	-	-
Financial derivatives	35 571	4 342	31 229	20	31 209	25 630	5 554	-	25
Total	**1 458 656**	**4 342**	**1 454 314**	**450 885**	**1 003 429**	**34 610**	**125 463**	**830 109**	**13 247**

Amounts in NOK million, 31.12.2023					Amounts subject to enforceable master netting agreements				
Description	Gross financial assets recognised in the balance sheet	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Assets not subject to enforceable netting agreements[1]	Assets in the balance sheet subject to netting	Financial liabilities related to same counterparty	Cash collateral received (recognised as liability)	Security collateral received (not recognised)	Assets after netting and collateral
Assets									
Secured lending	728 559	-	728 559	277 351	451 208	-	231 221	219 987	-
Cash collateral posted	19 361	-	19 361	-	19 361	13 715	-	-	5 646
Financial derivatives	22 833	3 640	19 192	178	19 013	17 719	27	-	1 267
Total	**770 753**	**3 640**	**767 112**	**277 529**	**489 582**	**31 434**	**231 248**	**219 987**	**6 913**

Amounts in NOK million, 31.12.2023					Amounts subject to enforceable master netting agreements				
Description	Gross financial liabilities recognised in the balance sheet	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Liabilities not subject to enforceable netting agreements[2]	Liabilities in the balance sheet subject to netting	Financial assets related to same counterparty	Cash collateral posted (recognised as asset)	Security collateral posted (not derecognised)	Liabilities after netting and collateral
Liabilities									
Secured borrowing	911 548	-	911 548	175 895	735 653	-	231 221	501 947	2 484
Cash collateral received	28 754	-	28 754	24 771	3 983	2 859	-	-	1 123
Financial derivatives	36 695	3 640	33 055	29	33 027	17 719	10 497	-	4 810
Total	**976 997**	**3 640**	**973 357**	**200 695**	**772 663**	**20 578**	**241 718**	**501 947**	**8 417**

1 Secured lending includes amounts related to shares purchased in combination with equity swaps. In 2024, this amounted to NOK 671 billion (NOK 250 billion in 2023). See note 13 Secured lending and borrowing for further information.

2 Secured borrowing includes amounts related to shares sold in combination with equity swaps. In 2024, this amounted to NOK 194 billion (NOK 132 billion in 2023). See note 13 Secured lending and borrowing for further information.

GPFG Note 15 Related parties

Accounting policy

Norges Bank is owned by the Norwegian government and is, in line with IAS 24 Related party disclosures, exempt from the disclosure requirements pertaining to related party transactions and outstanding balances, including commitments, with the Norwegian government. This includes transactions with other entities that are related parties because the Norwegian government has control of, joint control of, or significant influence over both Norges Bank and the other entities.

Norges Bank, including the GPFG, is a separate legal entity that is wholly state-owned through the Ministry of Finance. See note 1 General information for information regarding the relationship between the Ministry of Finance, Norges Bank and the GPFG. The GPFG conducts all transactions at market terms.

Transactions with the government

In accordance with the management mandate for the GPFG, monthly transfers are made to and from the krone account. See additional information regarding the inflow/withdrawal for the period in the Statement of changes in owner's capital.

Transactions with Norges Bank

Norges Bank does not bear any economic risk from the management of the GPFG.

Inflows to or withdrawals from the krone account

Inflows to or withdrawals from the krone account are carried out through monthly transfers between the GPFG and Norges Bank. Five percent of the transferred amount is withheld until the following month, in order to adjust the transferred amount in transaction currency to the instructed amount stated in Norwegian kroner from the Ministry of Finance. Unsettled transfer constitutes an outstanding balance between the GPFG and Norges Bank, and is presented in the balance sheet line Other assets or Other liabilities. At the end of 2024, there was no unsettled inflow between the GPFG and Norges Bank. At the end of 2023, NOK 2 365 million was presented in Other assets related to unsettled inflow.

