

# Government Pension Fund Global Annual report 2024





The Government Pension Fund Global is owned by the Norwegian people, represented by the Government and the Storting (Norwegian parliament). The Ministry of Finance holds the formal responsibility for the management of the fund. Norges Bank Investment Management carries out the operational management of the fund, within the management mandate stipulated by the Ministry.

Our mission is to safeguard and build financial wealth for future generations. The investment objective of the fund is to achieve the highest possible return after costs, given an acceptable level of risk. Within the scope of this objective, the fund shall be managed responsibly.

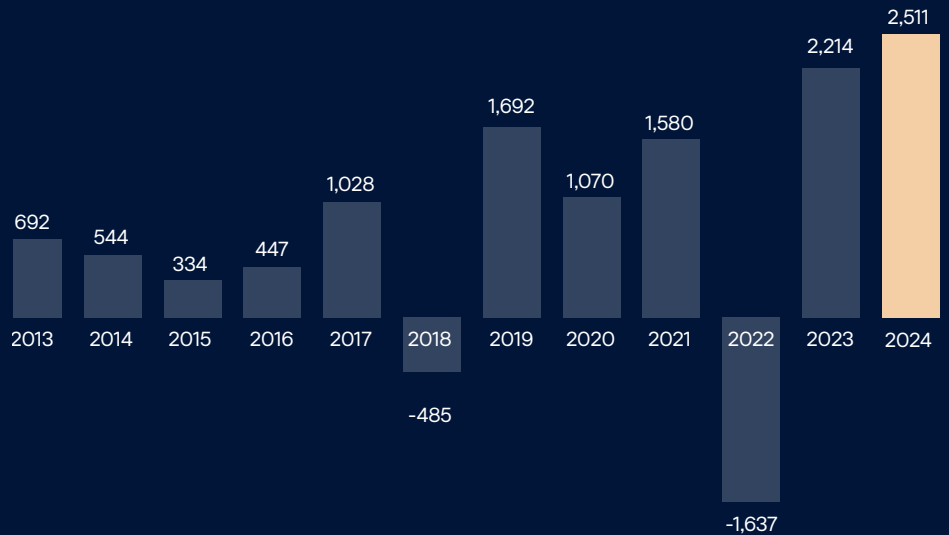
# Return

13.1%

return

-0.45

percentage point lower than  
the benchmark index



The Government Pension Fund Global returned 13.1 percent, or 2,515 billion kroner, in 2024. This was 0.45 percentage point, or 75 billion kroner, lower than the return on the benchmark index.

Equities

18.2%

return



Fixed income

1.3%

return



Unlisted  
real estate

-0.6%

return



Unlisted renewable  
energy infrastructure

-9.8%

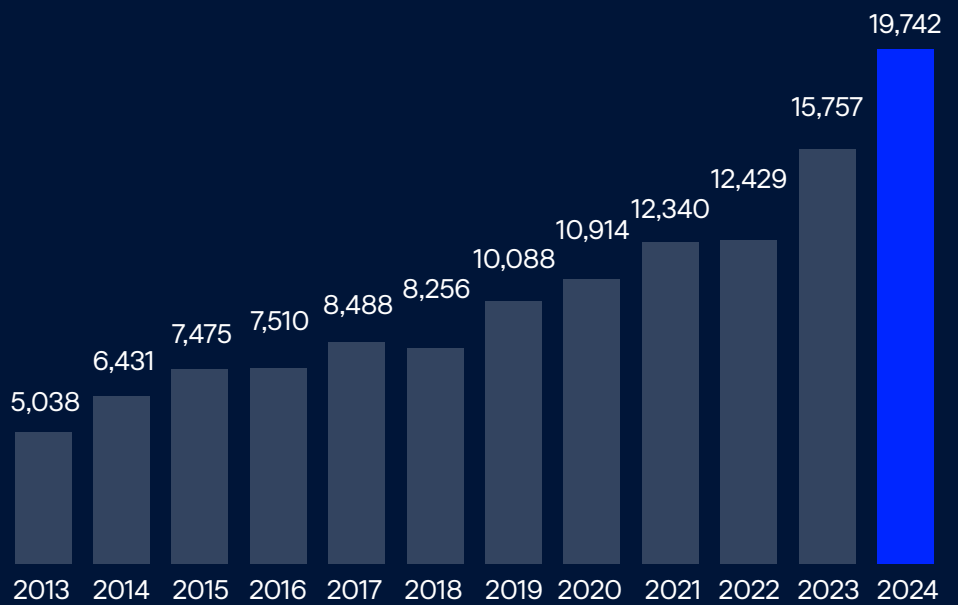
return



# The fund's value

**19,742**  
billion kroner

The fund's value was 19,742 billion kroner at the end of 2024, up from 15,757 billion kroner a year earlier.

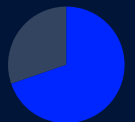


## Market value by asset class<sup>1</sup>

Equities

**14,113**  
billion kroner

**71.4%**  
of the fund



Fixed income

**5,253**  
billion kroner

**26.6%**  
of the fund



Unlisted  
real estate

**364**  
billion kroner

**1.8%**  
of the fund



Unlisted renewable  
energy infrastructure

**25**  
billion kroner

**0.1%**  
of the fund



<sup>1</sup> The investment portfolio had a market value of 19,755 billion kroner. The value of the overall fund also includes deferred tax and accrued management fees payable/receivable.

