



Norwegian Government Debt

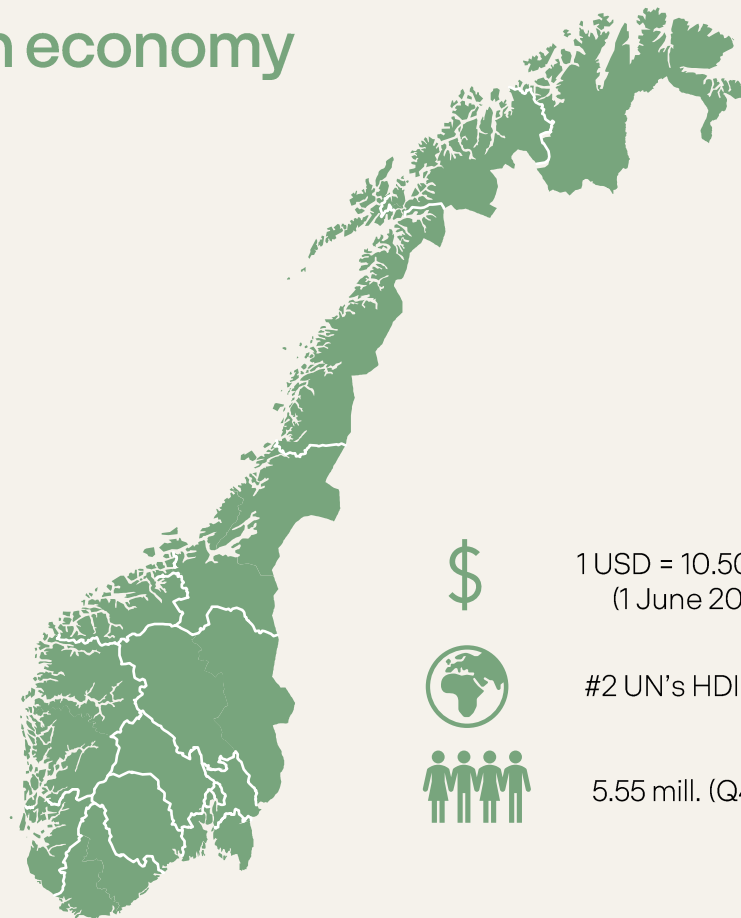
June 2024

Kingdom of Norway

An introduction to the Norwegian economy

	2023	2024 (proj.)	2025 (proj.)
GDP growth (Mainland Norway)	1.1%	0.5%	1.2%
Household consumption growth	-0.5%	1.0%	2.1%
Unemployment rate (registered)	1.8%	2.0%	2.2%
Annual wage growth	5.2%	4.9%	4.3%
Core inflation (CPI-ATE)	6.2%	4.1%	3.2%
Key policy rate	4.50% (eoy)	4.29% (avg. Q4)	3.66% (avg. Q4)

Source: Norges Bank Monetary Policy Report 1/2024



1 USD = 10.50 NOK
(1 June 2024)



#2 UN's HDI (2022)



5.55 mill. (Q4 2023)

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

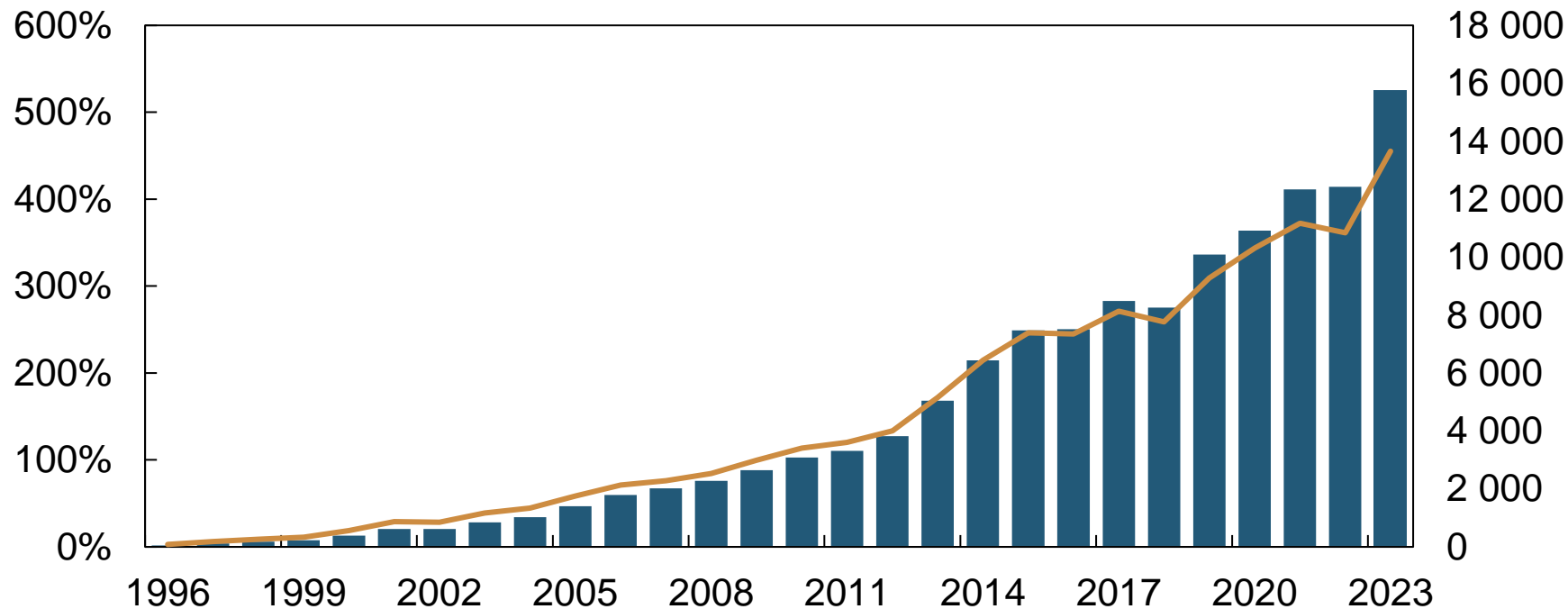
* Unsolicited rating

Fiscal rule

- Fiscal policy shall be geared towards a gradual and sustainable increase in petroleum revenue spending
- Over time, the structural, non-oil budget deficit shall correspond to the real return on the Government Pension Fund Global (GPFGlobal), estimated at 3% (until 2017 estimated at 4%)
- This rule should not be applied mechanically, however, and considerable emphasis should be placed on stabilising economic fluctuations
- In the Revised National Budget for 2024, the structural, non-oil deficit is estimated to be 2.7% of the value of the GPFGlobal in 2024

A solid fiscal position

Market value of the GPFG in billions of NOK and as share of Mainland GDP. 1996 – 2023



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

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 bond market

- 534 billion NOK outstanding (June 2024)
- Issued a new 10-year bond every year since 2014
- New bonds issued through syndication
- Reopenings using mainly auction (uniform price)

Government securities

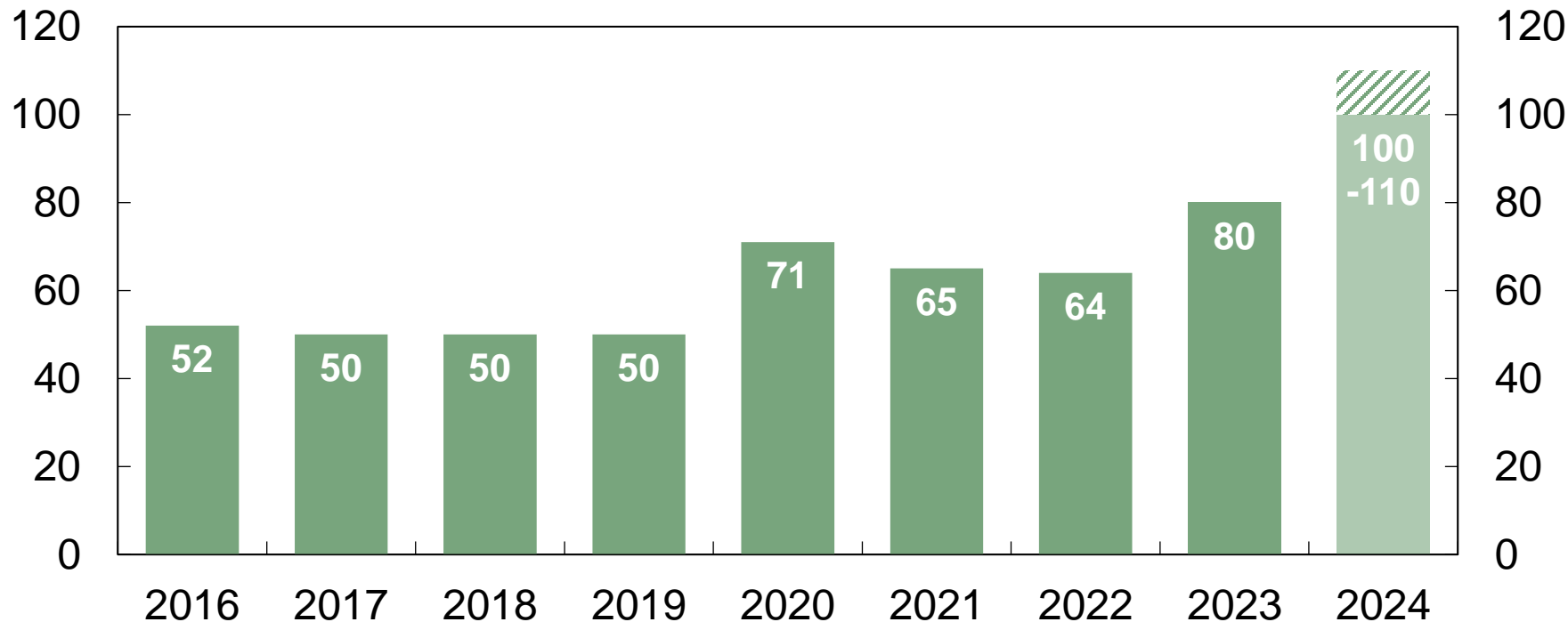
- Bills and bonds
- Issuance in NOK only
- Annual borrowing programme with auction calendar