Management fee

The Ministry of Finance reimburses Norges Bank for costs incurred in connection with the management of the GPFG in the form of a management fee. See note 12 Management costs for further information. The management fee is deducted from the krone account throughout the year based on forecasts. The difference between the total amount deducted and the final management fee for the year is presented in the balance sheet as Management fee receivable or Management fee payable and is settled in the following year. In 2024, NOK 7 032 million was deducted from the krone account to pay the accrued management fee, while NOK 6 526 million was deducted in 2023. Management fee payable was NOK 190 million at the end of 2024, compared to a receivable of NOK 168 million at the end of 2023.

Transactions between the GPFG and Norges Bank's foreign exchange reserves

Internal trades in the form of money market lending or borrowing between the GPFG and Norges Bank's foreign exchange reserves are presented as a net balance between the two portfolios in the balance sheet lines Other assets and Other liabilities. At the end of 2024, the net balance between the portfolios represented a receivable for the GPFG of NOK 301 million, compared to a receivable of NOK 59 million at the end of 2023. Related income and expense items are presented net in the income statement as Interest income/expense.

Transactions with subsidiaries

Subsidiaries of Norges Bank are established as part of the management of the GPFG's investments in unlisted real estate and unlisted renewable energy infrastructure. For an overview of the companies that own and manage the investments, as well as consolidated subsidiaries, see note 16 Interests in other entities. For further information regarding transactions with subsidiaries, see note 6 Unlisted real estate and note 7 Unlisted renewable energy infrastructure.

GPFG Note 16 Interests in other entities

Investments in unlisted real estate and unlisted renewable energy infrastructure are made through subsidiaries of Norges Bank, exclusively established as part of the management of the GPFG. All subsidiaries are 100 percent owned. These subsidiaries invest, through holding companies, in entities that invest in properties and renewable energy infrastructure. These entities may be subsidiaries or jointly controlled entities.

The overall objective of the ownership structures used for investments in unlisted real estate and unlisted infrastructure is to safeguard the financial wealth under management and to ensure the highest possible net return after costs, in accordance with the management mandate. Key criteria when deciding the ownership structure are legal protection, governance and operational efficiency. Taxes may represent a significant cost for the unlisted investments. Expected tax expense for the fund is therefore one of the factors considered when determining the ownership structure.

Table 16.1 shows the companies that own and manage the properties and infrastructure assets, as well as consolidated subsidiaries. The ownership or voting interest in the table represents the share at year end.

Table 16.1 Real estate and infrastructure companies

Company	Area	Business address	Property address[1]	Ownership share and voting right in percent 31.12.2024	Effective ownership share of underlying properties in percent 31.12.2024	Recog-nised from
Non-consolidated companies						
United Kingdom						
NBIM George Partners LP[2]	Unlisted real estate	London	London	100.00	25.00	2011
MSC Property Intermediate Holdings Limited[3]	Unlisted real estate	London	Sheffield	100.00	100.00	2012
NBIM Charlotte Partners LP[3]	Unlisted real estate	London	London	100.00	68.00	2014
NBIM Edward Partners LP	Unlisted real estate	London	London	100.00	100.00	2014
NBIM Caroline Partners LP	Unlisted real estate	London	London	100.00	100.00	2015
NBIM Henry Partners LP	Unlisted real estate	London	London	100.00	100.00	2016
NBIM Elizabeth Partners LP	Unlisted real estate	London	London	100.00	100.00	2016
NBIM Eleanor Partners LP	Unlisted real estate	London	London	100.00	100.00	2018
WOSC Partners LP	Unlisted real estate	London	London	75.00	75.00	2019
PELP UK Limited	Unlisted real estate	Solihull	Multiple British cities	50.00	50.00	2022
Longfellow Strategic Value UK I LP[3]	Unlisted real estate	Bristol	Cambridge	47.50	47.50	2022
Firebolt RB Holdings Limited	Unlisted infrastructure	Swanley	Race Bank	75.00	37.50	2024
Luxembourg						
NBIM S.à r.l.	Unlisted real estate	Luxembourg	N/A	100.00	N/A	2011
Copenhagen Infrastructure V	Unlisted infrastructure, fund	Luxembourg	Multiple locations in OECD countries	9.00	N/A	2024
France						
NBIM Louis SAS	Unlisted real estate	Paris	Paris	100.00	50.00	2011
SCI 16 Matignon	Unlisted real estate	Paris	Paris	50.00	50.00	2011
Champs Elysées Rond-Point SCI	Unlisted real estate	Paris	Paris	50.00	50.00	2011
SCI PB 12	Unlisted real estate	Paris	Paris	50.00	50.00	2011
SCI Malesherbes	Unlisted real estate	Paris	Paris	50.00	50.00	2012