# Contents

<b>6</b>	<b>1. Results</b>
7	The Executive Board's assessment
12	CEO letter
14	Key figures
<b>20</b>	<b>2. Investments</b>
21	Equities
25	Fixed income
29	Real estate
34	Renewable energy infrastructure
37	Investment risk
40	Relative return
<b>52</b>	<b>3. Organisation</b>
53	Management organisation
54	Operational risk management
69	Costs
<b>75</b>	<b>4. Financial statements</b>
77	Financial statements
81	Notes
132	Independent auditor's report





# 1. Results

7	The Executive Board's assessment
12	CEO letter
14	Key figures





From the left: Øystein Børsum, Pål Longva, Kristine Ryssdal, Hans Aasnæs, Ida Wolden Bache, Ragnhild Janbu Fresvik, Nina Udnes Tronstad, Arne Hyttnes, Mats Bay Fevolden (employee representative), Thomas Ekeli, Guro Heimly (employee representative).

# The Executive Board's assessment of the results

The investments in the Government Pension Fund Global returned 13.1 percent 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 fund'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 fund's benchmark index.

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

Measured in terms of the fund's currency basket, the return for the year was 13.1 percent, or 2,511 billion kroner, before management costs. Equities

# 6.3%

annual return in  
the period from  
1998–2024.

returned 18.2 percent. 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 fund's benchmark index, owing to developments in equity markets in recent years. Several of the largest companies are in the technology sector, which delivered the highest return in both 2023 and 2024.

Fixed-income instruments returned 1.3 percent in 2024 after bond yields rose somewhat over the year. Investments in unlisted real estate returned -0.6 percent. While valuations of many of the fund'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 fund's investments in unlisted renewable energy infrastructure returned -9.8 percent. The return on these investments comprises the 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.

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

With such a large fund and an equity share of around 70 percent, we have to be prepared for considerable fluctuations in the fund's return and value. Each year, Norges 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 fund in these scenarios ranges from 18 to 40 percent.



Norges Bank manages the fund with a view to achieving the highest possible long-term return.

Norges Bank manages the fund 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 fund's benchmark index. In 2024, the return on the fund 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 three strategies are complementary and aim to take advantage of the fund's size and long investment horizon.

Under the strategy for market exposure, the fund 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 fund'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 fund's relative return every year, and the results for 2024 followed a period of five consecutive years of positive contributions from security selection.

Norges Bank invests part of the fund in listed and unlisted real estate and 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 we sold to fund them, and therefore served to reduce the fund'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 fund, this had only a minor impact on the fund's overall relative return.



The objective of the highest possible return is to be achieved with acceptable risk.

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 fund's relative return from real estate investment and the funding of such investment.

In 2024, the fund 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 fund'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 fund's overall risk profile and are reported as part of the fund allocation strategy.

The Executive Board emphasises the importance of assessing the fund's performance as a whole and over time, and is satisfied that the overall return over time has been higher than the return on the fund's benchmark index, against which the return is measured. In the period from 1998 to 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 since 2013. 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 relative return, while fund allocation made a negative contribution.

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 fund's risk exposure, and the Executive Board receives regular analyses of the underlying risk in the management of the

fund. The management mandate requires Norges Bank to manage the fund 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 from 1998 to 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 fund as measured by relative volatility.

The management of the fund 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 from 2013 to 2024, annual management costs averaged 0.05 percent of assets under management. In 2024, management costs amounted to 7.4 billion kroner, or 0.04 percent of assets under management. The Executive Board is satisfied that management costs are low compared with other managers.

### **Norges Bank's Executive Board**



From the left: Daniel Balthasar, Co-Chief Investment Officer Active Strategies - Malin Norberg, Chief Investment Officer Market Strategies - Dag Huse, Chief Risk Officer - Marthe Skaar, Chief Communications and External Relations Officer - Trond Grande, Chief of Staff/Deputy CEO - Pedro Furtado Reis, Co-Chief Investment Officer Active Strategies - Ada Magnas Aass, Chief Human Resources Officer - Birgitte Bryne, Chief Technology and Operating Officer - Nicolai Tangen, CEO - Carine Smith Ihenacho, Chief Governance and Compliance Officer.

# Five years of incredible growth

On 6 December 2024, the counter on the Government Pension Fund Global's homepage ticked past 20 trillion kroner for the first time. It took 23 years for the fund to reach a value of 10 trillion kroner. The next 10 trillion took just five years. The increase in the fund's value in recent years has been incredible.



In 2024, the value of the fund increased by 3,985 billion kroner.

In 2024 alone, the value of the fund increased by 3,985 billion kroner, driven primarily by a strong equity market in general and US tech stocks in particular. A weaker krone also boosted the fund's value in krone terms, and high oil prices brought strong inflows into the fund.

The Norwegian Parliament has decreed that the fund is to be invested in equities, fixed income, unlisted real estate and unlisted renewable energy infrastructure. The benchmark index used to measure our performance consists of thousands of companies and bonds all around the world. This means that the fund's risk is spread widely.