Primary dealer arrangement

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

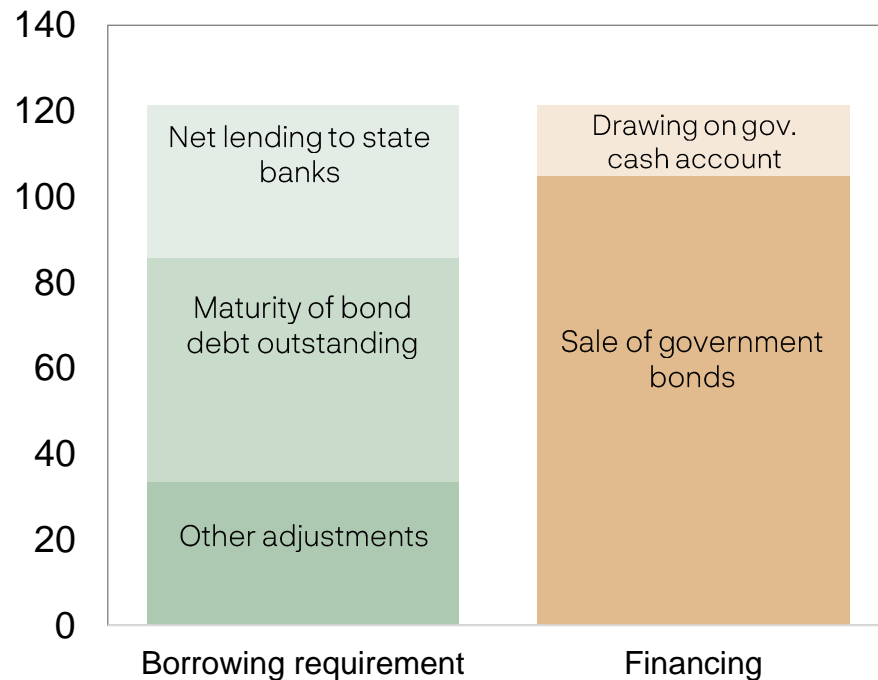
Issuance of government bonds

Issued to the market 2016 to 2023. Planned volume for 2024. In billions of NOK



Borrowing requirement in 2024

- Planned borrowing is based on the government's estimated borrowing requirement in the central government budget for 2024
- Refinancing of maturing bond debt is the largest component behind the borrowing requirement
- Other adjustments is mainly borrowing to ensure the budgeted transfer from Norges Bank to the government is liquidity-neutral



The strategy for 2024 in brief

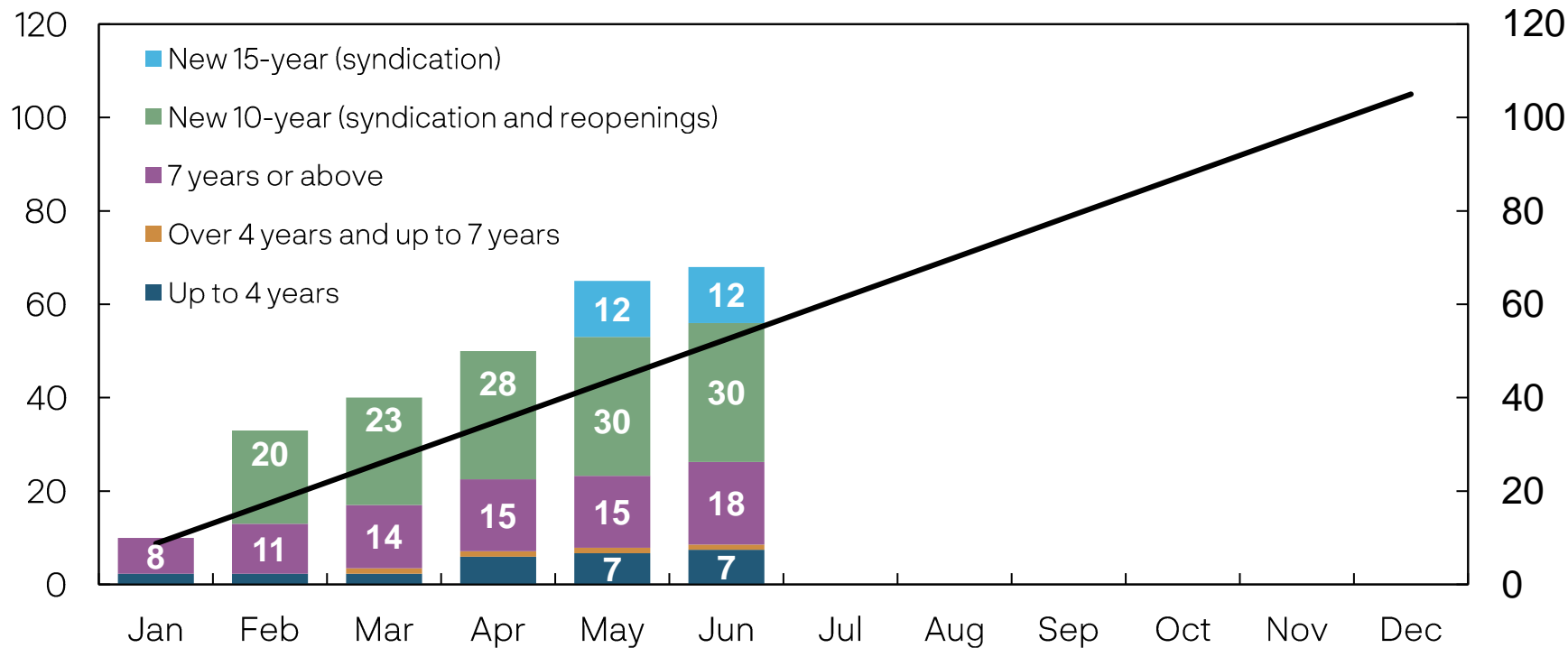
Published 15 December 2023

Government Debt Management will

- Issue government bonds worth NOK 100-110bn
- Issue a new 10-year bond in February through syndication
- Issue a new 15-year bond in May or June through syndication
- Reopen an existing bond in the second half of 2024 through syndication
- Offer to buy back bonds maturing in March 2024 and March 2025
- Consider entering into new interest rate swaps if term premiums remain positive over time and if otherwise warranted by circumstances

