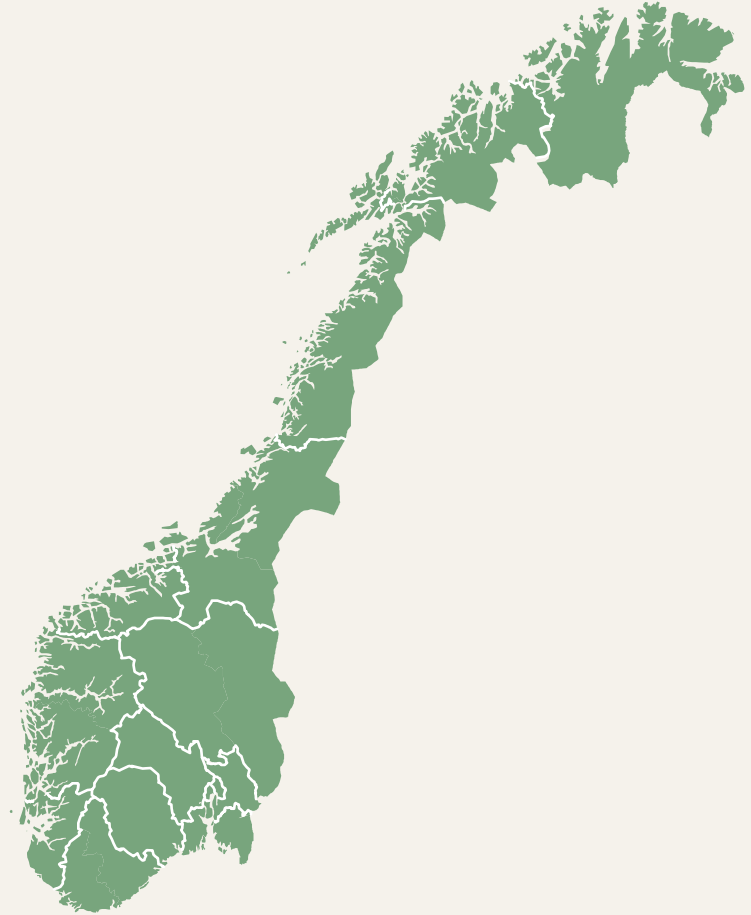




# Norwegian Government Debt

January 2025

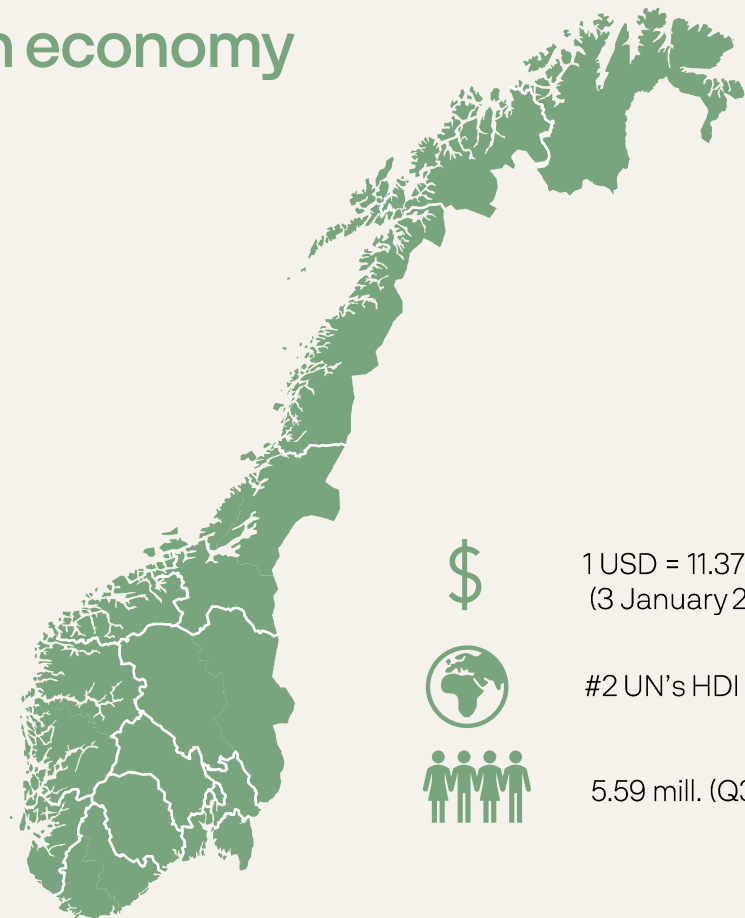
# Kingdom of Norway



# An introduction to the Norwegian economy

	2023	2024 (proj.)	2025 (proj.)
GDP growth (Mainland Norway)	1.0%	0.9%	1.4%
Household consumption growth	-0.8%	1.2%	2.6%
Unemployment rate (registered)	1.8%	2.0%	2.1%
Annual wage growth	5.2%	5.2%	4.2%
Core inflation (CPI-ATE)	6.2%	3.7%	2.7%
Key policy rate	4.50% (eoy)	4.50% (eoy)	3.80% (avg. Q4)

Source: Norges Bank Monetary Policy Report 4/2024



1 USD = 11.37 NOK  
(3 January 2025)



#2 UN's HDI (2022)



5.59 mill. (Q3 2024)

# Kingdom of Norway – Sovereign ratings

	Long term	Outlook	Since
Moody's	Aaa	Stable	11 August 1995
Standard & Poor's*	AAA	Stable	27 July 1992
Fitch*	AAA	Stable	14 December 2005
DBRS Morningstar*	AAA	Stable	4 July 2014
Scope Ratings*	AAA	Stable	18 August 2017

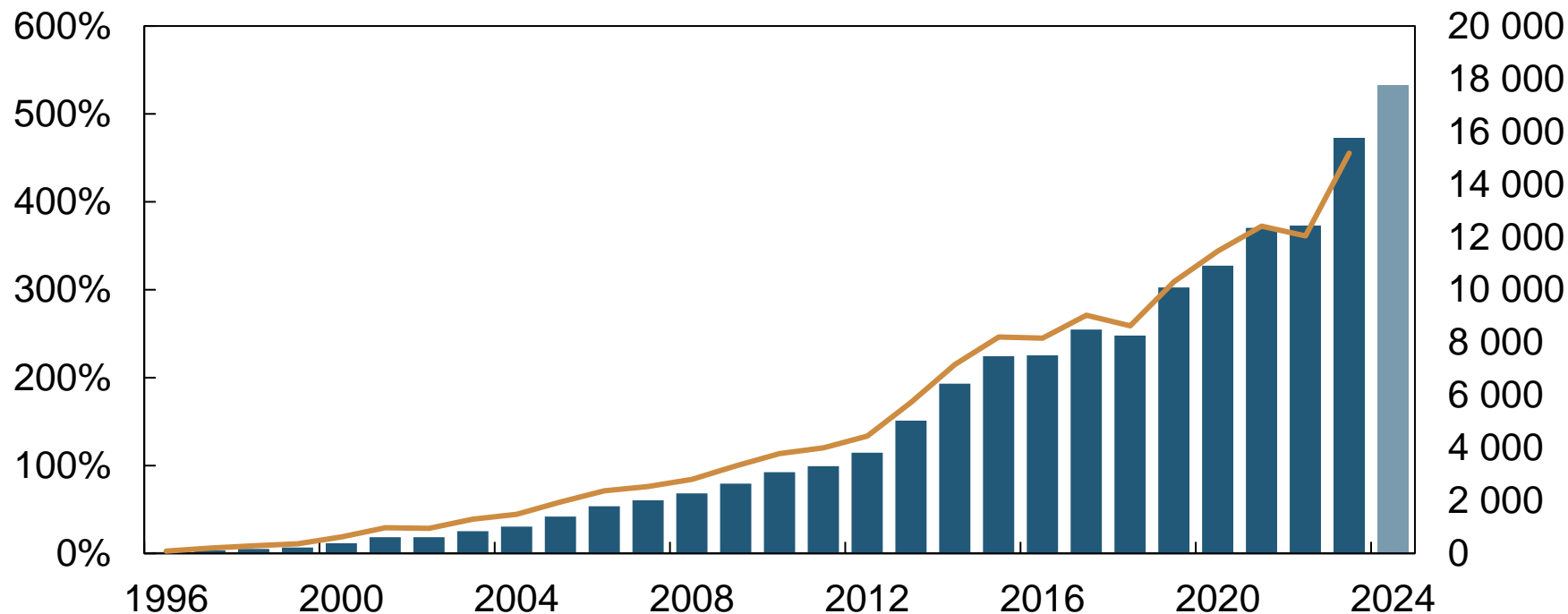
\* Unsolicited rating

# Fiscal rule

- Fiscal policy shall be geared towards a gradual and sustainable increase in petroleum revenue spending
- This rule should not be applied mechanically, however, and considerable emphasis should be placed on stabilising economic fluctuations
- Over time, the structural, non-oil budget deficit shall correspond to the real return on the Government Pension Fund Global (GPFG), estimated at 3% (until 2017 estimated at 4%)
- In the National Budget for 2025, the structural, non-oil deficit is estimated to be 2.5% of the value of the GPFG in 2024