Our goal is to beat the benchmark index and generate an excess return in the long term. We did not manage to do so in 2024, due largely to real estate investments, a slightly lower allocation to equities than in the benchmark index, and a reduction in our investments in tech stocks. For a fund with such a long investment horizon, we need to look at periods of more than just a single year, and the excess return since the fund's inception has been 243 billion kroner.

In absolute terms, the fund returned 13.1 percent in 2024, or a record-high 2,511 billion kroner. Since 1998, the average annual return has been 6.3 percent across both good and bad years – a total of 11,095 billion kroner.

2024 marked half a century since the publication of the first white paper discussing the role of oil in the Norwegian economy. Oil production was then in its infancy, and nobody could have imagined what riches it would bring the country, first from beneath the North Sea and then in global financial markets.

But Norway's politicians showed in that white paper that they were farsighted. Political control and democratic oversight of oil revenue and financial returns were considered pivotal then and remain so now. Stable and long-term operating conditions are important, enabling us to stand firm in challenging times and exploit opportunities that arise.

It is not easy to be a large financial investor in a turbulent world. We must constantly be willing to change, embrace new technology and learn from everything we do, whatever the markets throw at us.

Oslo, 25 February 2025

**Nicolai Tangen**

CEO, Norges Bank

Investment Management



# Strong return on the fund's investments

The Government Pension Fund Global returned 13.1 percent, or a record-high 2,511 billion kroner, in 2024.

The fund's value increased by 3,985 billion kroner in 2024, the biggest increase in krone terms in its history. A strong return on the fund's equity investments was the main reason for this growth. The krone also weakened against many of the currencies the fund is invested in, and there were substantial inflows of capital from the government.

The fund's investments spanned 70 countries and 42 currencies at the end of the year. Returns are generally measured in international currency – a weighted combination of the currencies in the fund's benchmark index for equities and bonds. There were 34 currencies in this basket at the end of 2024. Unless otherwise stated, the results in this report are measured in this currency basket.

**TABLE 1** Key figures in billions of kroner.

	2024	2023	2022	2021	2020
<b>Market value</b>					
Equity investments	14,113	11,174	8,677	8,884	7,948
Fixed-income investments	5,253	4,272	3,412	3,135	2,695
Unlisted real estate investments	364	301	330	312	273
Unlisted infrastructure investments <sup>1</sup>	25	18	15	14	
Market value of investment portfolio <sup>2</sup>	19,755	15,765	12,434	12,345	10,916
Deferred tax	-13	-8	-4	-5	-2
Accrued, not paid, management fees <sup>3</sup>	0	0	0	1	-5
<b>Fund value<sup>2</sup></b>	<b>19,742</b>	<b>15,757</b>	<b>12,429</b>	<b>12,340</b>	<b>10,908</b>
Inflow of capital	409	711	1,090	80	4
Withdrawal of capital	0	0	0	-199	-302
Paid management fees <sup>4</sup>	-7	-7	-5	-10	-4
Return on fund <sup>5</sup>	2,511	2,214	-1,637	1,580	1,070
Changes due to fluctuations in krone <sup>6</sup>	1,072	409	642	-25	58
Changes in accrued, not paid, management fees	0	0	0	6	-1
<b>Total change in fund value</b>	<b>3,985</b>	<b>3,327</b>	<b>89</b>	<b>1,432</b>	<b>825</b>
<b>Changes in value since first capital inflow in 1996</b>					
Total inflow of capital	5,864	5,455	4,744	3,654	3,574
Total withdrawal of capital <sup>3</sup>	-687	-687	-687	-687	-488
Return on equity investments <sup>5</sup>	9,786	7,326	5,284	6,490	4,899
Return on fixed-income investments <sup>5</sup>	1,252	1,192	970	1,401	1,446
Return on unlisted real estate investments <sup>5</sup>	67	71	119	120	84
Return on unlisted infrastructure investments <sup>1,5</sup>	2	2	2	1	
Management fees <sup>4</sup>	-77	-70	-63	-58	-53
Accumulated fluctuations in krone	3,547	2,475	2,065	1,423	1,448
Accumulated deferred tax <sup>6</sup>	-12	-8	-4	-5	-2
<b>Fund value</b>	<b>19,742</b>	<b>15,757</b>	<b>12,429</b>	<b>12,340</b>	<b>10,908</b>
<b>Return on fund</b>	<b>11,094</b>	<b>8,584</b>	<b>6,370</b>	<b>8,007</b>	<b>6,427</b>
<b>Return after management costs</b>	<b>11,017</b>	<b>8,514</b>	<b>6,307</b>	<b>7,949</b>	<b>6,374</b>

<sup>1</sup> First unlisted infrastructure investment was made in second quarter of 2021.

<sup>2</sup> The market value of the investment portfolio is presented before management fee payable/receivable and deferred tax.

<sup>3</sup> Total inflow and withdrawal of capital shown in this table is not adjusted for accrued, not paid, management fees.