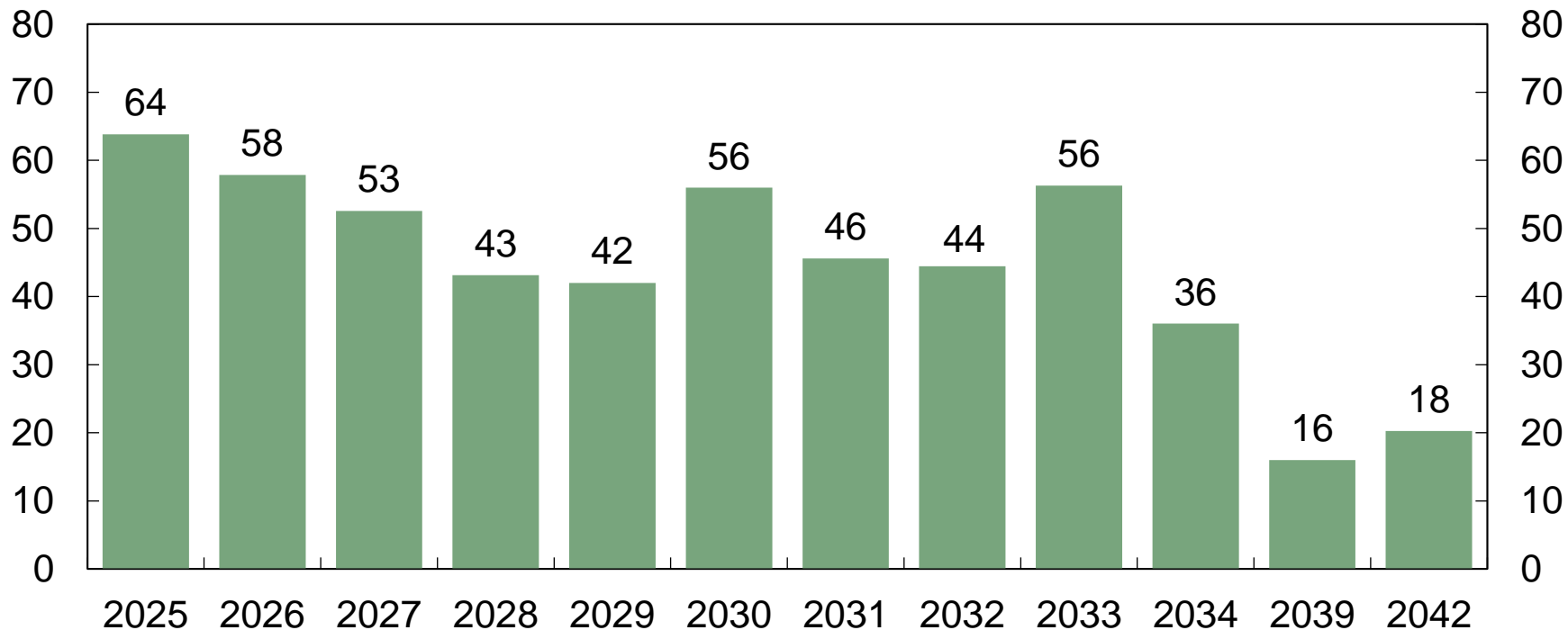
Bond issuance split by maturity in 2024

In billions of NOK



Maturity profile of government bonds

Principal. Including government's holdings. In billions of NOK. By June 2024



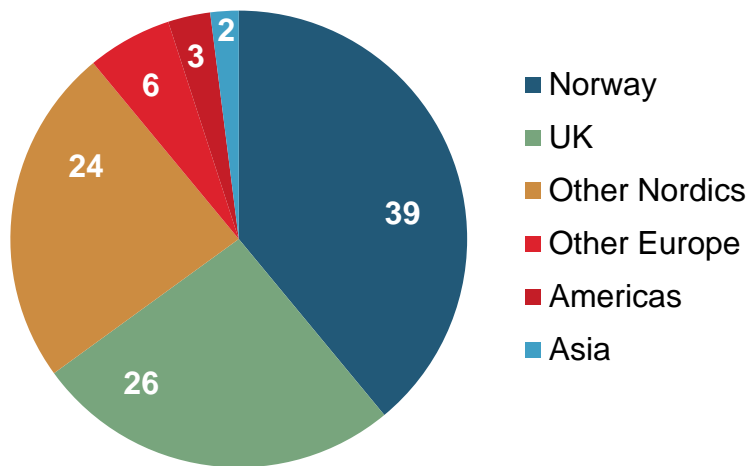
Syndications

New 10-year government bond issued in February 2024

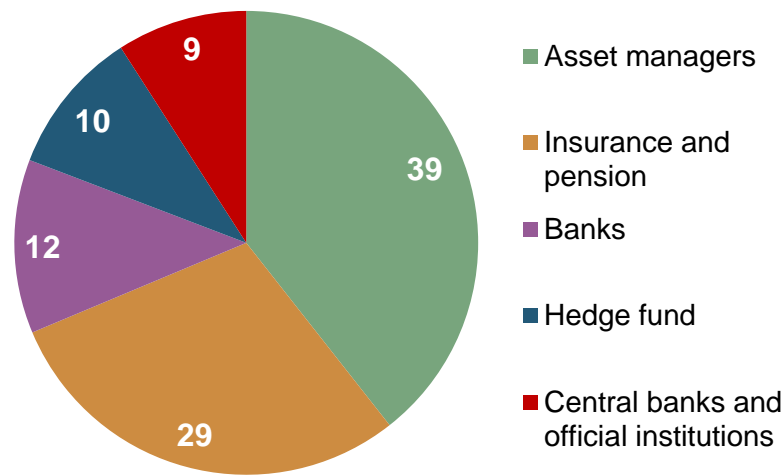
- The Kingdom of Norway issued NOK 20bn to the market of a new bond maturing on 13 April 2034
- The bond attracted an order book in excess of NOK 120bn (excluding Joint Lead Managers) from close to 70 investors
- Joint bookrunners were Danske Bank, DNB Markets, Nordea and SEB
- NGB 04/2034 was priced 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



Allocation by investor type. Percent

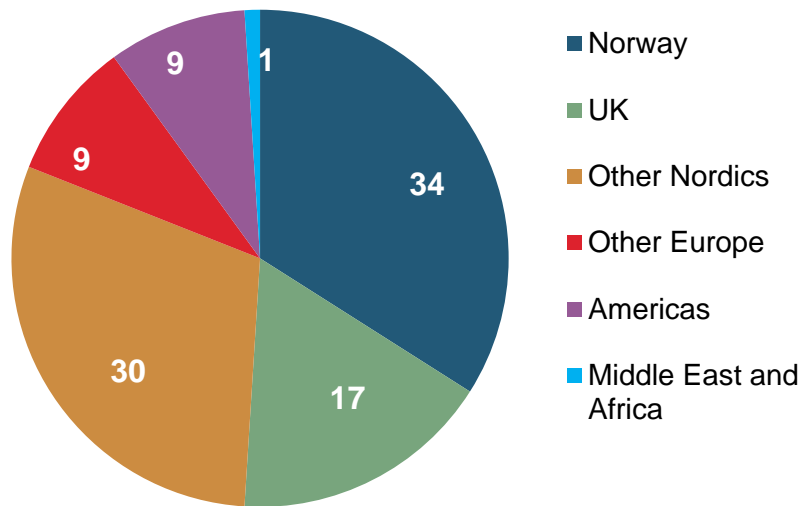


New 15-year government bond issued in May 2024

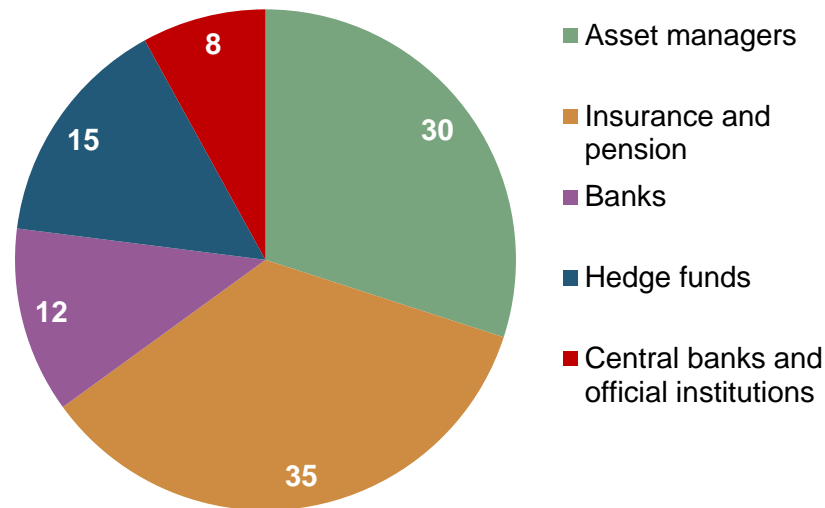
- The Kingdom of Norway issued NOK 12bn to the market of a new bond maturing on 31 May 2039
- The bond attracted an order book in excess of NOK 80bn (excluding Joint Lead Managers) from more than 70 investors
- Joint bookrunners were Danske Bank, DNB Markets, Nordea and SEB
- NGB 05/2039 was priced at 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