# A solid fiscal position

Market value of the GPFG in billions of NOK and as share of Mainland GDP. 1996 – 2024 H1



Sources: Norges Bank Investment Management and Statistics Norway

# Government debt framework

# Government debt management in Norway

- The Ministry of Finance is responsible for managing government debt, but has delegated the operational responsibility to Norges Bank
- Under the mandate laid down by the Ministry, Norges Bank shall issue government debt in the name of the Ministry of Finance
- Norges Bank shall meet the government's borrowing requirement and manage government debt outstanding
- Borrow at the lowest possible cost within given risk limits
- Maintain a yield curve for government securities with a maturity of up to ten years that can serve as a reference for pricing in the market



Finansdepartementet



Norges Bank



# Government debt framework

## Government borrowing in Norway

- Finance net lending by state banks and other government lending programmes
- Cover redemptions of existing debt
- Promote well-functioning and efficient financial markets

## Government securities

- Bills and bonds
- Issuance in NOK only
- Annual borrowing programme with auction calendar

## Government bond market

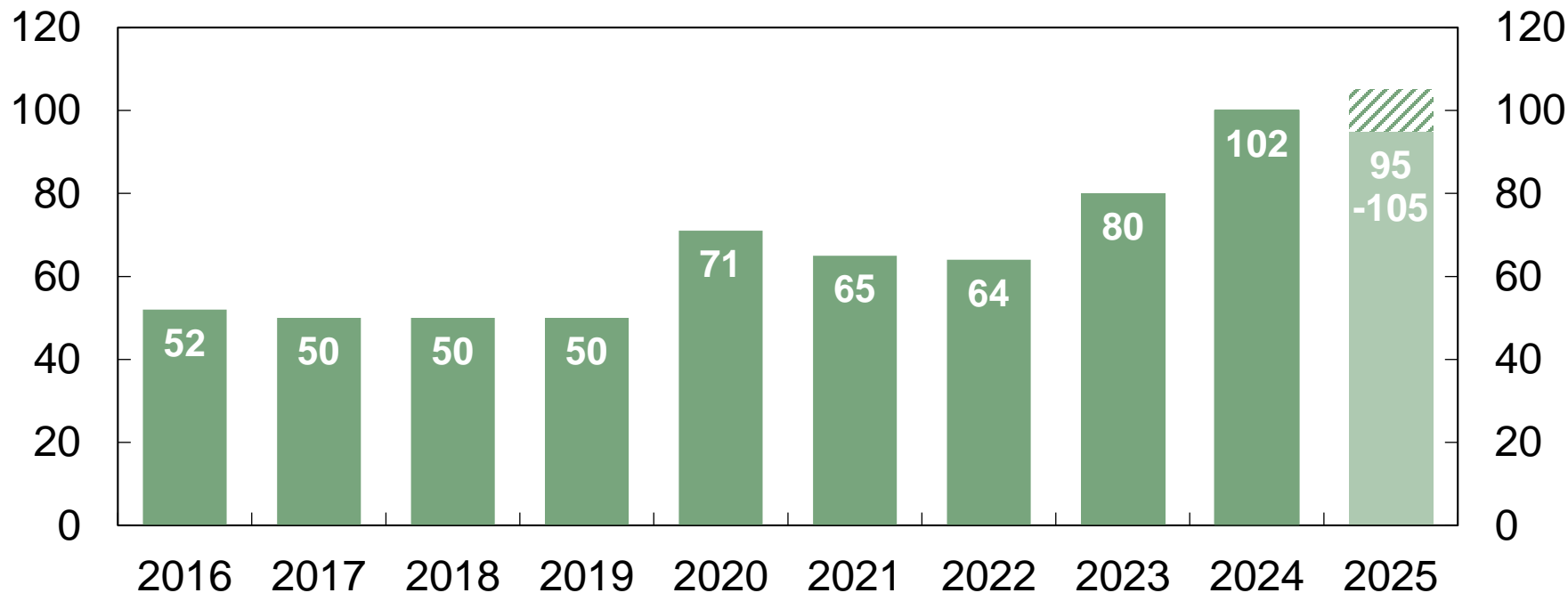
- 566 billion NOK outstanding (Jan 2025)
- Issued a new 10-year bond every year since 2014
- New bonds issued through syndication
- Reopenings using mainly auction (uniform price)

## Primary dealer arrangement

- Four primary dealers (Danske Bank, DNB, Nordea and SEB)
- Obligation to quote prices
- Repo facilities
- Report turnover daily

# Issuance of government bonds

Issued to the market 2016 to 2024. Planned volume for 2025. In billions of NOK

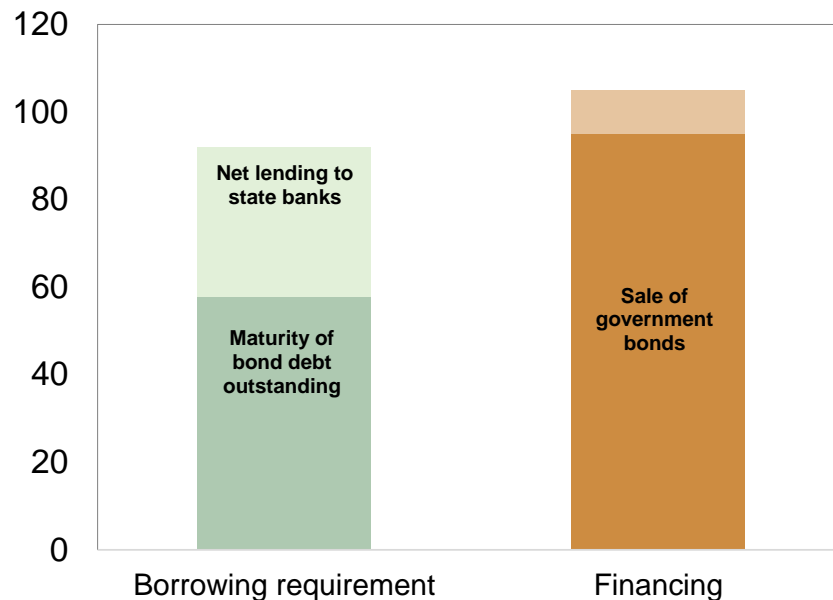


Source: Norges Bank

Norges Bank/Government Debt Management

# Borrowing requirement in 2025

- Planned borrowing is based on the government's estimated borrowing requirement in the central government budget for 2025
- Refinancing of maturing bond debt is the largest component behind the borrowing requirement
- Starting from 2025, the government is no longer borrowing to ensure the budgeted transfer from Norges Bank to the government is liquidity-neutral



# The strategy for 2025 in brief

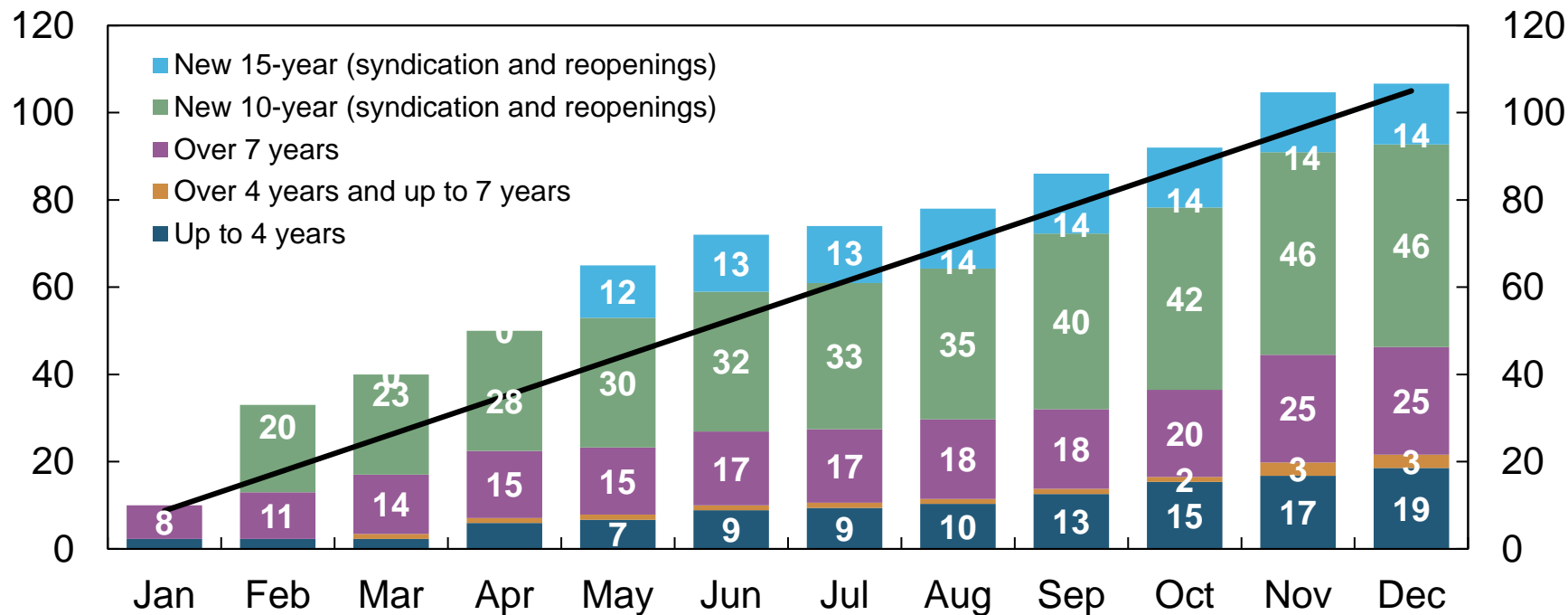
Published 13 December 2024

Government Debt Management will

- Issue government bonds worth NOK 95-105bn
- Issue a new 10-year bond in February through syndication
- Reopen an existing bond in May or June through syndication
- Offer to buy back bonds maturing in March 2025 and February 2026
- Will probably not enter into interest rate swaps