Company	Area	Business address	Property address[1]	Ownership share and voting right in percent 31.12.2024	Effective ownership share of underlying properties in percent 31.12.2024	Recog-nised from
SCI 15 Scribe	Unlisted real estate	Paris	Paris	50.00	50.00	2012
SAS 100 CE	Unlisted real estate	Paris	Paris	50.00	50.00	2012
SCI Daumesnil	Unlisted real estate	Paris	Paris	50.00	50.00	2012
SCI 9 Messine	Unlisted real estate	Paris	Paris	50.00	50.00	2012
SCI Pasquier	Unlisted real estate	Paris	Paris	50.00	50.00	2013
NBIM Marcel SCI	Unlisted real estate	Paris	Paris	100.00	100.00	2014
NBIM Victor SCI	Unlisted real estate	Paris	Paris	100.00	100.00	2016
NBIM Eugene SCI	Unlisted real estate	Paris	Paris	100.00	100.00	2017
NBIM Beatrice SCI	Unlisted real estate	Paris	Paris	100.00	100.00	2018
NBIM Jeanne SCI	Unlisted real estate	Paris	Paris	100.00	100.00	2019
Rodolphe Paris 1 SCI	Unlisted real estate	Paris	Paris	65.00	65.00	2022
Rodolphe 2 Paris 1 SCI	Unlisted real estate	Paris	Paris	65.00	65.00	2024
Germany						
NKE Neues Kranzler Eck Berlin Immobilien GmbH & Co. KG	Unlisted real estate	Frankfurt	Berlin	50.00	50.00	2012
NBIM Helmut 2 GmbH & Co KG	Unlisted real estate	Berlin	Berlin	100.00	100.00	2020
Sochribel GmbH	Unlisted real estate	Berlin	Berlin	50.00	50.00	2022
Rodolphe Berlin 1 GmbH	Unlisted real estate	Berlin	Berlin	65.00	65.00	2023
He Dreith Investor GmbH	Unlisted infrastructure	Karlsruhe	He Dreiht	33.33	16.63	2023
Switzerland						
NBIM Antoine CHF S.à r.l.	Unlisted real estate	Luxembourg	Zürich	100.00	100.00	2012
Europe						
Prologis European Logistics Partners S.à r.l.	Unlisted real estate	Luxembourg	Multiple European cities	50.00	50.00	2013
United States						
T-C 1101 Pennsylvania Venture LLC[3]	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2013
T-C Franklin Square Venture LLC[3]	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2013
T-C 33 Arch Street Venture LLC[3]	Unlisted real estate	Wilmington, DE	Boston	100.00	100.00	2013
No. 1 Times Square Development LLC	Unlisted real estate	Wilmington, DE	New York	45.00	45.00	2013
OFC Boston LLC	Unlisted real estate	Wilmington, DE	Boston	47.50	47.50	2013
425 MKT LLC	Unlisted real estate	Wilmington, DE	San Francisco	47.50	47.50	2013
555 12th LLC	Unlisted real estate	Wilmington, DE	Washington	47.50	47.50	2013
Prologis U.S. Logistics Venture LLC	Unlisted real estate	Wilmington, DE	Multiple American cities	46.30	44.96	2014
OBS Boston LLC	Unlisted real estate	Wilmington, DE	Boston	47.50	47.50	2014
100 Federal JV LLC	Unlisted real estate	Wilmington, DE	Boston	45.00	45.00	2014
Atlantic Wharf JV LLC	Unlisted real estate	Wilmington, DE	Boston	45.00	45.00	2014
BP/CG Center MM LLC	Unlisted real estate	Wilmington, DE	New York	45.00	45.00	2014
T-C 2 Herald Square Venture LLC	Unlisted real estate	Wilmington, DE	New York	49.90	49.90	2014