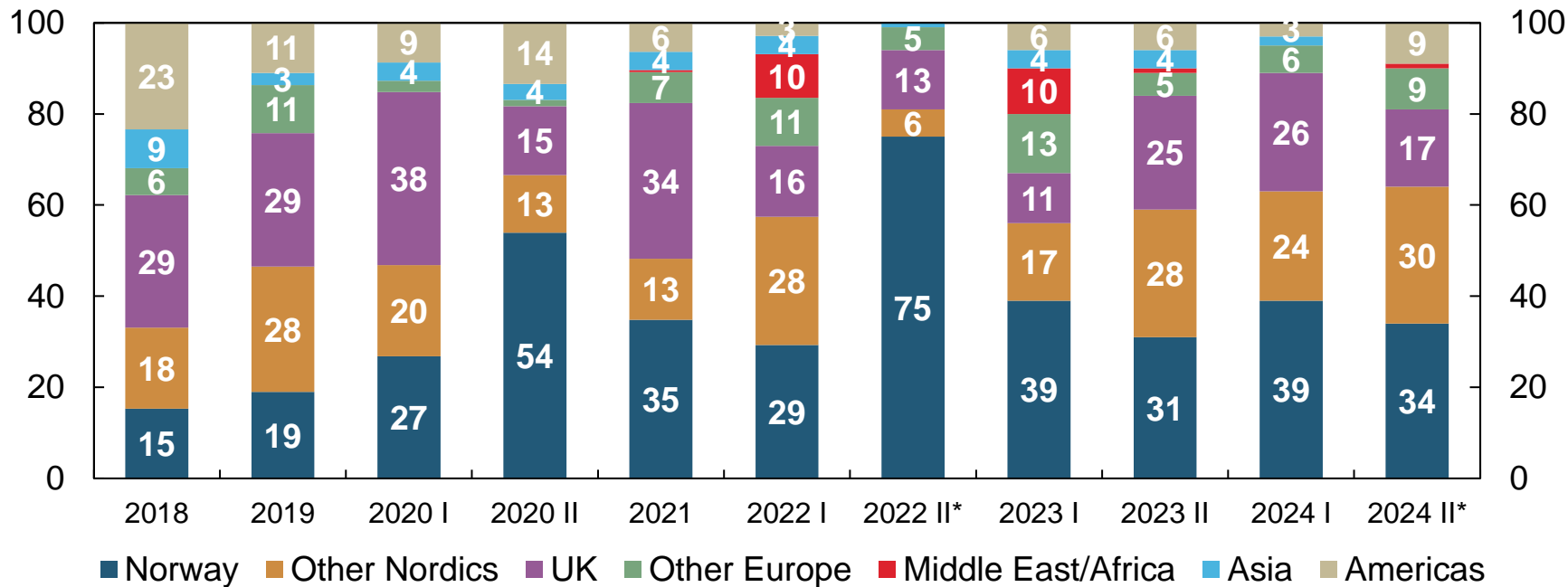


Allocation by investor type. Percent



Allocation by region in syndications

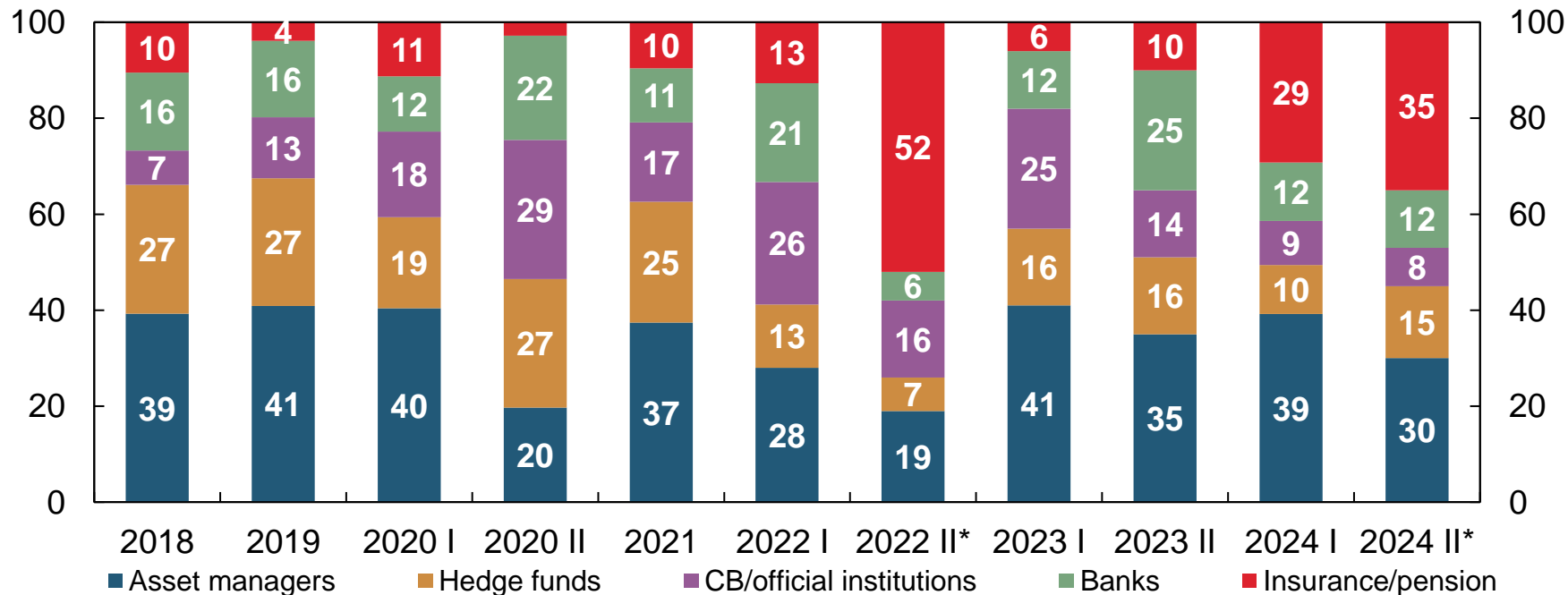
Percentage of total volume allocated. 2018-2024



*2022 II and 2024 II are new 20-year and new 15-year, respectively.

Allocation by investor type in syndications

Percentage of total volume allocated. 2018-2024

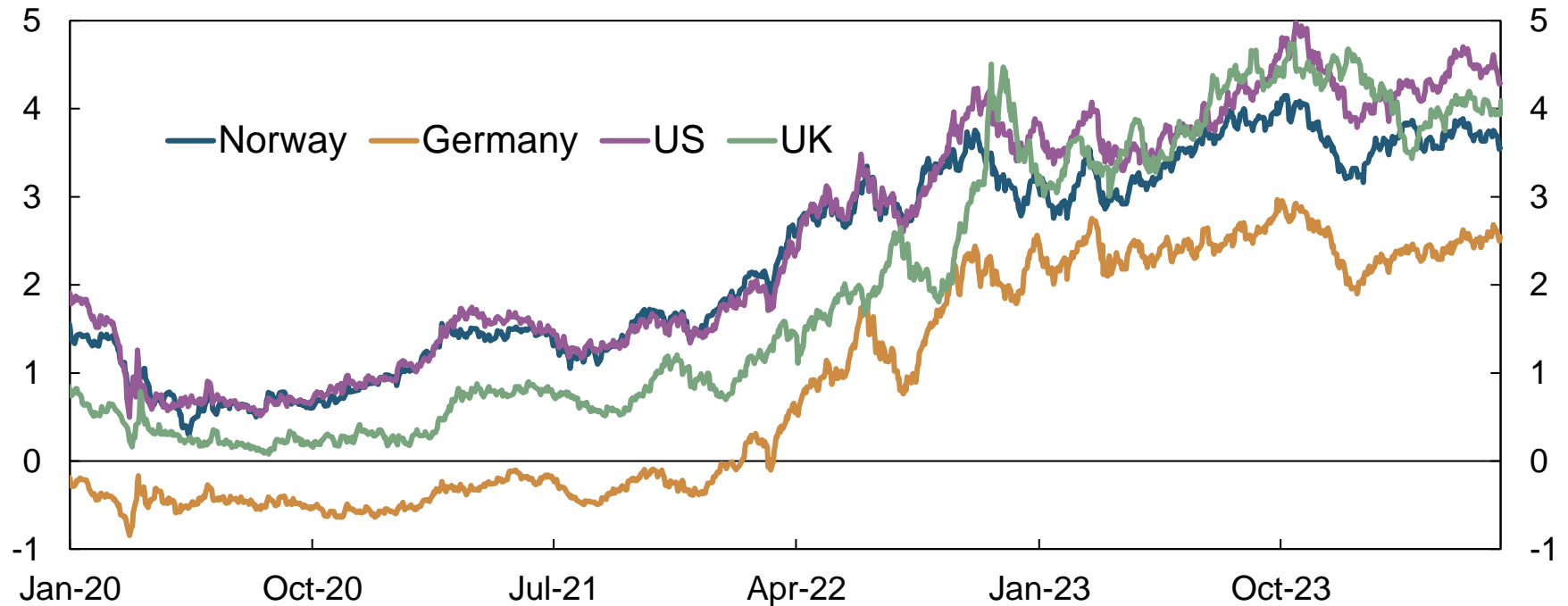


*2022 II and 2024 II are new 20-year and new 15-year, respectively.