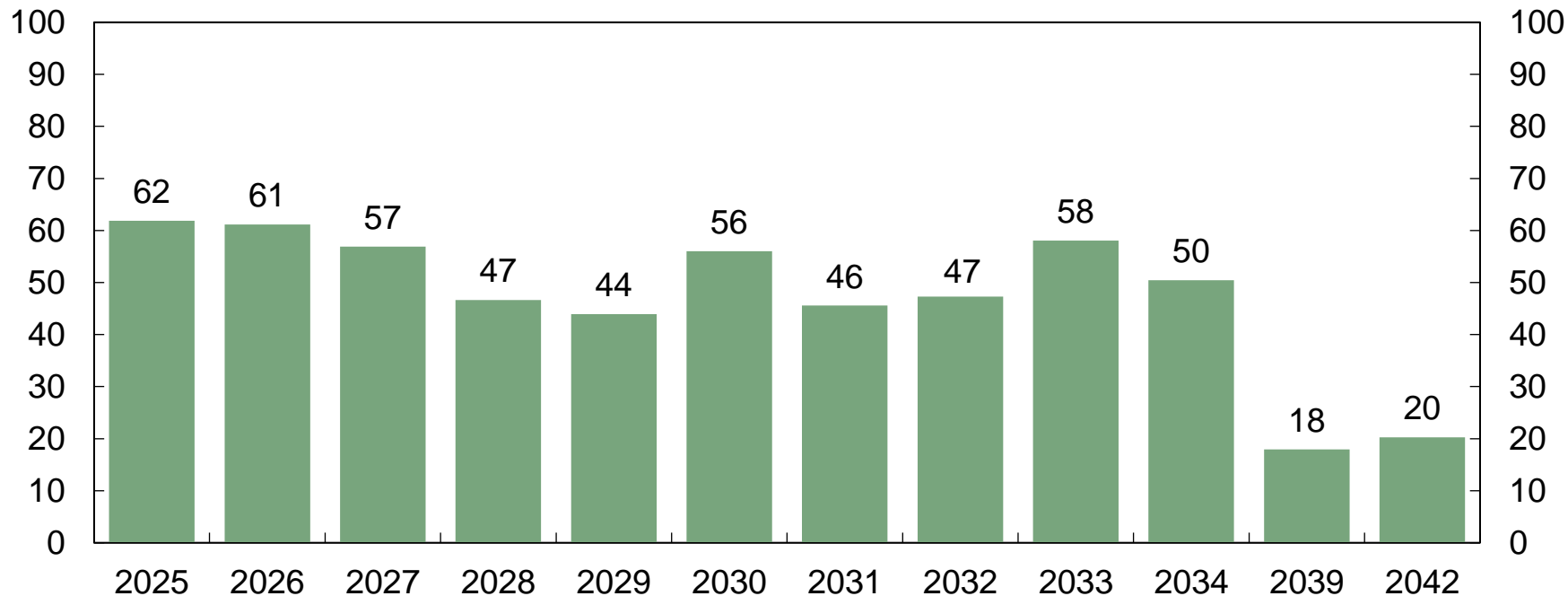
# Bond issuance split by maturity in 2024

In billions of NOK



# Maturity profile of government bonds

Principal. Including government's holdings. In billions of NOK. At end of December 2024.



Source: Norges Bank

# Syndications

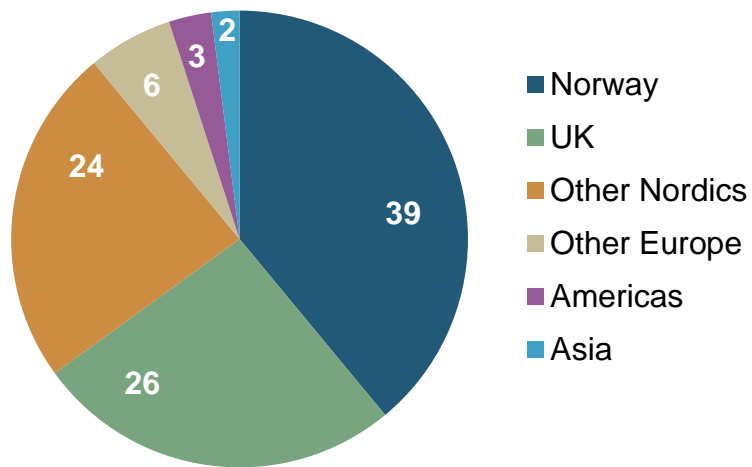
# New 10-year government bond issued in February 2024

- The Kingdom of Norway issued NOK 20bn to the market of a new bond maturing on 13 April 2034
- The bond attracted an order book in excess of NOK 120bn (excluding Joint Lead Managers) from close to 70 investors
- Joint bookrunners were Danske Bank, DNB Markets, Nordea and SEB
- NGB 04/2034 was priced at MS flat implying a reoffer yield for investor of 3.705%. The bond pays an annual coupon of 3.625%



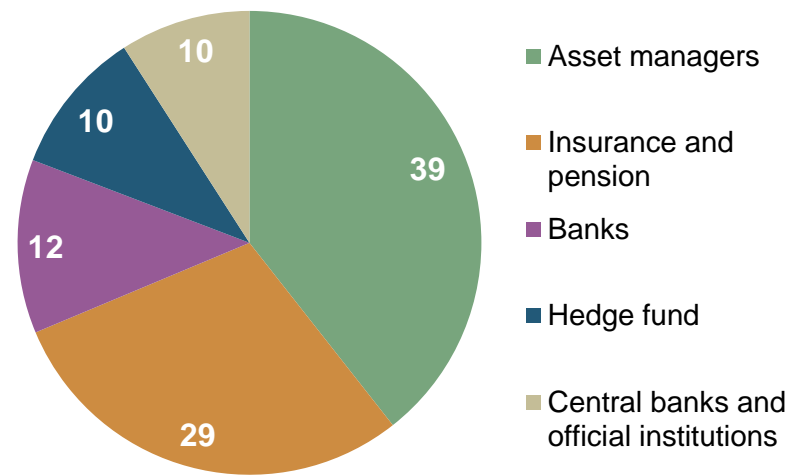
# New 10-year government bond issued in February 2024

## Allocation by region. Percent



Source: Norges Bank

## Allocation by investor type. Percent



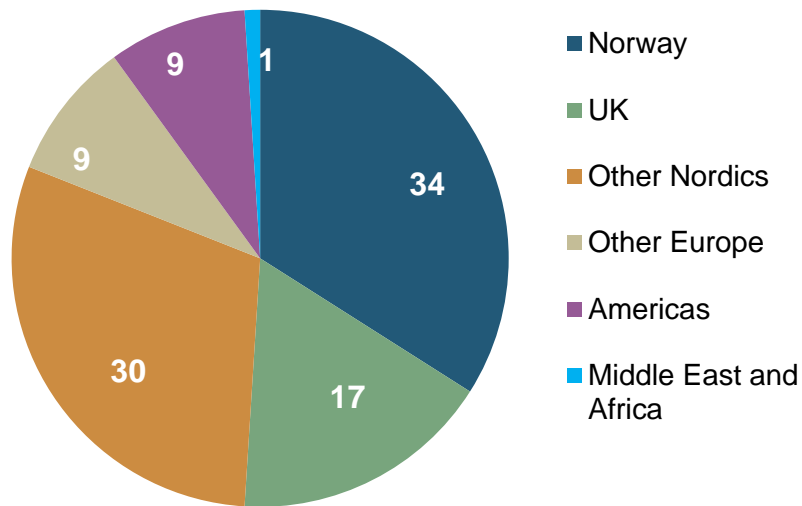
Source: Norges Bank

# New 15-year government bond issued in May 2024

- The Kingdom of Norway issued NOK 12bn to the market of a new bond maturing on 31 May 2039
- The bond attracted an order book in excess of NOK 80bn (excluding Joint Lead Managers) from more than 70 investors
- Joint bookrunners were Danske Bank, DNB Markets, Nordea and SEB
- NGB 05/2039 was priced at MS-3 implying a reoffer yield for investor of 3.727%. The bond pays an annual coupon of 3.625%