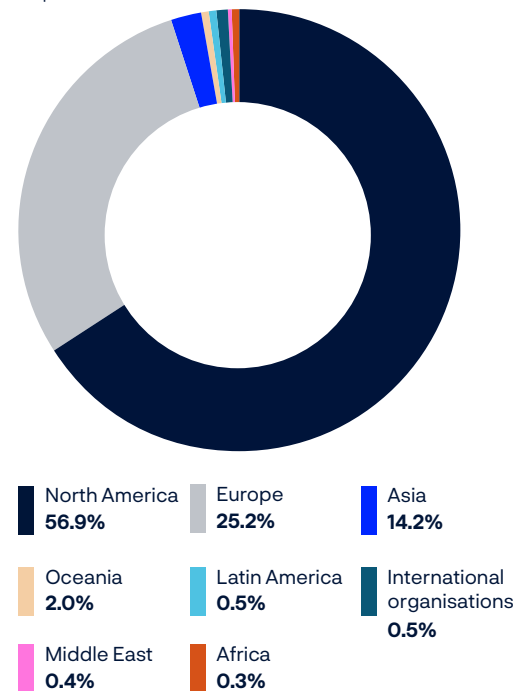
<sup>4</sup> Management fees are described in [note 12](#) in the financial statements.

<sup>5</sup> Fund return of 2,511 billion kroner includes the accounting effect of changes in recognised deferred tax. The return on the investment portfolios excludes deferred tax and amounted to 2,515 billion kroner.

<sup>6</sup> Does not include the effect of exchange rate fluctuations on deferred tax.

**TABLE 2** The fund's ten largest holdings in percent as at 31 December 2024, by country.

Country	Total	Equity	Fixed income	Unlisted real estate	Unlisted infrastructure
US	53.4	40.0	12.5	0.86	0.00
Japan	6.2	4.7	1.5	0.04	
UK	5.5	3.7	1.4	0.33	0.04
Germany	4.5	2.2	2.2	0.09	0.01
France	3.4	2.1	1.0	0.26	
Canada	3.1	1.4	1.7		
Switzerland	2.7	2.2	0.4	0.05	
China	2.2	2.2	0.0		
Netherlands	2.0	1.3	0.7	0.02	0.06
India	1.7	1.7	0.0		

**CHART 1** The fund's investments as at 31 December 2024. Equities, unlisted real estate and infrastructure distributed by country and bonds by currency. In percent.**TABLE 3** Return figures in percent.

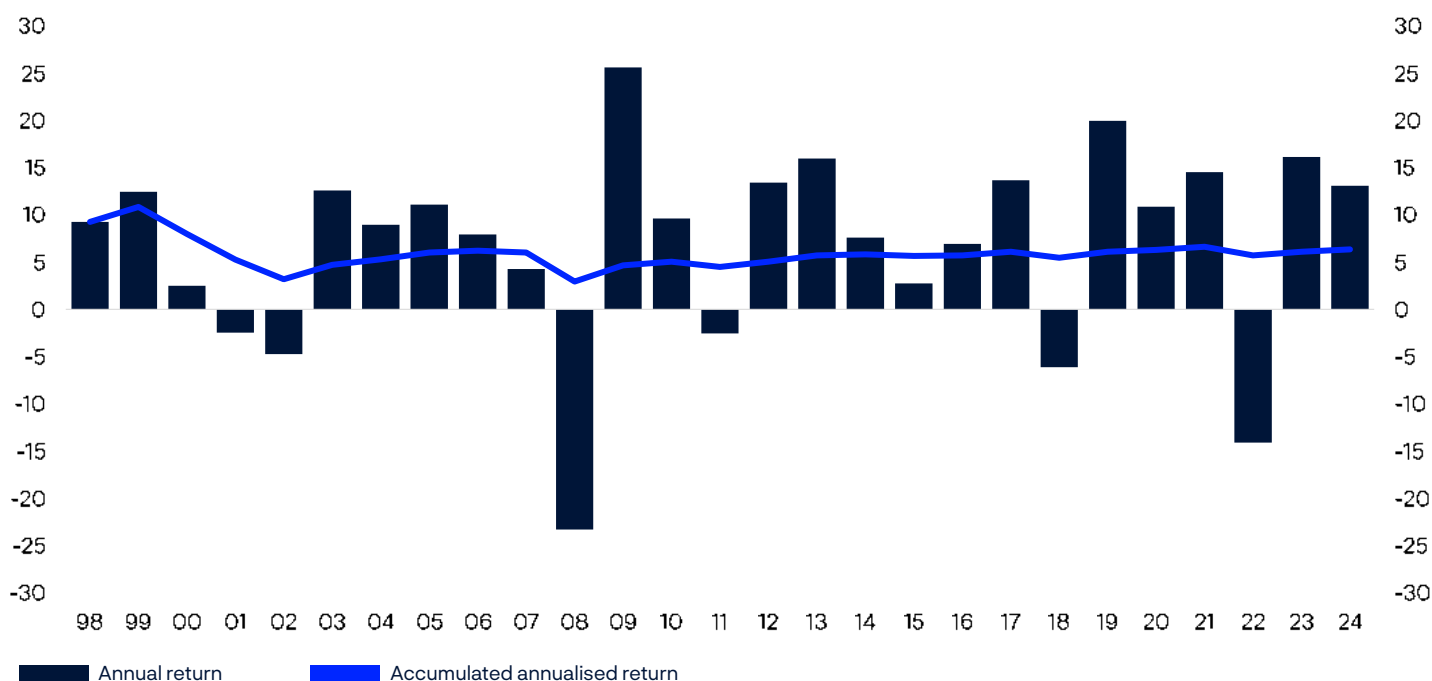
	2024	2023	2022	2021 <sup>1</sup>	2020
<b>Returns measured in the fund's currency basket</b>					
Equity investments	18.19	21.25	-15.36	20.76	12.14
Fixed-income investments	1.28	6.13	-12.11	-1.93	7.46
Unlisted real estate investments	-0.57	-12.37	0.07	13.64	-0.08
Unlisted infrastructure investments	-9.81	3.68	5.12	4.15	
Return on fund	13.09	16.14	-14.11	14.51	10.86
Relative return on fund (percentage points)	-0.45	-0.18	0.87	0.75	0.27
Management costs	0.04	0.05	0.04	0.04	0.05
Return on fund after management costs	13.04	16.09	-14.15	14.47	10.81
<b>Returns in kroner</b>					
Equity investments	28.10	26.26	-9.27	20.67	12.70
Fixed-income investments	9.77	10.51	-5.78	-2.01	8.00
Unlisted real estate investments	7.77	-8.75	7.27	13.55	0.42
Unlisted infrastructure investments	-2.25	7.96	12.69	7.24	
Return on fund	22.57	20.93	-7.93	14.42	11.41