Overview of the NGB market

10-year yields in selected countries

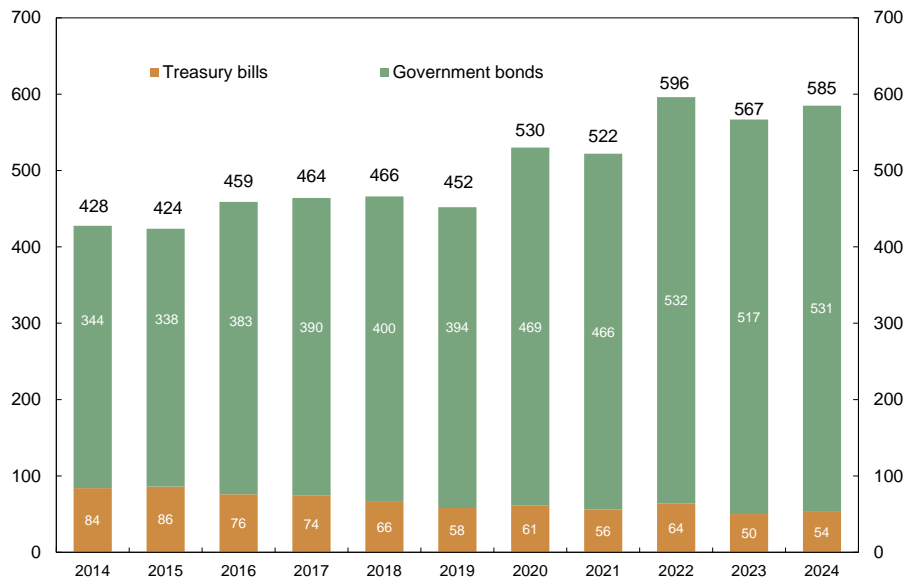
Percent. 2 January 2020 – 6 June 2024



Government bonds and T-bills outstanding

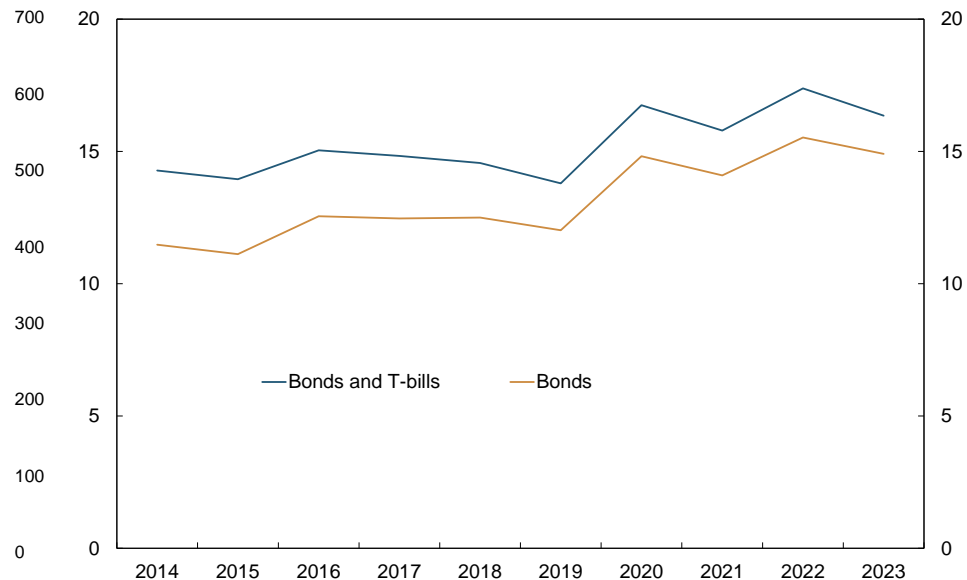
Outstanding volume

In billions of NOK. 2014 – June 2024



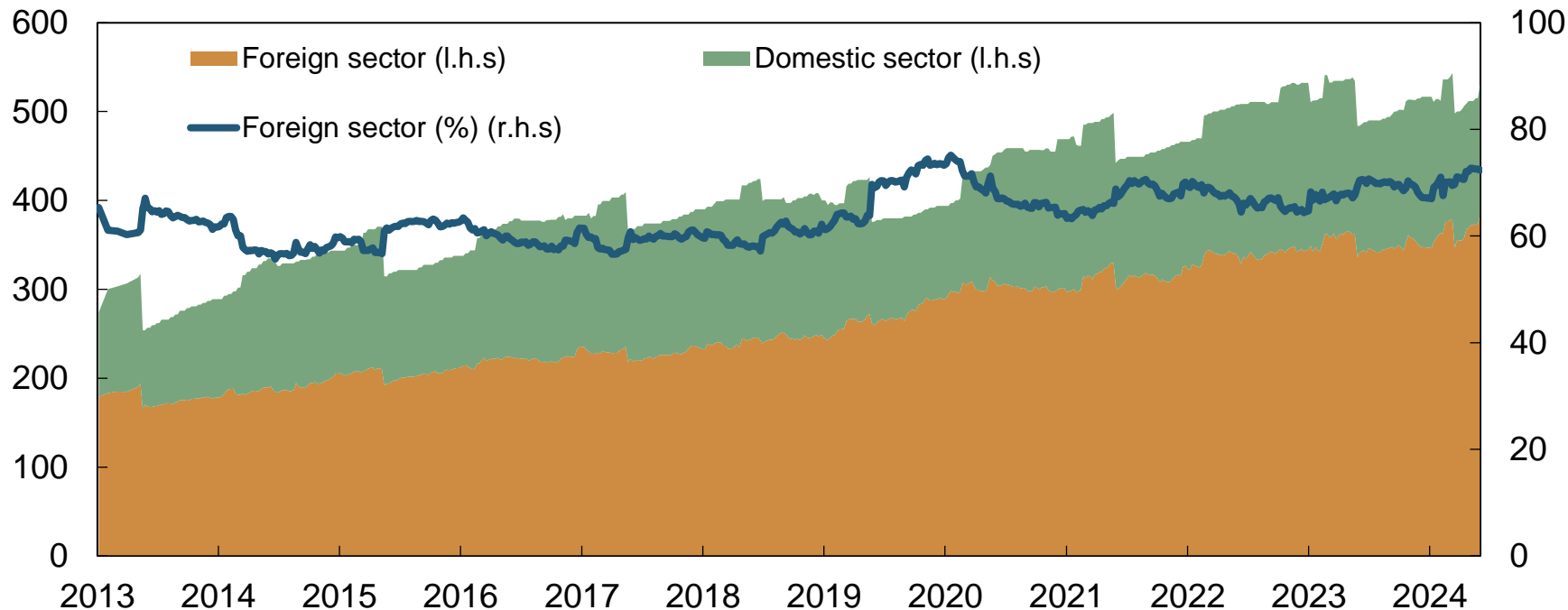
Outstanding volume

As a percentage of Mainland GDP. 2014 – June 2024



Foreign and domestic ownership of government bonds

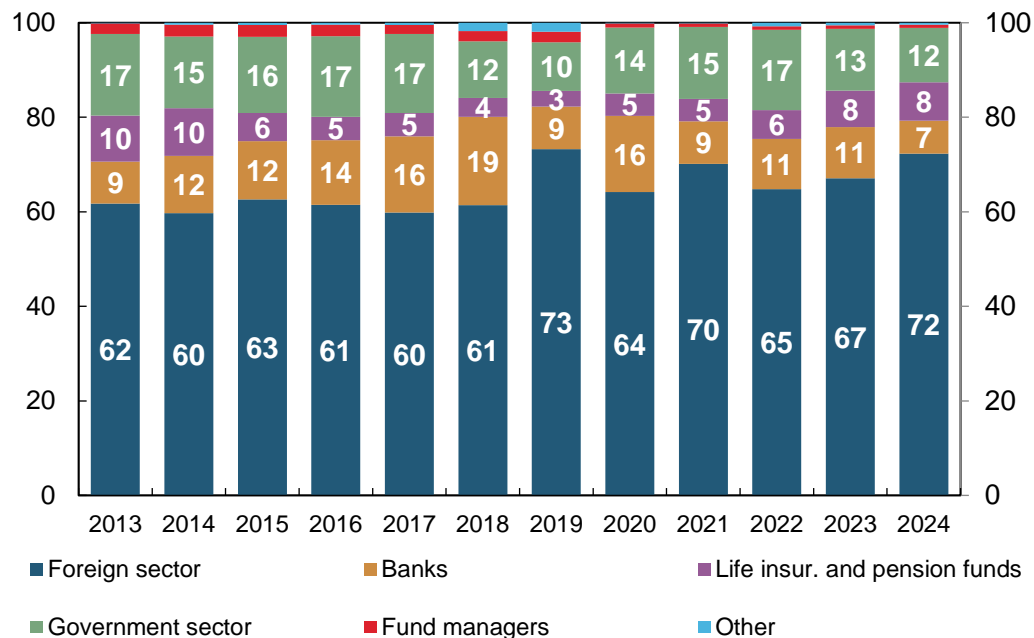
In billions of NOK and as a percentage of total outstanding volume. 2013 – June 2024