Company	Area	Business address	Property address[1]	Ownership share and voting right in percent 31.12.2024	Effective ownership share of underlying properties in percent 31.12.2024	Recog-nised from
T-C 800 17th Street Venture NW LLC[3]	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2014
T-C Foundry Sq II Venture LLC[3]	Unlisted real estate	Wilmington, DE	San Francisco	100.00	100.00	2014
T-C Hall of States Venture LLC	Unlisted real estate	Wilmington, DE	Washington	49.90	49.90	2014
SJP TS JV LLC	Unlisted real estate	Wilmington, DE	New York	45.00	45.00	2015
T-C Republic Square Venture LLC[3]	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2015
T-C 888 Brannan Venture LLC[3]	Unlisted real estate	Wilmington, DE	San Francisco	100.00	100.00	2015
Hudson Square Properties, LLC	Unlisted real estate	Wilmington, DE	New York	48.00	48.00	2015
ConSquare LLC	Unlisted real estate	Wilmington, DE	Washington	47.50	47.50	2016
100 First Street Member LLC	Unlisted real estate	Wilmington, DE	San Francisco	44.00	44.00	2016
303 Second Street Member LLC	Unlisted real estate	Wilmington, DE	San Francisco	44.00	44.00	2016
900 16th Street Economic Joint Venture (DE) LP	Unlisted real estate	Wilmington, DE	Washington	49.00	49.00	2017
1101 NYA Economic Joint Venture (DE) LP	Unlisted real estate	Wilmington, DE	Washington	49.00	49.00	2017
375 HSP LLC	Unlisted real estate	Wilmington, DE	New York	48.00	48.00	2017
T-C 501 Boylston Venture LLC[3]	Unlisted real estate	Wilmington, DE	Boston	100.00	100.00	2018
SVF Seaport JV LLC	Unlisted real estate	Wilmington, DE	Boston	45.00	45.00	2018
OMD Venture LLC	Unlisted real estate	Wilmington, DE	Boston	47.50	47.50	2021
ARE-MA Region No. 102 JV LLC	Unlisted real estate	Wilmington, DE	Boston	41.00	41.00	2021
JV 347 Madison LLC	Unlisted real estate	Wilmington, DE	New York	45.00	45.00	2023
300 Binney JV LLC	Unlisted real estate	Wilmington, DE	Boston	45.00	45.00	2023
290 Binney JV LLC	Unlisted real estate	Wilmington, DE	Boston	45.00	45.00	2024
Sand Hill Commons Holdings LLC	Unlisted real estate	Wilmington, DE	San Francisco	97.74	97.74	2024
Japan						
TMK Tokyo TN1	Unlisted real estate	Tokyo	Tokyo	70.00	70.00	2017
Tokyo MN1 TMK	Unlisted real estate	Tokyo	Tokyo	100.00	39.90	2020
Netherlands						
Borssele Wind Farm C.V.	Unlisted infrastructure	The Hague	Borssele 1&2	50.00	50.00	2021
Spain						
Energías Renovables Romeo, S.L	Unlisted infrastructure	Madrid	Multiple locations	49.00	49.00	2023
Consolidated subsidiaries						
Japan						
NBRE Management Japan Advisors K.K.	Unlisted real estate	Tokyo	N/A	100.00	N/A	2015
United Kingdom						
NBRE Management Europe Limited	Unlisted real estate	London	N/A	100.00	N/A	2016

1 For investments in unlisted real estate, the property address is shown. For investments in unlisted infrastructure, the project name is shown.
2 One property in this company, 20 Air Street, has an ownership share of 50 percent.
3 The company's ownership or voting interest has changed during the reporting period. See table 16.1 in the 2023 annual report for the previous percentage.