<sup>1</sup> First unlisted infrastructure investment was made in second quarter of 2021.

**TABLE 4** Return on the fund in percent as at 31 December 2024, measured in various currencies.

	Since 01.01.1998 Annualised figures	2024	2023	2022	2021	2020
US dollar	6.28	9.60	17.30	-17.58	11.09	14.35
Euro <sup>1</sup>	6.51	16.92	13.33	-12.18	19.53	4.90
British pound	7.38	11.56	10.68	-7.19	12.12	10.82
Norwegian krone	8.02	22.57	20.93	-7.93	14.42	11.41
Currency basket	6.34	13.09	16.14	-14.11	14.51	10.86

<sup>1</sup> Euro was introduced as currency on 01.01.1999. WM/Reuters' euro rate is used as estimate for 31.12.1997.

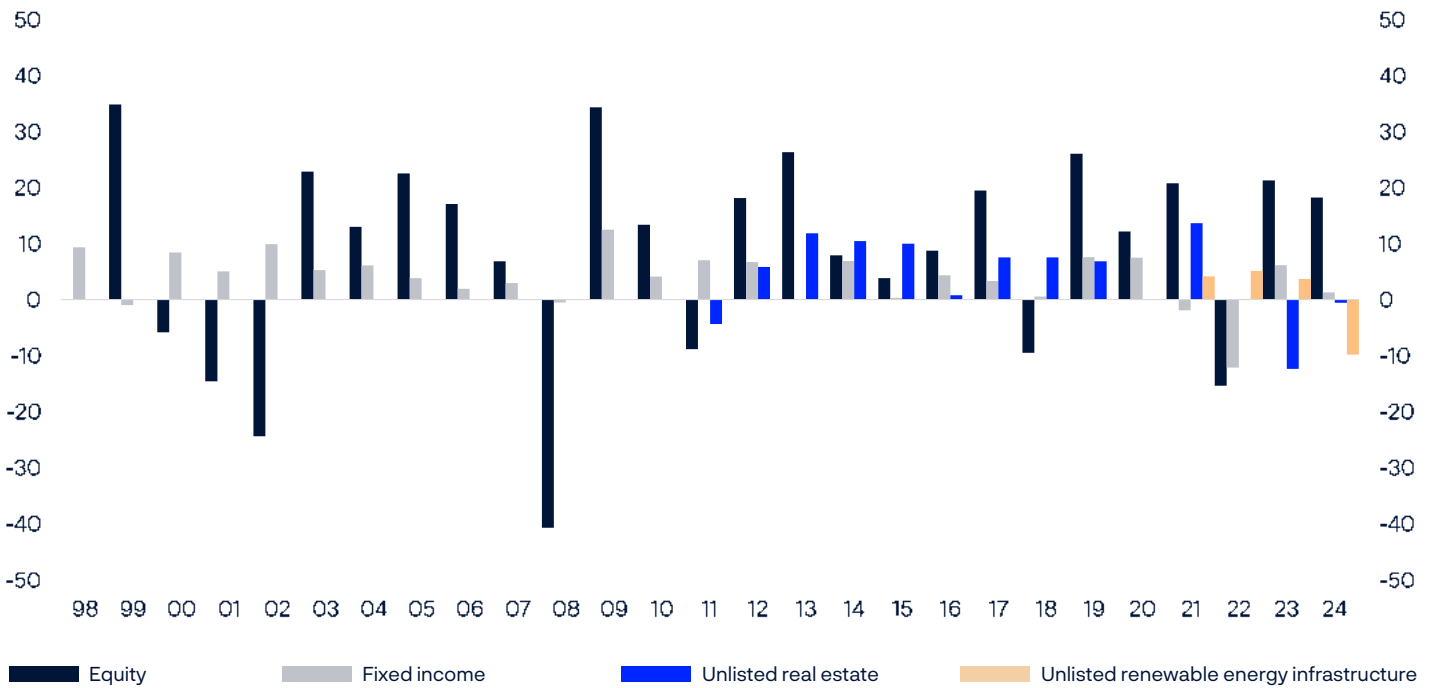
**CHART 2** The fund's annual return and accumulated annualised return in percent.**TABLE 5** Historical key figures as at 31 December 2024. Annualised data, measured in the fund's currency basket.