Ownership shares for government bonds

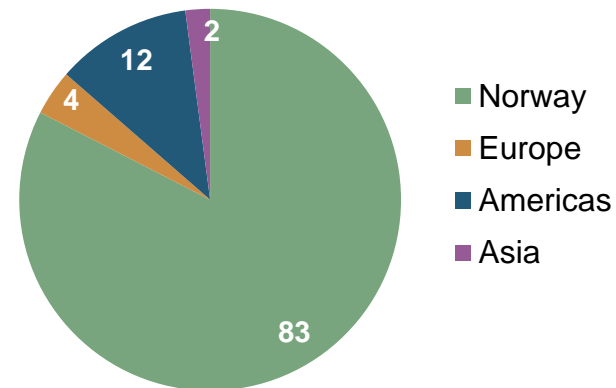
Ownership shares by investor group

Percent. 2013 – June 2024



Allocation in auctions

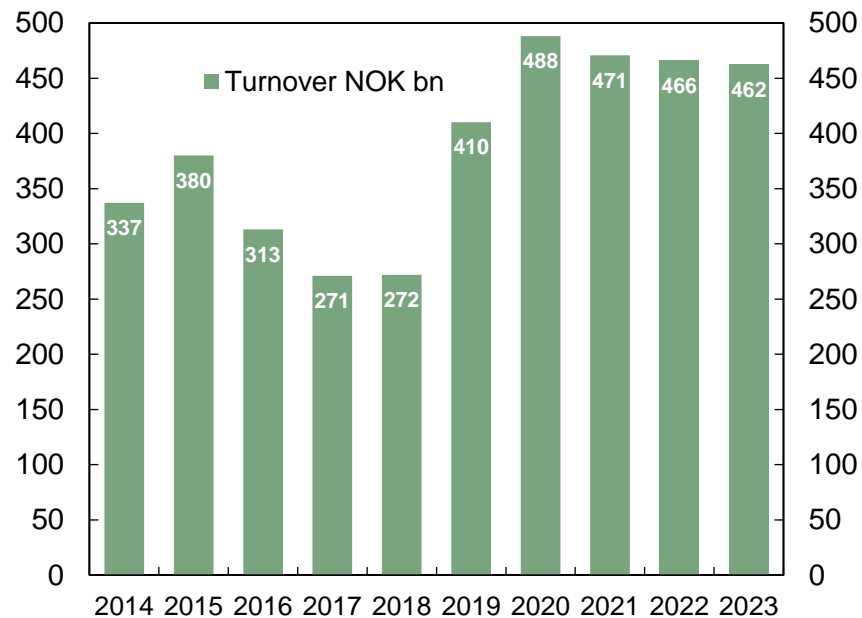
By region in 2023. Percent



Liquidity in the government bond market

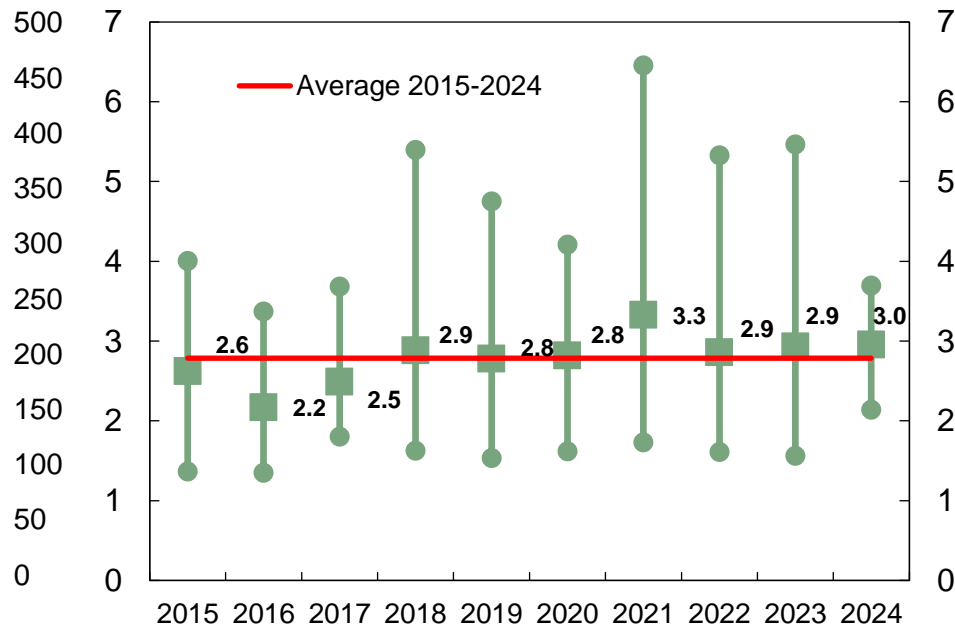
Turnover of Norwegian government bonds

2014 - 2023



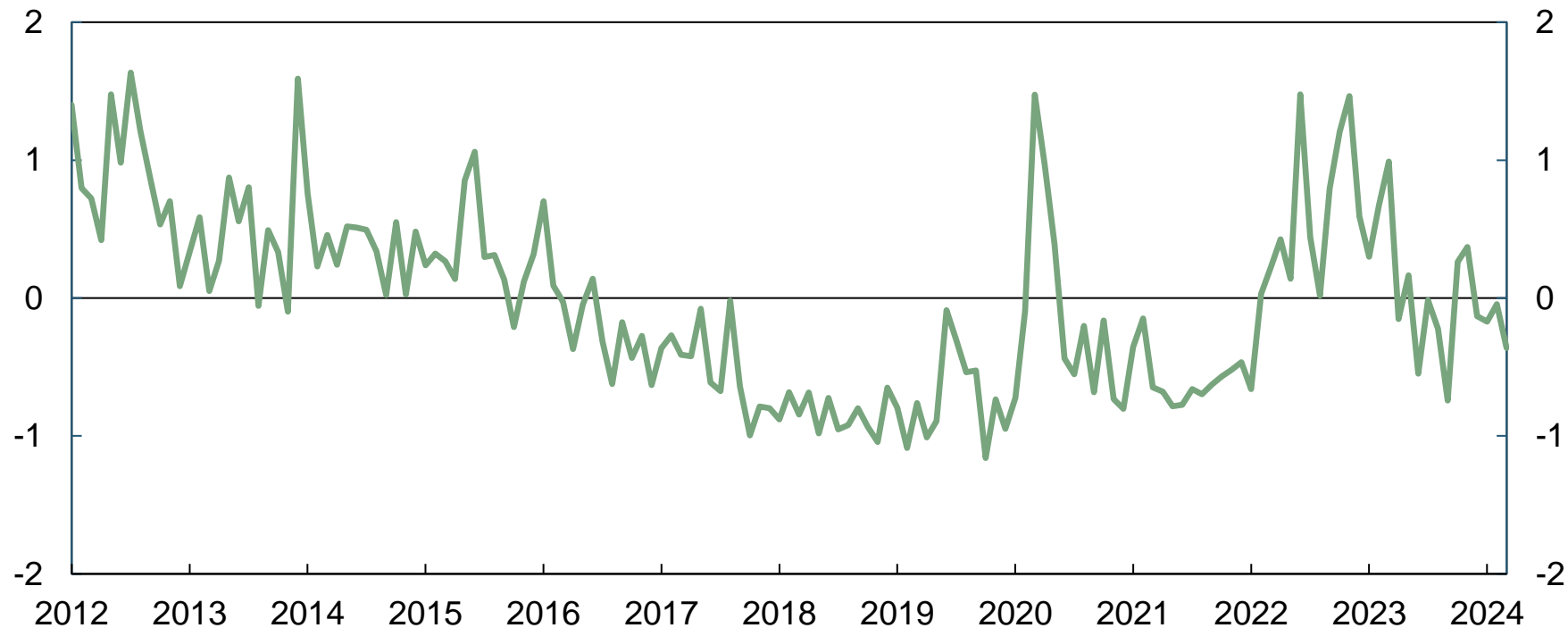
Government bond auctions

Bid-to-cover. 2015 - 2024 Q1



Liquidity in the government bond market

Norges Bank Liquidity Index. 2012 – April 2024



Treasury bills

Management of Treasury bills

Framework

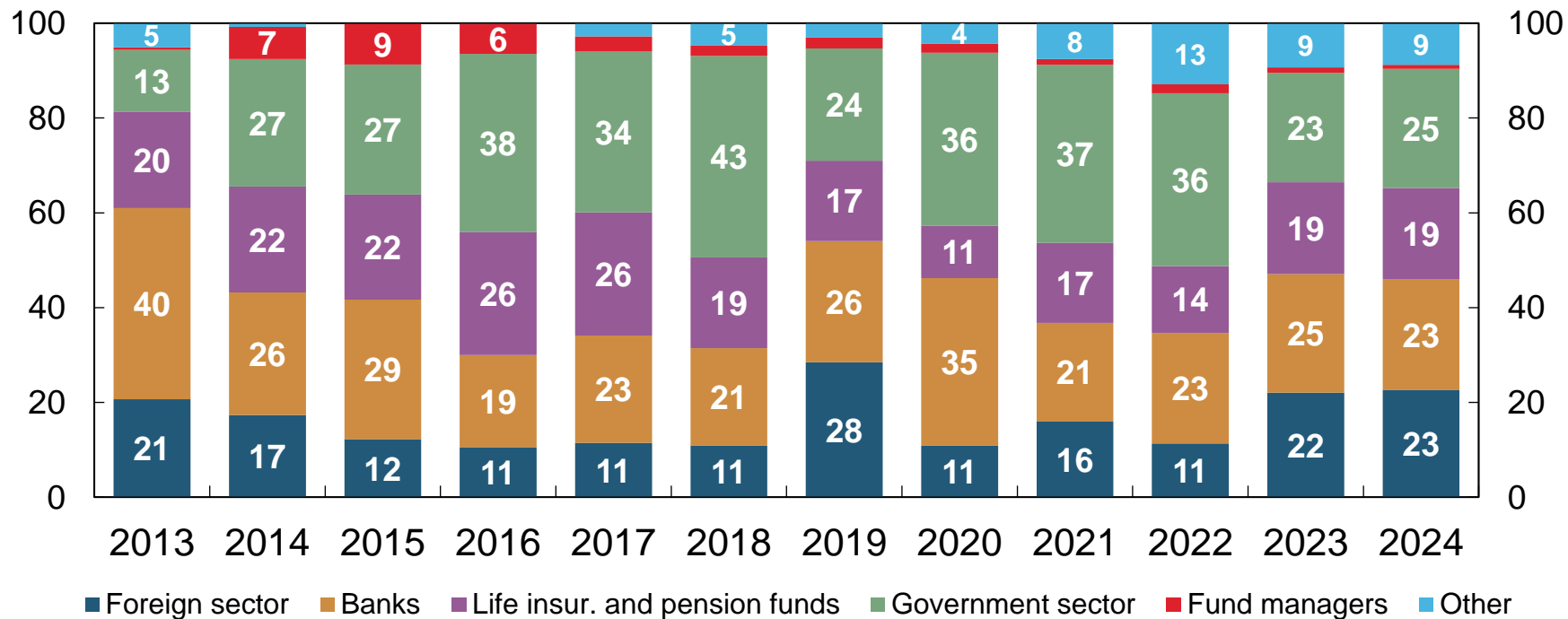