Activity in the consolidated subsidiaries consists of providing investment-related services to the GPFG. This activity is presented in the income statement line Other costs and included in the balance sheet lines Other assets and Other liabilities.

In addition to the companies shown in table 16.1, Norges Bank has wholly-owned holding companies established in connection with investments in unlisted real estate and unlisted renewable energy infrastructure. These holding companies do not engage in any operations and do not own any properties or infrastructure assets directly. The holding companies have their business address either in the same country as the investments, in connection with NBIM S.à r.l. in Luxembourg, or in Norway for the holding companies established for investments in Japan and continental Europe.

GPFG Note 17 Other assets and other liabilities

Table 17.1 Other assets

Amounts in NOK million	**31.12.2024**	**31.12.2023**
Net balance Norges Bank's foreign exchange reserves[1]	301	59
Unsettled inflow krone account[1]	-	2 365
Accrued income from secured lending	1 289	245
Other	100	83
Other assets	**1 690**	**2 752**

[1] See note 15 Related parties for further information.

Table 17.2 Other liabilities

Amounts in NOK million	**31.12.2024**	**31.12.2023**
Tax payable	40	15
Other	107	97
Other liabilities	**147**	**112**

Reports, resolution and statements

Independent auditor's report

To the Supervisory Council of Norges Bank

Opinion
We have audited the financial statements of Norges Bank, which comprise the balance sheet as at 31 December 2024, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Norges Bank as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with the Regulation concerning annual financial reporting for Norges Bank. The Regulation requires the financial statements for Norges Bank to be prepared in accordance with IFRS Accounting Standards as adopted by the EU, with certain specific presentation requirements for the investment portfolio of the Government Pension Fund Global, including subsidiaries being part of the investment portfolio.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of Norges Bank in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments
Basis for the key audit matter
Listed investments measured at fair value in the equity and fixed income portfolios in the foreign exchange reserves in Norges Bank's central banking operations and the investment portfolio of the Government Pension Fund Global (hereinafter "the GPFG") are valued at market price if the investment is traded in what is considered to be an active market. These investments are classified as level 1 assets in the valuation hierarchy. Listed investments valued using models that use directly or indirectly observable market data are classified as level 2 assets. Investments classified in level 1 and 2 of the valuation hierarchy as of 31.12 amounts to NOK 789 000 million and NOK 19 370 916 million for the foreign exchange reserves and the GPFG, respectively.

Investments valued based on models which mainly use inputs that are not observable in the market place, are classified as level 3 assets in the valuation hierarchy. These valuations are to a larger extent influenced by judgmental assessments and therefore have a higher inherent risk of misstatement. As of 31.12, these assets in the GPFG amount to NOK 384 035 million.

Investments measured at fair value in the foreign exchange reserves and the GPFG constitute the most material share of assets as at 31.12. The material amount, the measurement at fair value with occasional use of judgments and the classification to levels 1, 2 or 3 respectively in the fair value hierarchy, and the fact that the GPFG's return on investment measurement follows from these valuations, we have considered these investments to be a key audit matter.

The foreign exchange reserves measured at fair value are disclosed in note 6. The investments in the GPFG are disclosed in Note 20, "GPFG Note 8" and "GPFG Note 3".

Our audit response
For both listed and unlisted investments, we assessed the design and tested the operating effectiveness of internal controls over valuation processes, including controls over management's determination and approval of the methodology and assumptions used for valuation. For listed investments, we furthermore compared the recognized value at the balance sheet date, against the external market price.

Our audit procedures for unlisted level 3 investments also comprised management's use of external experts and valuations, including the experts' expertise and objectivity. We have used EY's internal valuation specialists to review assumptions and calculations of valuation reports on a sample basis.