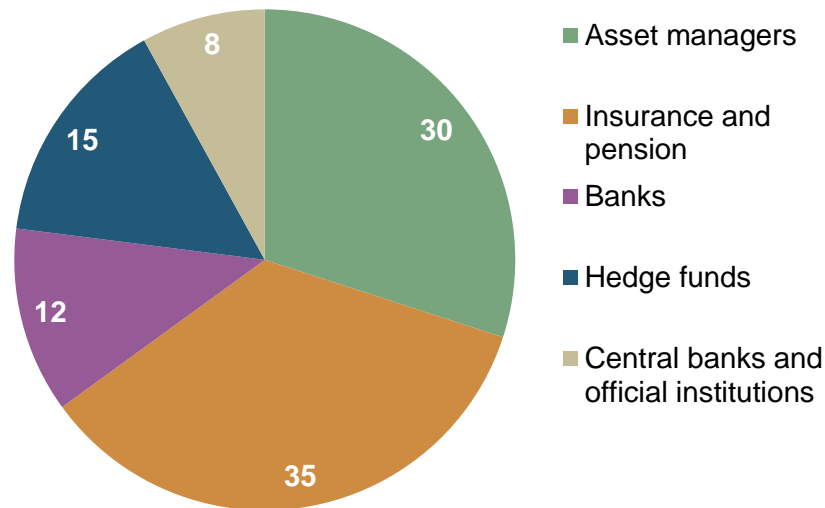
# New 15-year government bond issued in May 2024

## Allocation by region. Percent



Source: Norges Bank

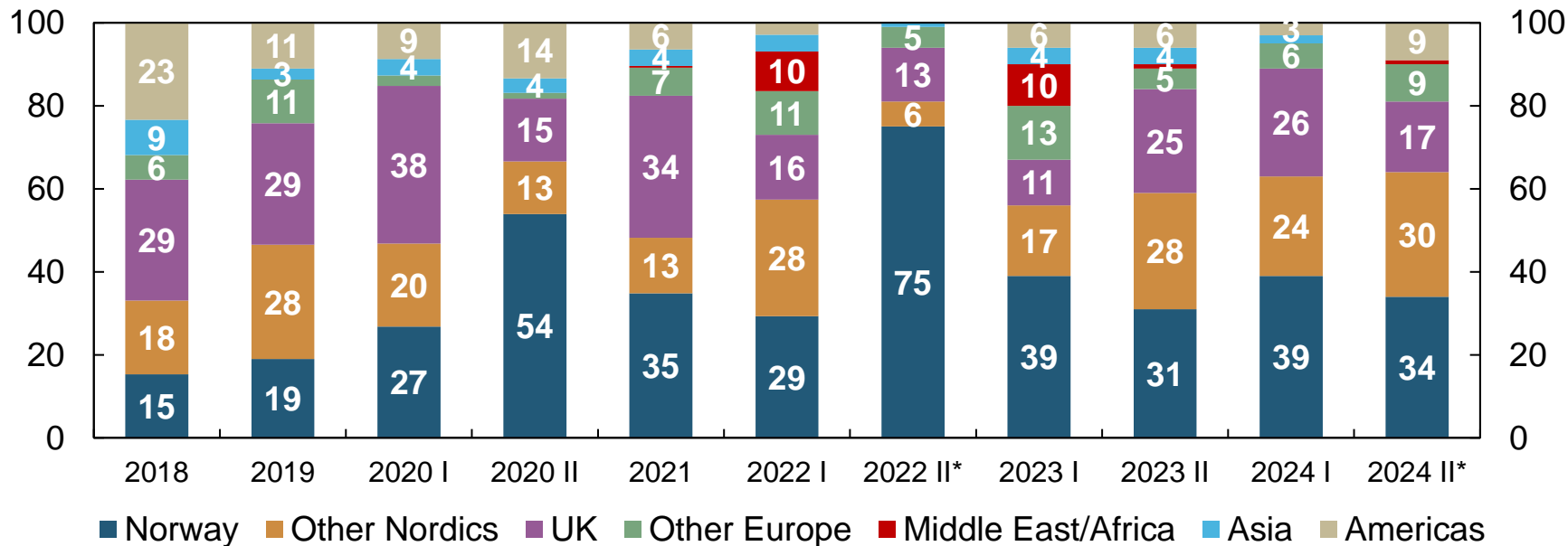
## Allocation by investor type. Percent



Source: Norges Bank

# Allocation by region in syndications

Percentage of total volume allocated. 2018-2024

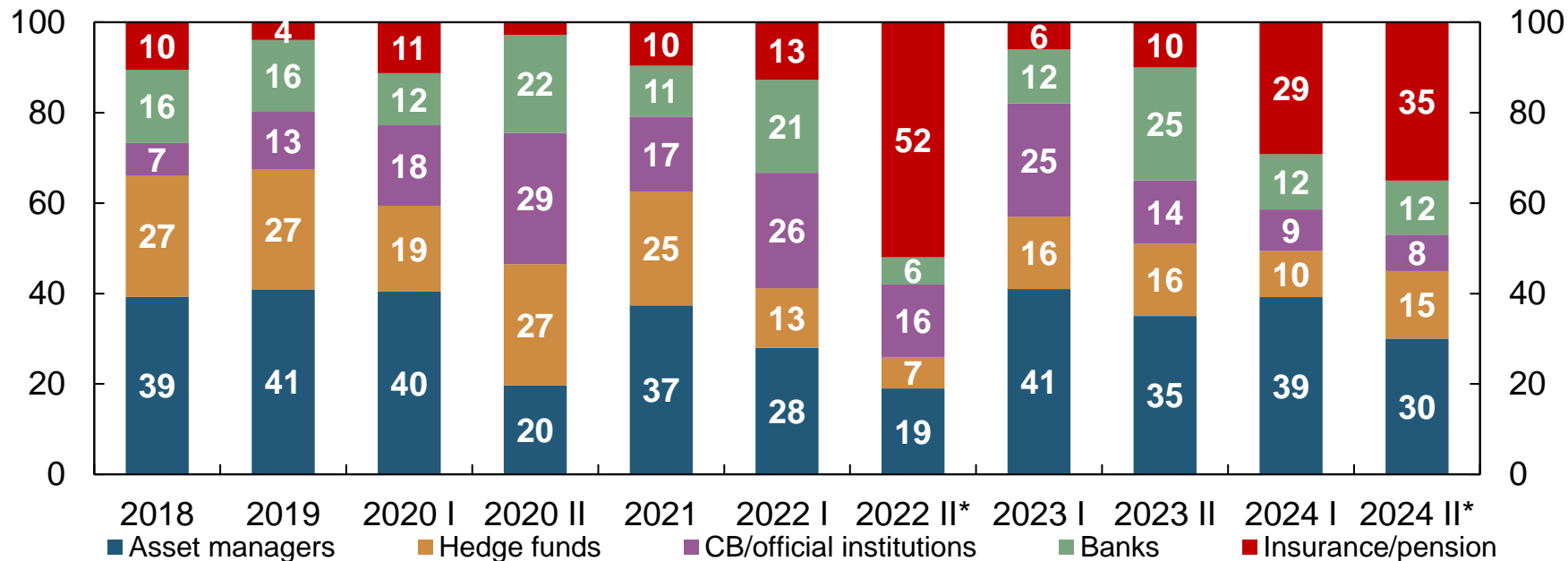


\*2022 II is the new 20-year bond and 2024 II is the new 15-year bond.

Source: Norges Bank

# Allocation by investor type in syndications

Percentage of total volume allocated. 2018-2024



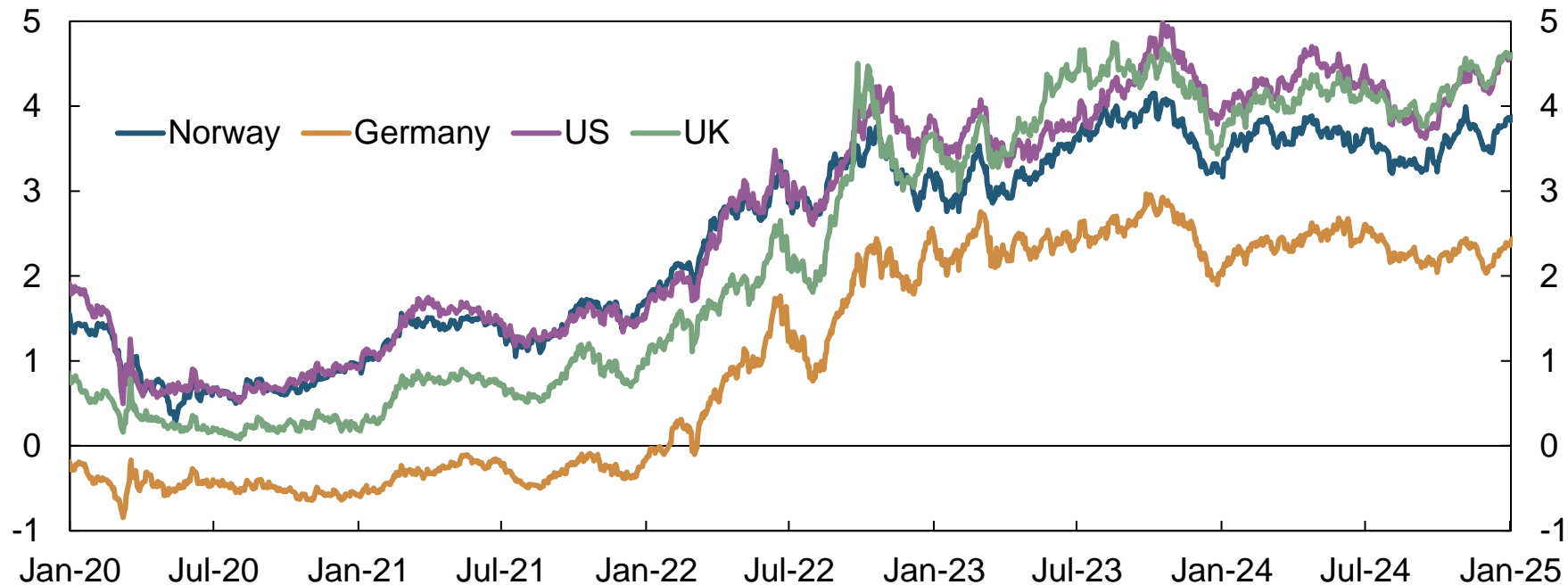
\*2022 II is the new 20-year bond and 2024 II is the new 15-year bond.