- Uniform price auctions
- Listed on Oslo Børs (Oslo Stock Exchange)
- Primary dealer arrangement
- Four outstanding bills at any given time
- A new 12-month zero coupon bill issued on every IMM date
- Reopenings of existing bills between IMM dates

Strategy for 2024

- 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 – June 2024



General information

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

Statistics

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

Publications

- Borrowing programme
- Auction calendar
- Quarterly report
- Analyses

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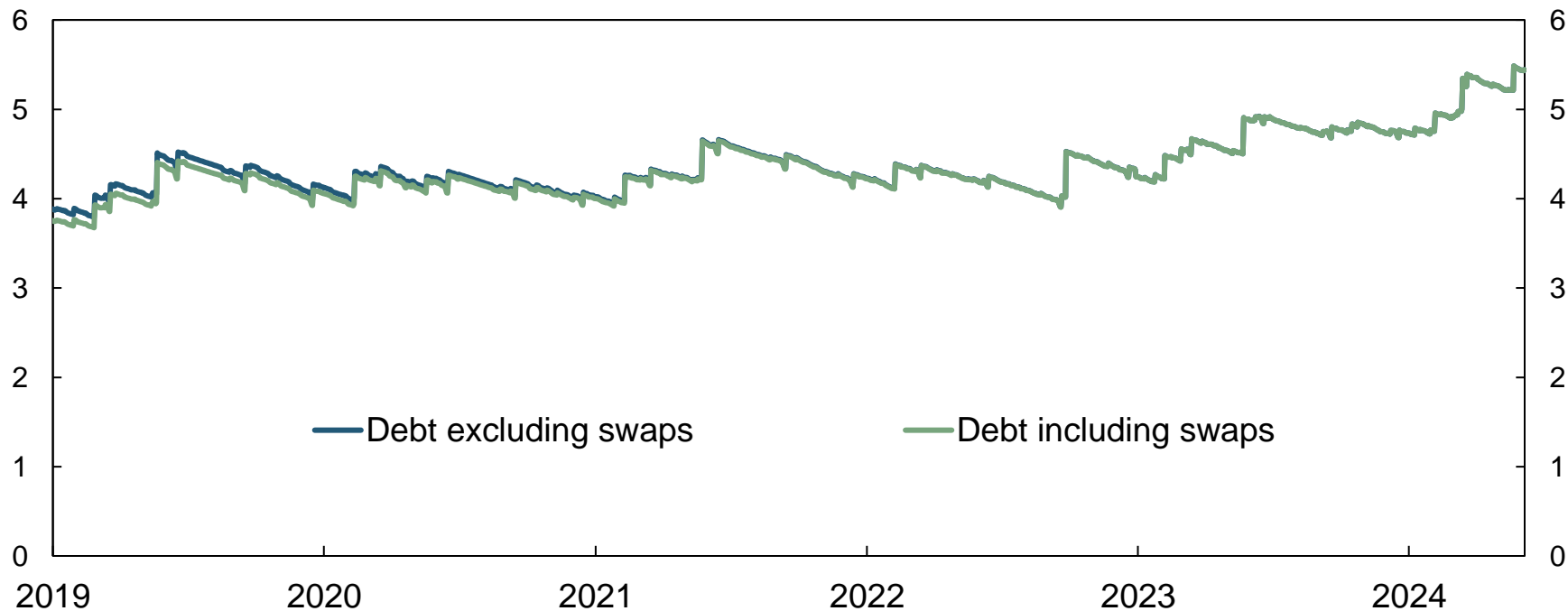
Ministry of Finance