	Since 01.01.1998	Last 15 years	Last 10 years	Last 5 years	Last 12 months
<b>Fund return (percent)</b>	<b>6.34</b>	<b>7.70</b>	<b>7.25</b>	<b>7.44</b>	<b>13.09</b>
Annual price inflation (percent)	2.12	2.35	2.61	3.69	2.67
Annual management costs (percent)	0.08	0.06	0.05	0.04	0.04
Net real return on fund (percent)	4.06	5.17	4.47	3.57	10.10
The fund's actual standard deviation (percent)	8.39	8.95	9.72	11.85	6.28
Relative return on fund (percentage points) <sup>1</sup>	0.25	0.26	0.26	0.29	-0.45
The fund's tracking error (percentage points) <sup>1</sup>	0.63	0.39	0.39	0.45	0.21
The fund's information ratio (IR) <sup>1,2</sup>	0.41	0.61	0.61	0.57	-1.90

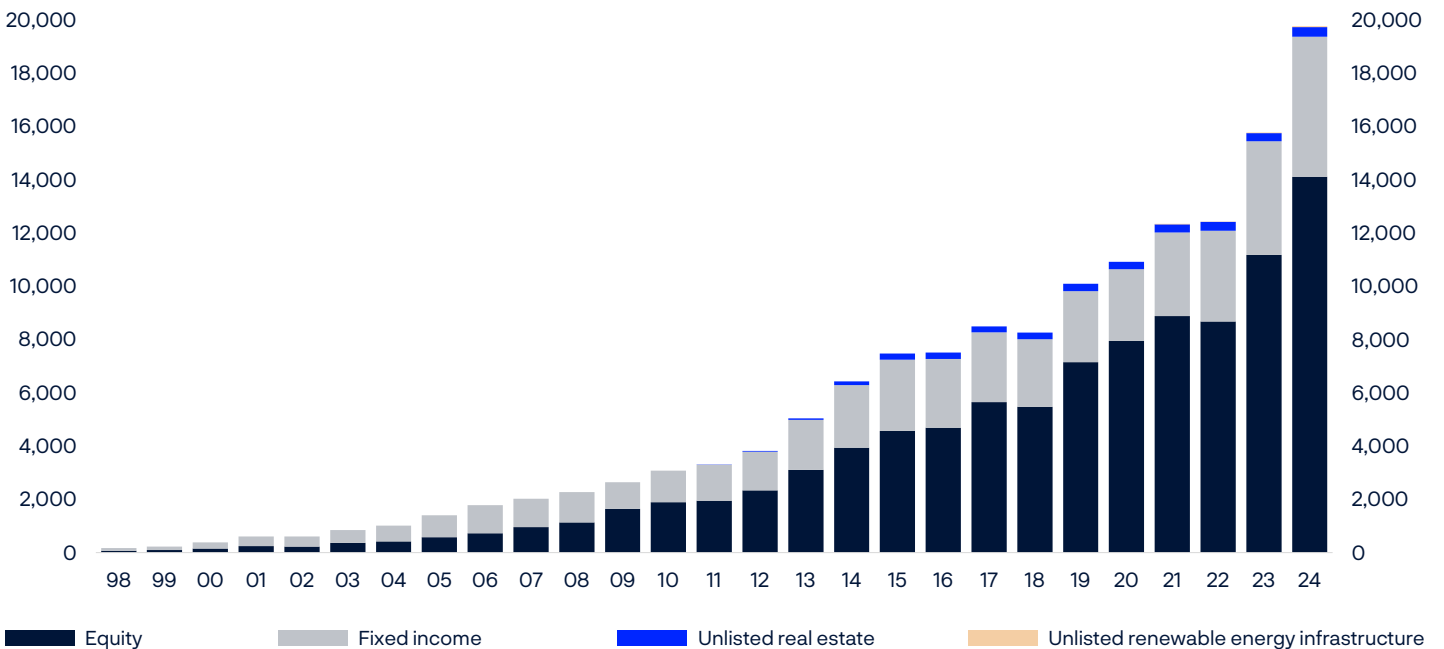
<sup>1</sup> Based on aggregated equity and fixed-income investments until end of 2016.

<sup>2</sup> The fund's information ratio (IR) is the ratio of the fund's average monthly relative return to the fund's tracking error. The IR indicates how much relative return has been achieved per unit of relative risk.