Source: Norges Bank

# Overview of the NGB market

# 10-year yields in selected countries

Percent. 2 January 2020 – 2 January 2025

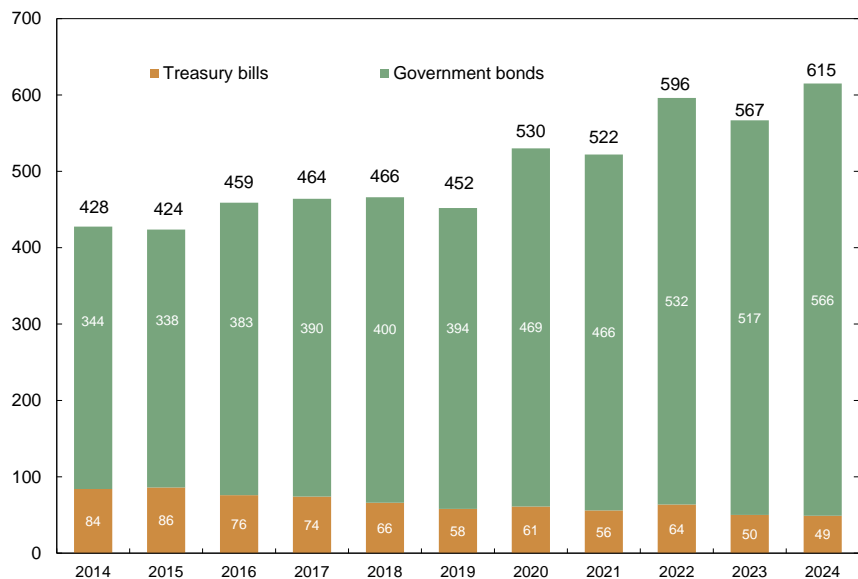


Sources: Bloomberg and Norges Bank

# Government bonds and T-bills outstanding

## Outstanding volume

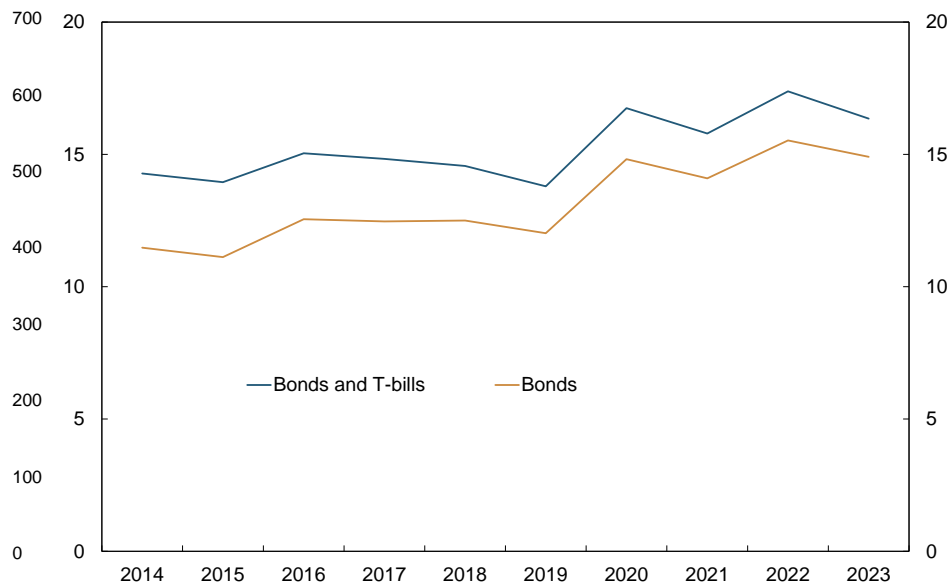
In billions of NOK. 2014 – 2024



Source: Norges Bank

## Outstanding volume

As a percentage of Mainland GDP. 2014 – 2023

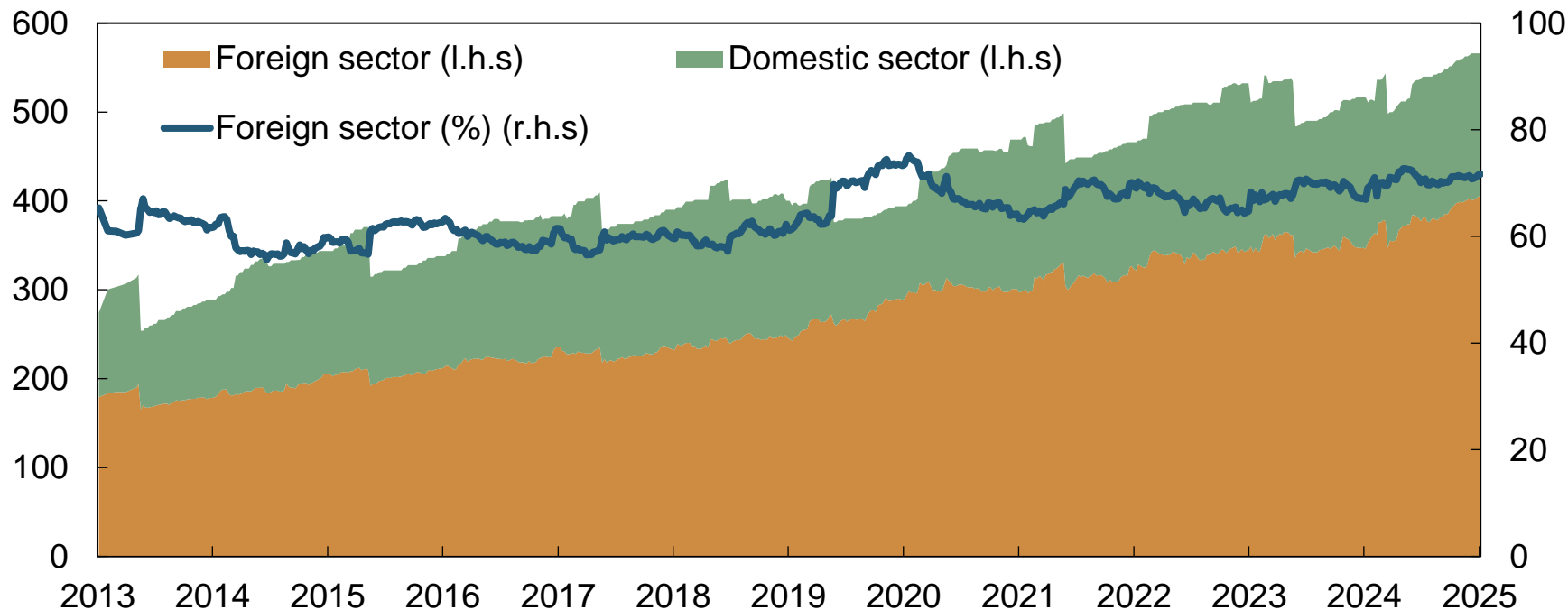


Sources: Statistics Norway and Norges Bank



# Foreign and domestic ownership of government bonds

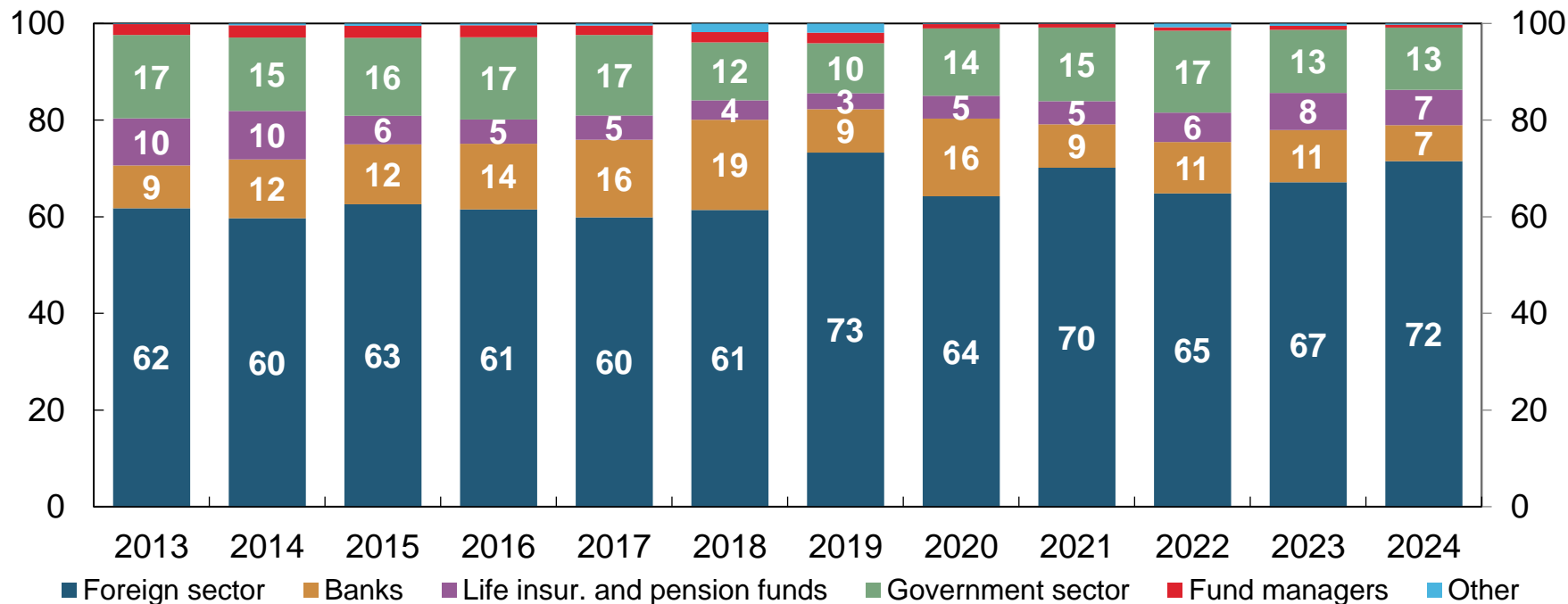
In billions of NOK and as a percentage of total outstanding volume. January 2013 – January 2025