Appendix

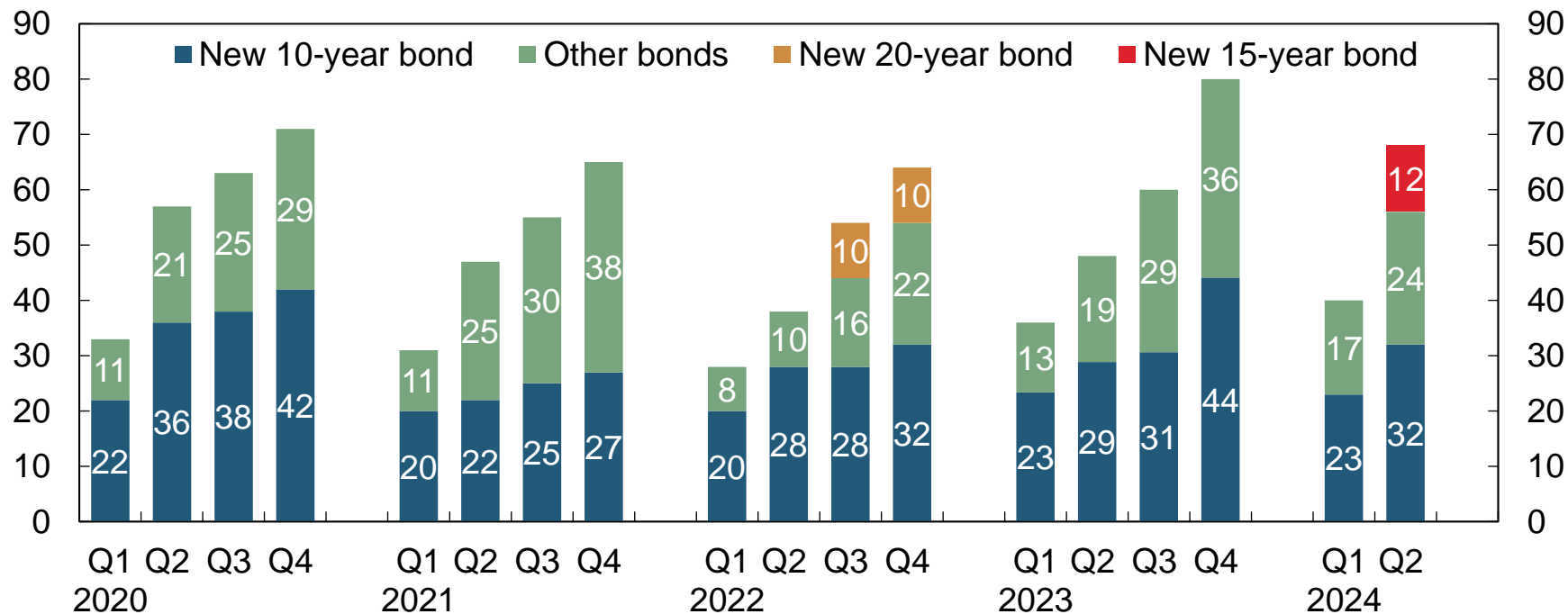
Average time to refixing

Years. 2019 – June 2024



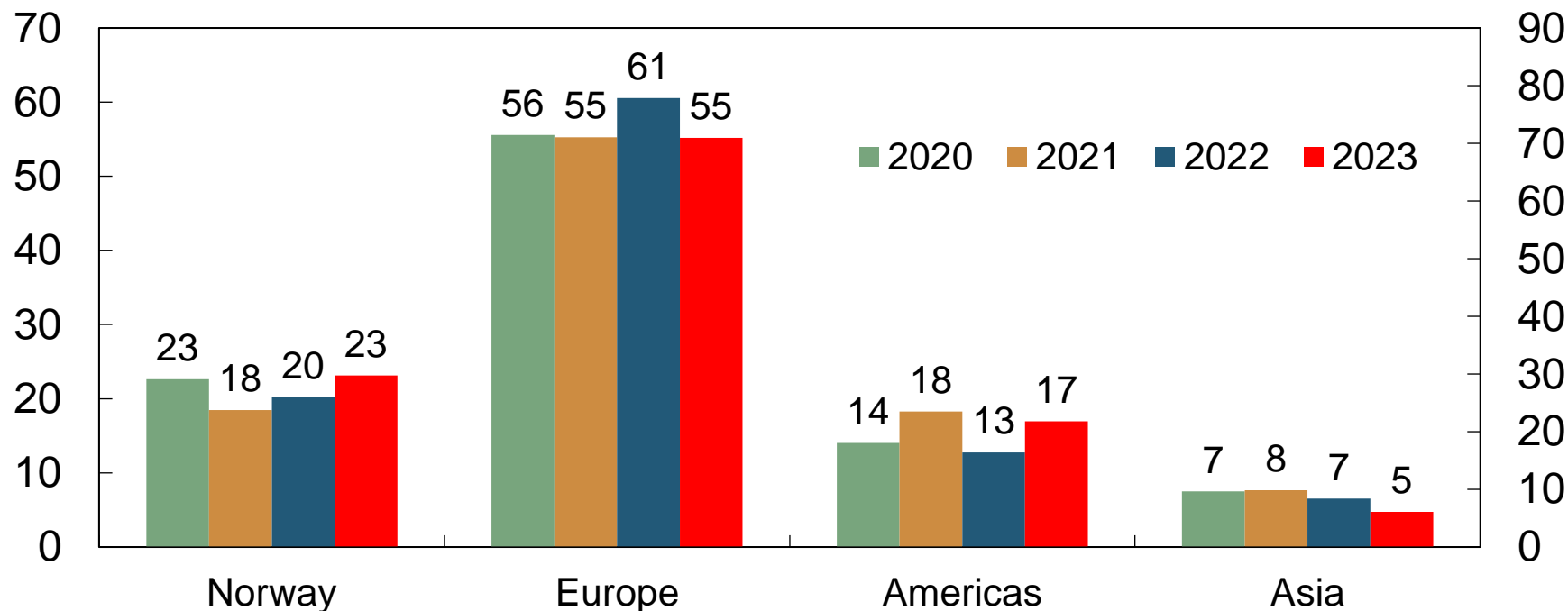
Issuance volume of new bonds

Cumulative. In billions of NOK. 2020 – 2024 Q2



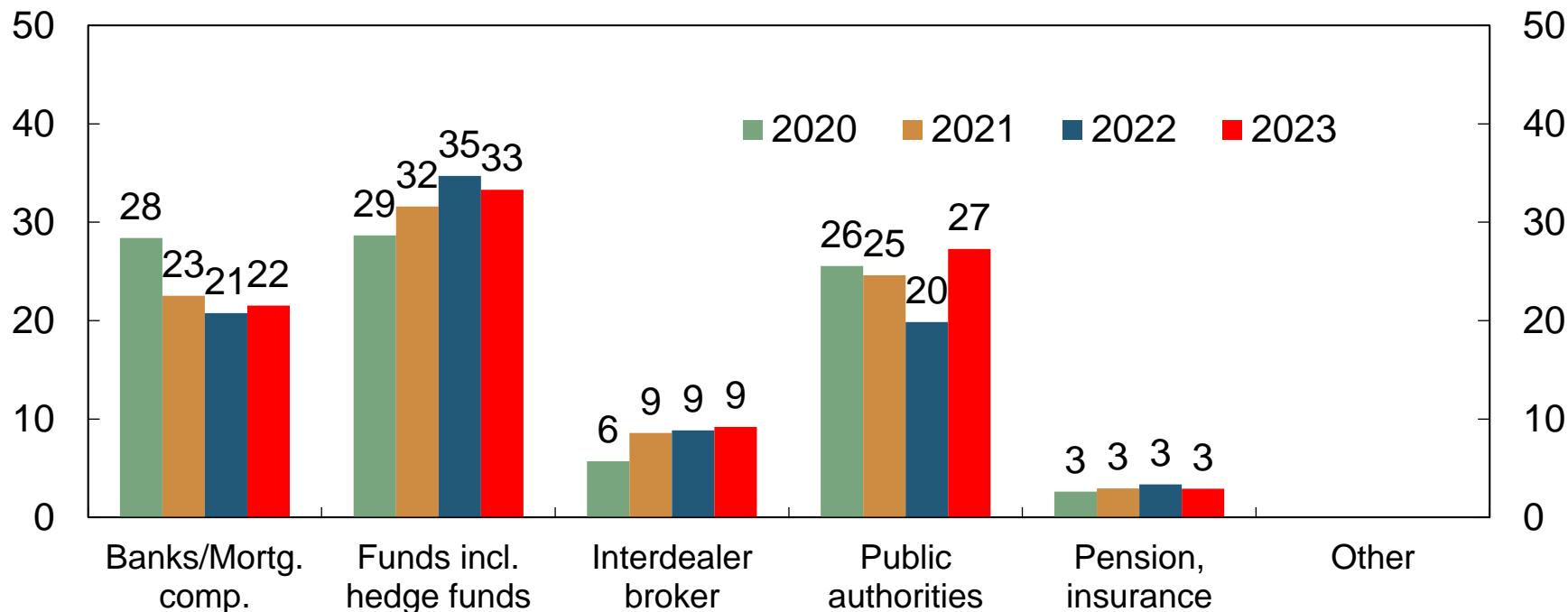
Turnover in the secondary market by region

Government bonds. Percent. 2020 - 2023



Turnover in the secondary market by investor type

Percent. End of year. 2020 – 2023



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