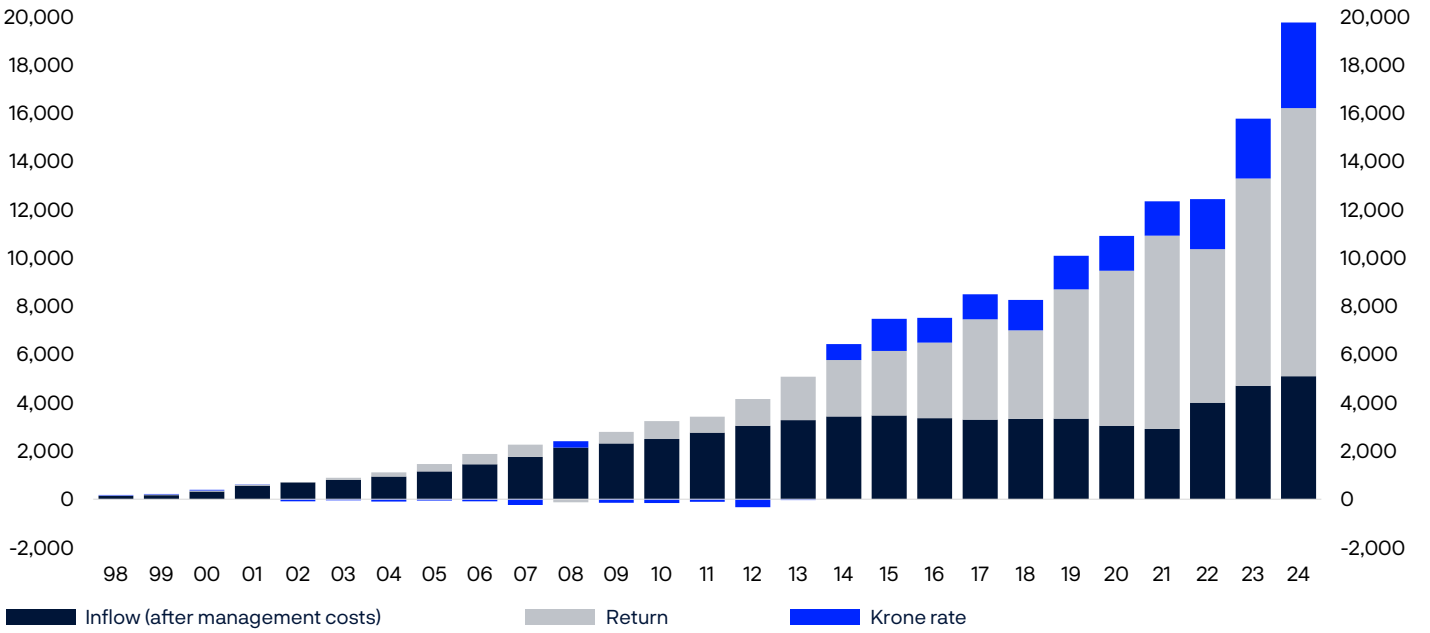
**CHART 3** Historical returns on the fund's investments in percent, by asset class.



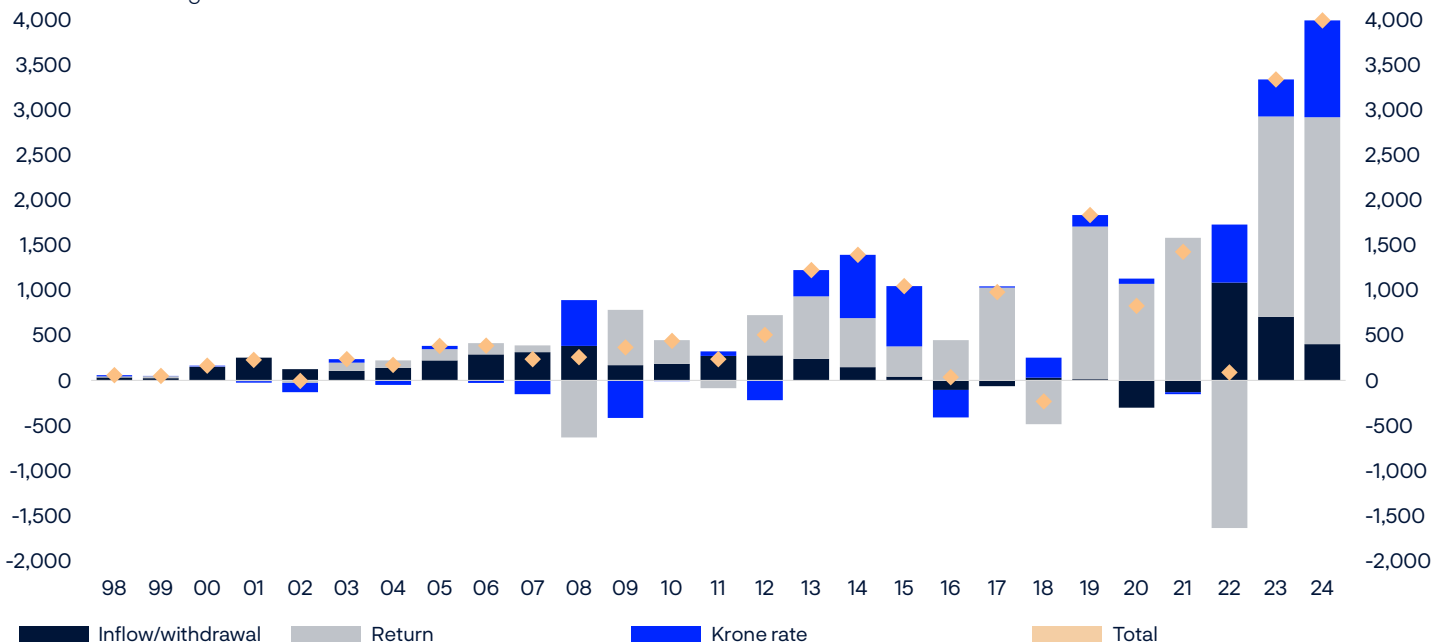
**CHART 4** The fund's market value in billions of kroner, by asset class.