Sources: Euronext VPS and Norges Bank

# Ownership shares for government bonds by investor group

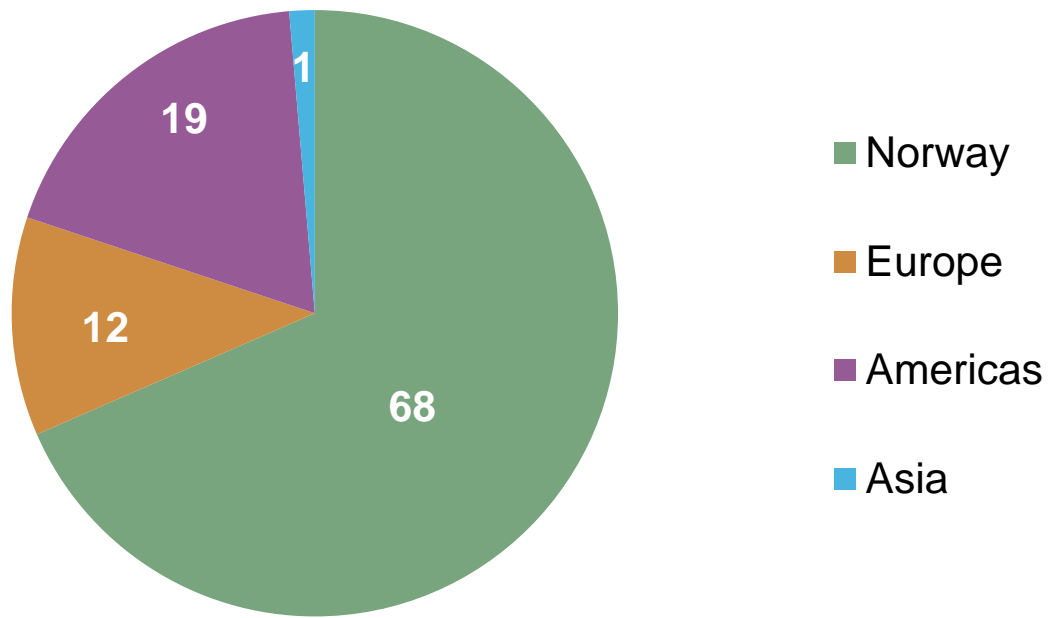
Percent. 2013 – 2024



Sources: Euronext VPS and Norges Bank

# Allocation in auctions

By region. Percent. 2024

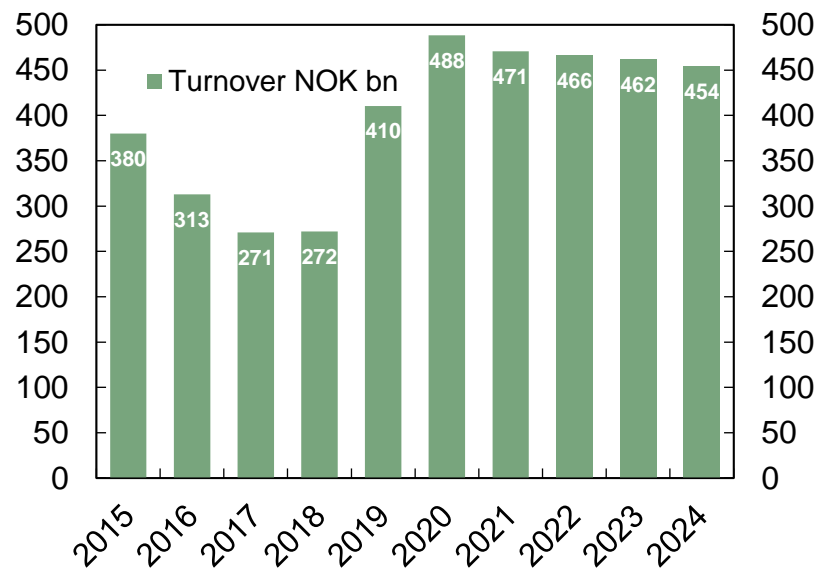


Source: Norges Bank

# Liquidity in the government bond market

## Turnover of Norwegian government bonds

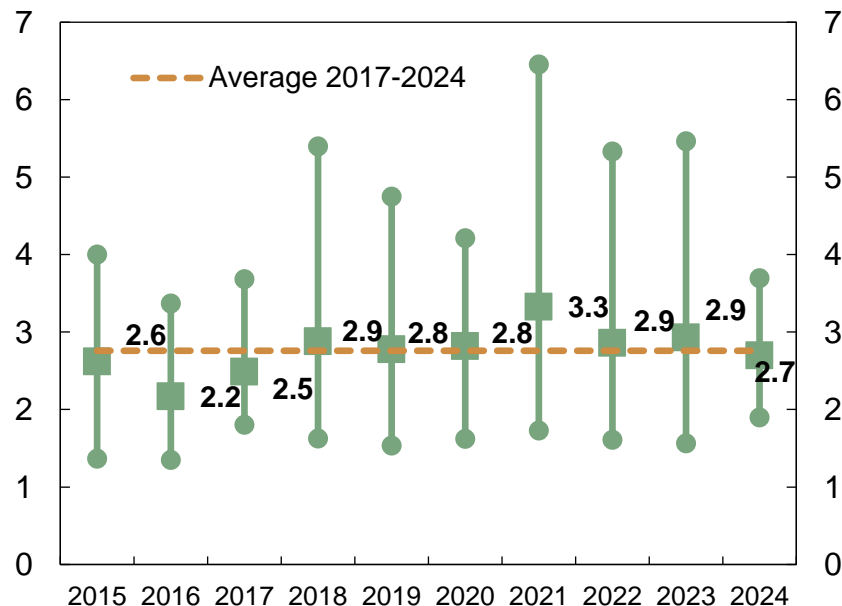
2014 – 2024



Sources: Primary dealers and Norges Bank

## Government bond auctions

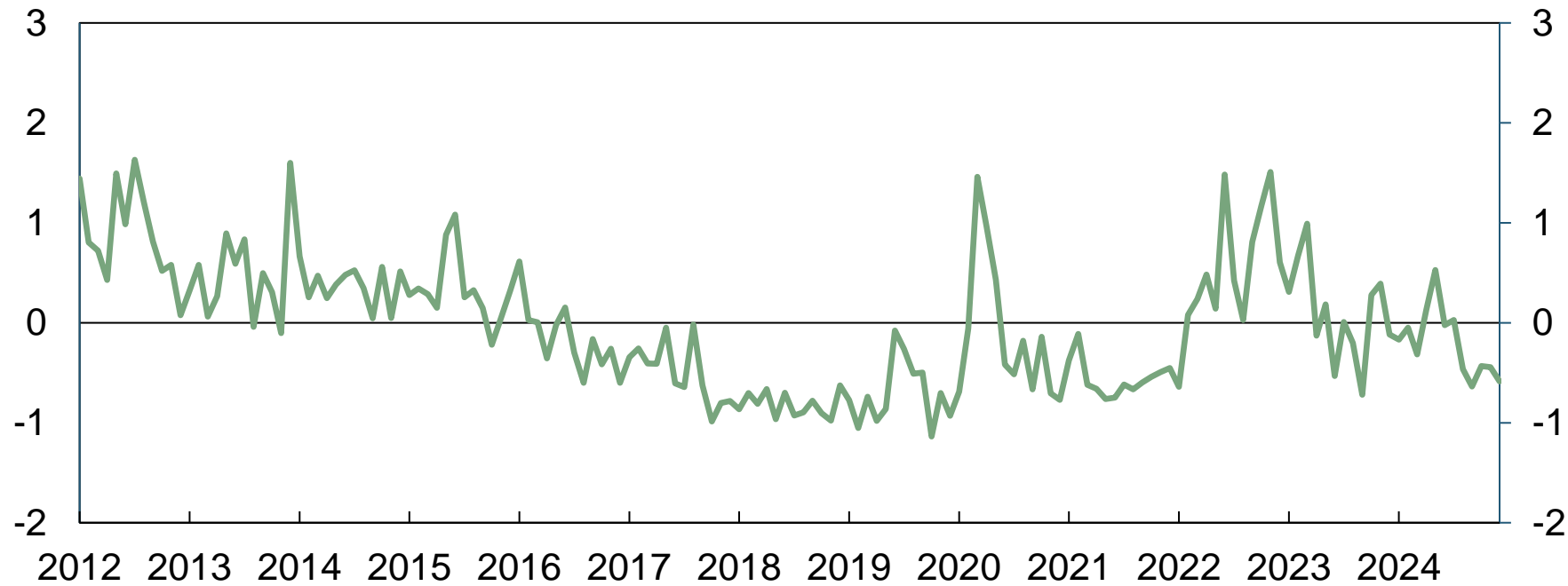
Bid-to-cover. 2015 – 2024



Source: Norges Bank

# Liquidity in the government bond market

Norges Bank Liquidity Index. 2012 – 2024



Sources: Oslo Børs, Bloomberg and Norges Bank

# Treasury bills

# Management of Treasury bills

## Framework

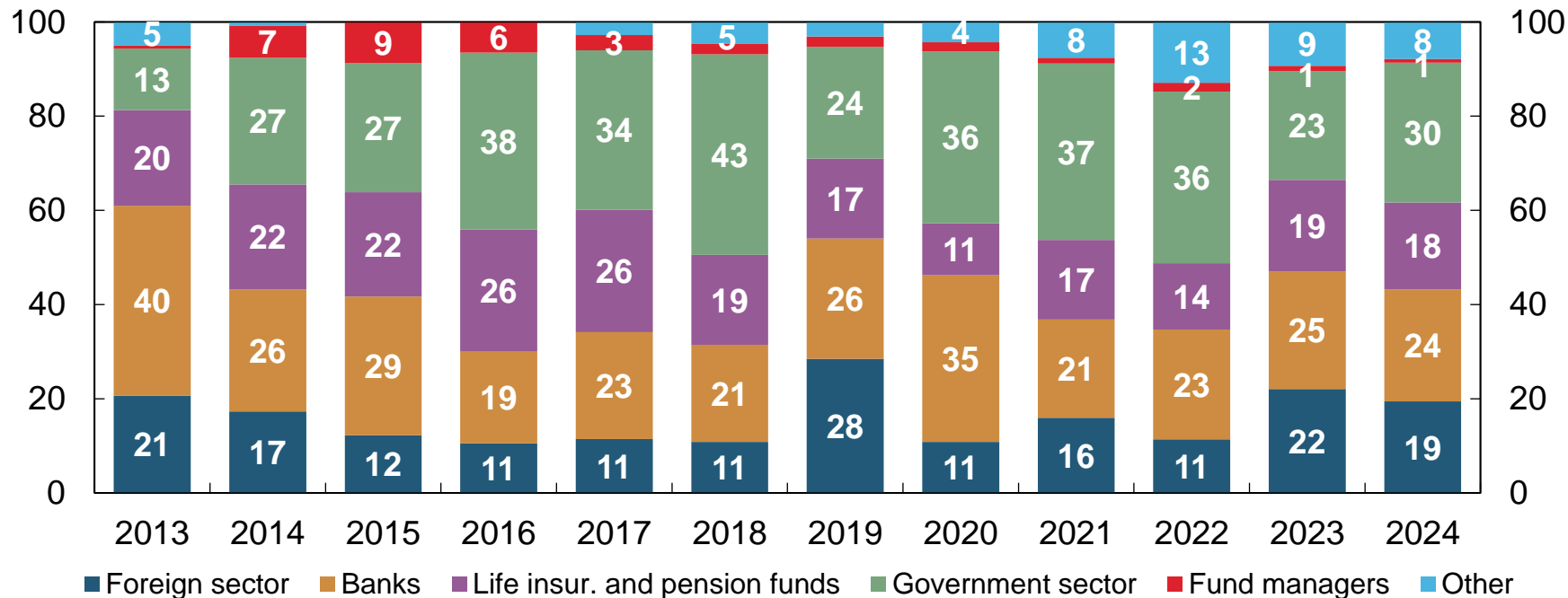
- Uniform price auctions
- Listed on Oslo Børs (Oslo Stock Exchange)
- Primary dealer arrangement
- Four outstanding bills at any given time
- A new 12-month zero coupon bill issued on every IMM date
- Reopenings of existing bills between IMM dates

## Strategy for 2025

- Issue 6bn NOK when introducing new bills on every IMM date
- Issue 2bn NOK in all other auctions
- Total issuance volume 52 bn NOK
- 18 auctions

# Ownership shares by investor group in Treasury bills

Percent. End of year. 2013 –2024



Source: Euronext VPS and Norges Bank



## General information

- Mandate
- Terms and conditions
- Sale methods
- Auction results

## Statistics

- Borrowing programme
- Auction calendar
- Quarterly report
- Analyses

## Publications

- Key indicators (quarterly)
- Daily and monthly data on yields
- Monthly turnover data

## Contact information

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[www.norges-bank.no](http://www.norges-bank.no)

Norges Bank

[www.newsweb.no](http://www.newsweb.no)

NewsWeb

[www.finansdepartementet.no](http://www.finansdepartementet.no)