We have furthermore evaluated the design and tested the operating effectiveness of internal controls over the classification in the fair value hierarchy. For a sample of investments, we have tested the detailed classification in levels 1, 2 and 3 in the fair value hierarchy.

IT systems that support financial reporting
Basis for the key audit matter
Norges Bank has a highly automated IT environment and is dependent on IT processes for reporting financial information. To ensure complete and accurate processing and reporting of financial information, it is important that controls over access management and system changes are designed and operate effectively. Key IT processes are also dependent on a well-functioning control environment at external service providers. IT systems that support financial reporting are considered to be a key audit matter as the IT environment is important to ensure accuracy, completeness and reliable financial reporting.

Our audit response
We obtained an understanding of Norges Bank's IT systems, IT environment and controls of importance to the financial reporting. We tested IT general controls over access management, system changes and IT operations. Further, we tested automated controls in the IT environment supporting financial reporting.

For relevant IT systems managed by external service providers, we evaluated third-party systems and organizations controls reports (ISAE 3402 reports) for the service provider's control environment. We further assessed the design and tested the operating effectiveness of Norges Bank's own controls relating to outsourced services. We have used our own IT specialists in our work to understand the organization's IT environment as well as in assessing the design of control activities and conducting the testing of the operating effectiveness of controls.

Other information
Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. The Executive Board and the Governor (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation concerning annual financial reporting for Norges Bank. The regulation requires the financial statements for Norges Bank to be prepared in accordance with IFRS Accounting Standards as adopted by the EU, with certain specific presentation requirements for the investment portfolio of the Government Pension Fund Global, including subsidiaries being part of the investment portfolio. Management is also responsible for such internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Norges Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Norges Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Norges Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Norges Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Executive Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 5 February 2025
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Independent accountant’s assurance report

To Norges Banks Representantskap

Scope
We have been engaged by Norges Bank to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Norges Bank sustainability reporting as defined and presented in Norges Bank chapter “Limited assurance of sustainability indicators” in Norges Banks Annual report (the “Subject Matter”) as for the year ended 31 December 2024.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Norges Bank
In preparing the Subject Matter, Norges Bank applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards as well as its own defined published criteria (the “Criteria”). The Criteria can be accessed at globalreporting.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

Norges Bank’s responsibilities
The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information (’ISAE 3000’).* This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control
We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements,* which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Interviews with key personnel to understand the business and the reporting process
- Interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Test on a sample basis the calculation Criteria against the methodologies outlined in the Criteria
- Analytical review procedures of the data and inquiries with management in event of potential material deviations
- Comparison, on a sample basis, of data with the underlying source information
- Comparison of the presentation of the Subject Matter with the presentation requirements outlined in the Criteria.

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as for the year then ended 31. December 2024 in order for it to be in accordance with the Criteria.

Oslo, 5 February 2025
ERNST & YOUNG AS

This translation from Norwegian has been made for information purposes only

Kjetil Rimstad
State Authorised Public Accountant

Resolution of the Supervisory Council on the financial statements for 2024

Norges Bank's Supervisory Council adopted the following decision at its meeting 20 February 2025:

- The Supervisory Council takes note of the Annual Report of the Executive Board for 2024.
- The Supervisory Council takes note of the auditor's report for Norges Bank and independent accountant´s assurance report.
- The Supervisory Council approves Norges Bank's financial statements for 2024.
- In accordance with the guidelines, the net profit of NOK 95.1 billion is to be transferred as follows: NOK 40.0 billion to the Adjustment Fund and NOK 55.1 billion to the Transfer Fund. From the Transfer Fund, one-third, or NOK 30.1 billion, will be transferred to the Treasury.

The Supervisory Council's statements on the minutes of the meeting of the Executive Board and its supervision of the Bank

Under the Norges Bank Act, the Supervisory Council submits a separate report to the Storting concerning its supervision of the Bank. The report for 2024 will be adopted by the Supervisory Council on 28 March 2025 and published upon submission to the Storting.

Norges Bank 2024

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