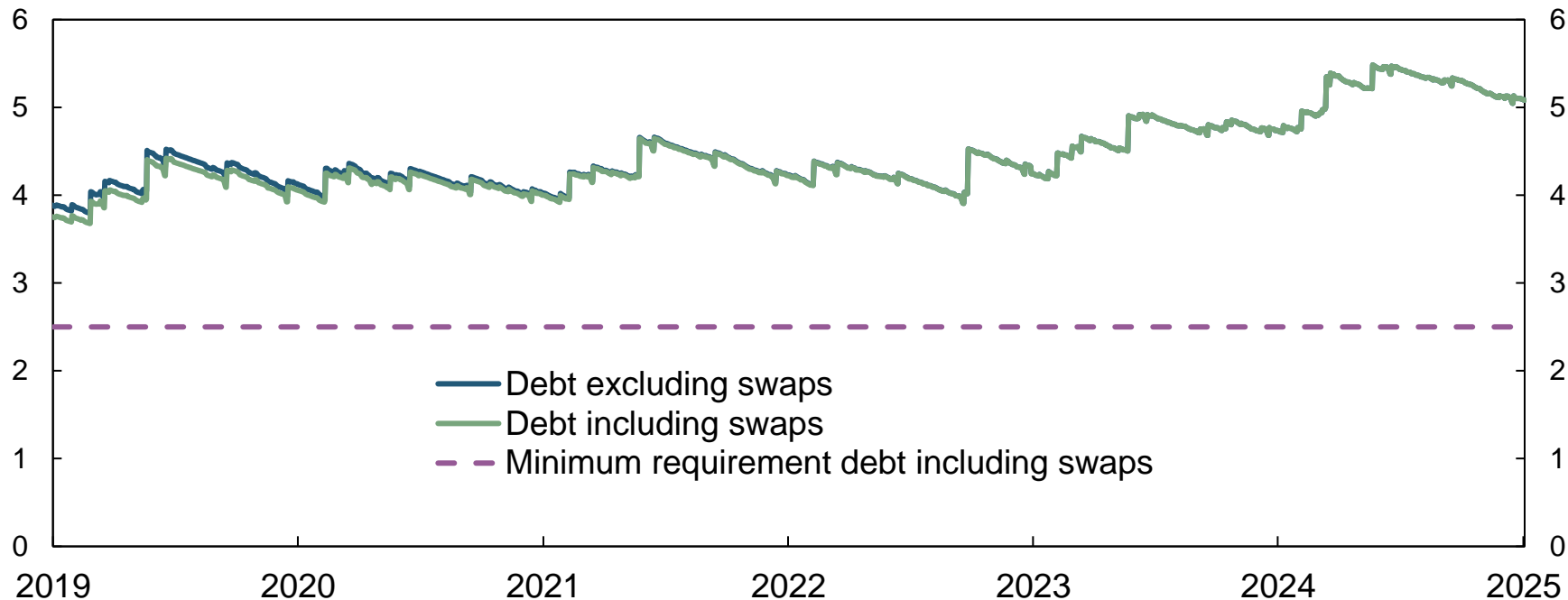
Ministry of Finance



# Appendix

# Average time to refixing

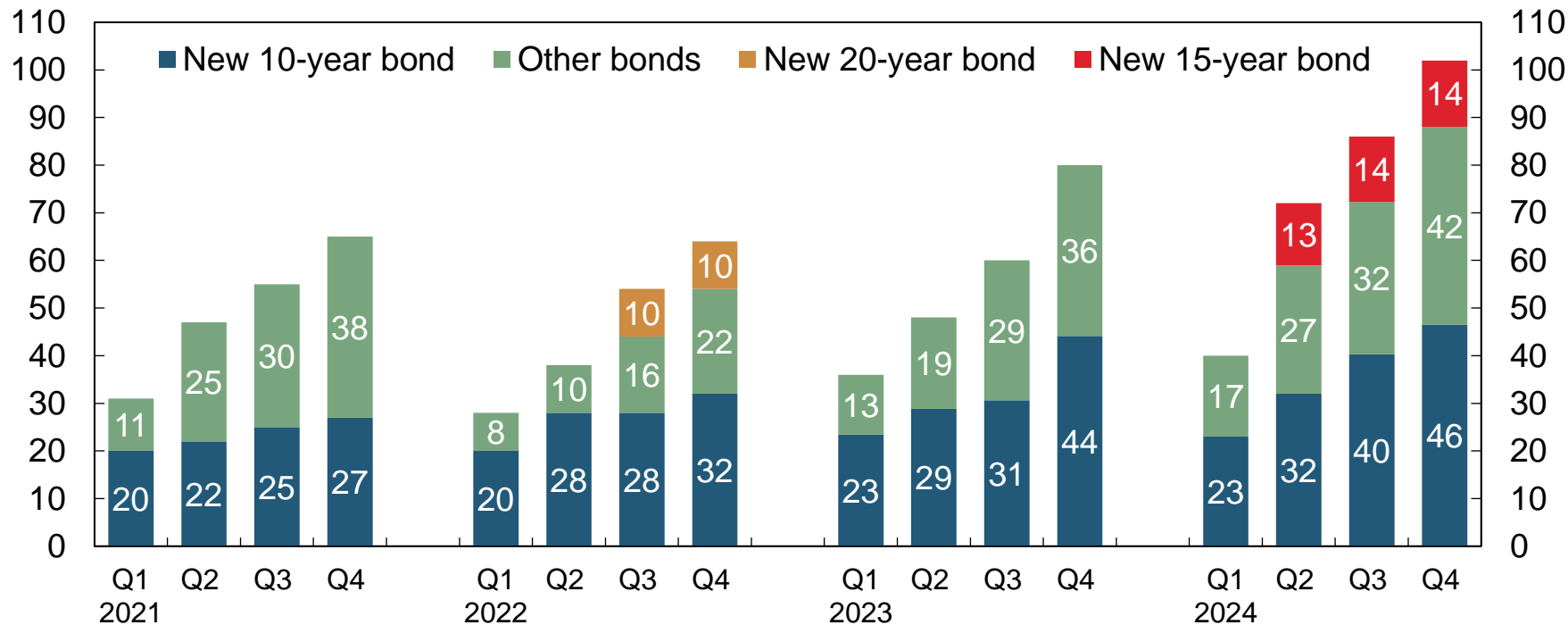
Years. January 2019 – January 2025



Source: Norges Bank

# Issuance volume of new bonds

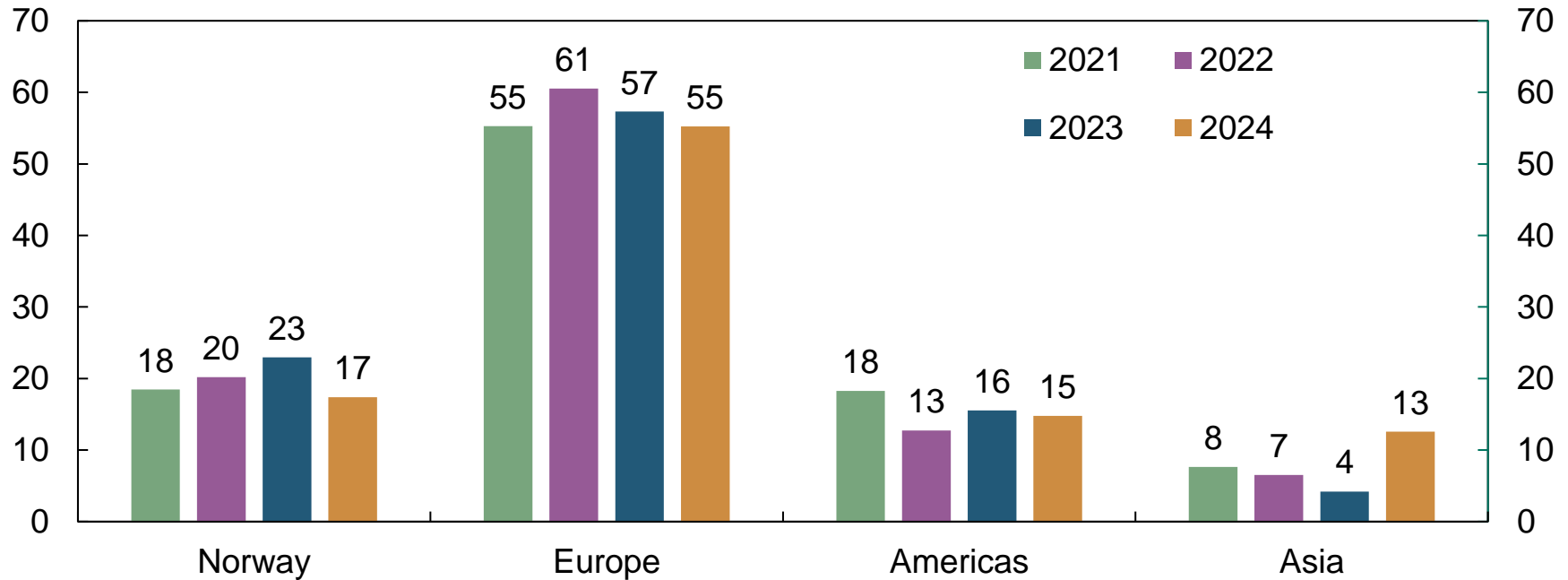
Cumulative. In billions of NOK. 2020 – 2024



Source: Norges Bank

# Turnover in the secondary market by region

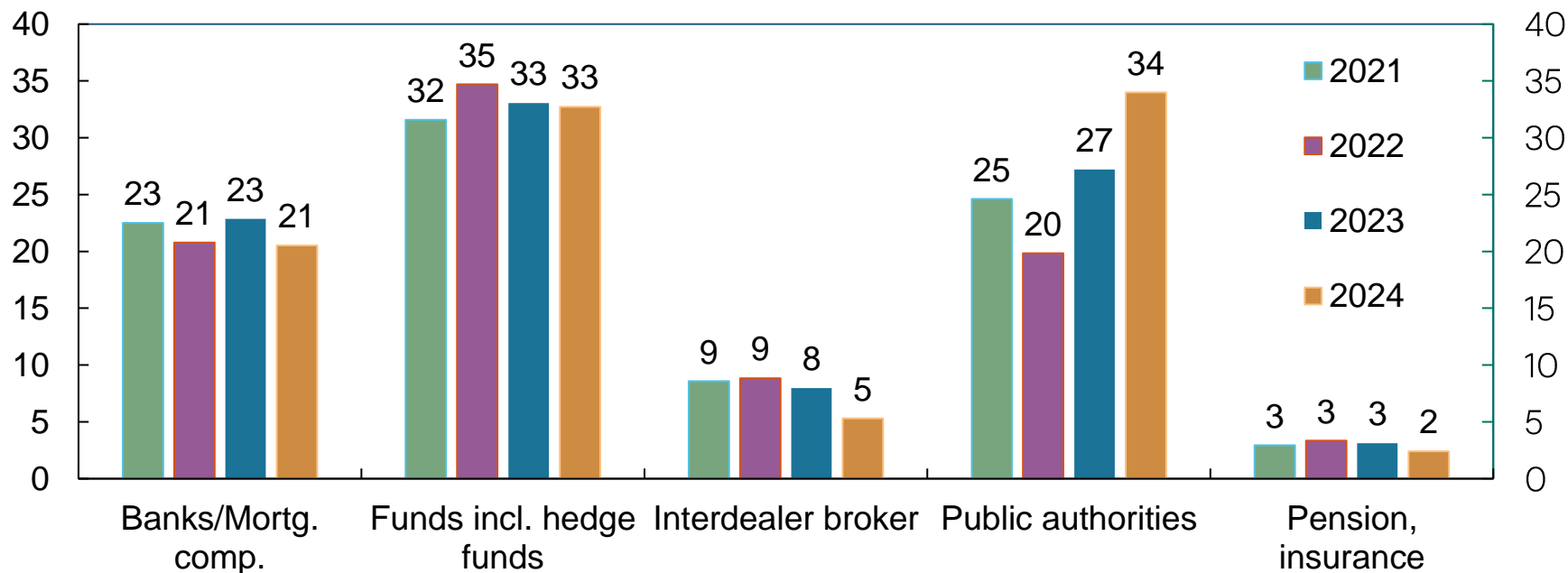
Government bonds. Percent. 2020 – 2024



Sources: Primary dealers and Norges Bank

# Turnover in the secondary market by investor type

Government bonds. Percent. 2020 – 2024



Sources: Primary dealers and Norges Bank

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# Norwegian Government Debt

January 2024