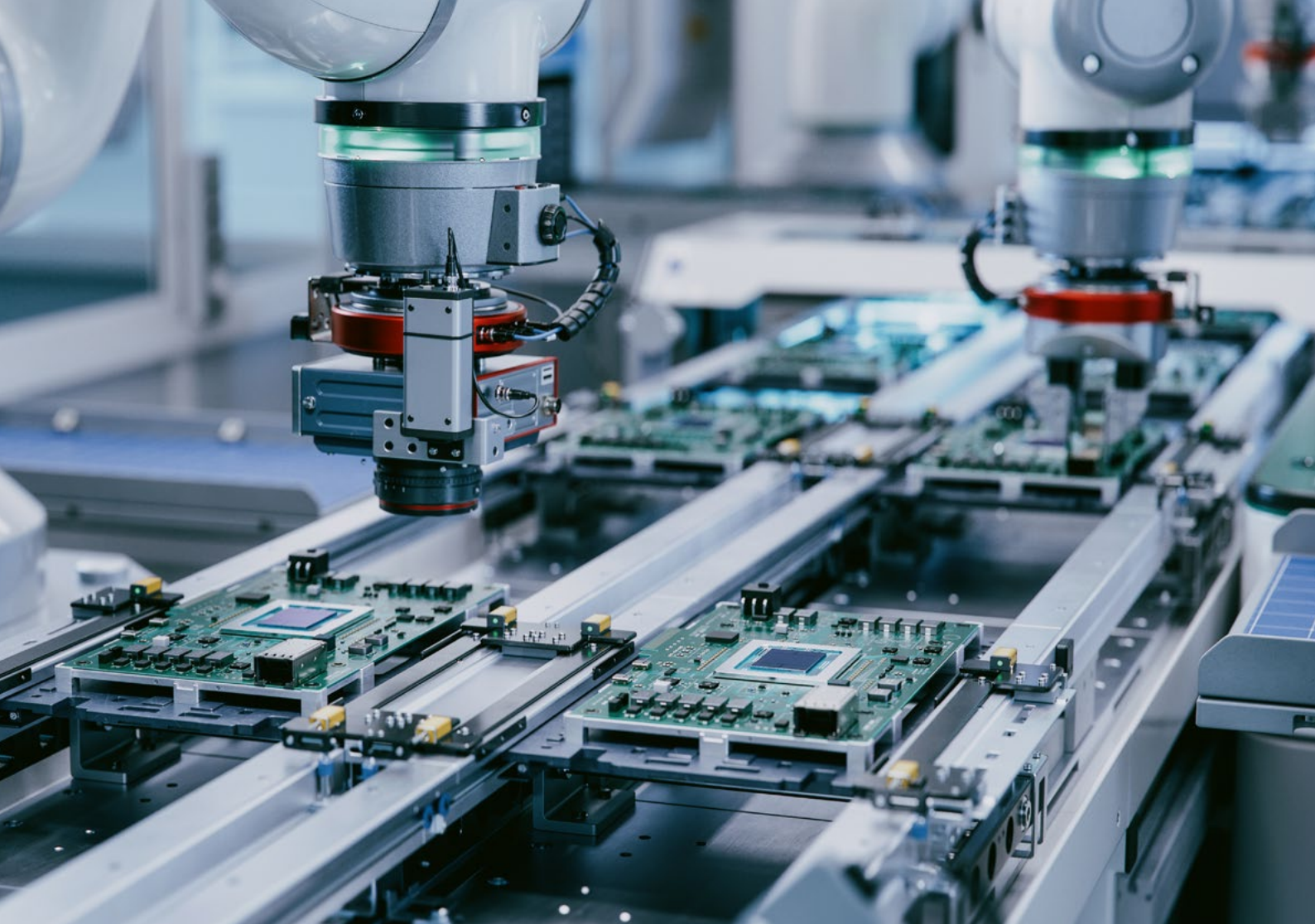


**CHART 5** The fund's market value in billions of kroner.



**CHART 6** Changes in the fund's market value in billions of kroner.





# 2. Investments

21	Equities
25	Fixed income
29	Real estate
34	Renewable energy infrastructure
37	Investment risk
40	Relative return





Our New York Office.

# Strong year for equity investments

The fund's equity investments returned 18.2 percent in 2024, continuing their positive performance from 2023. Solid corporate earnings and a brighter growth outlook, along with falling policy rates and lower inflation expectations, led to strong equity markets.

US technology stocks contributed most to the positive return, driven mainly by the largest technology companies.

**35.1%**  
return on  
technology stocks

## Tech stocks perform best

Technology stocks were the best performers in 2024 with a return of 35.1 percent. This strong return was due to strong demand for advertising and chat solutions based on AI from the leading internet and software companies and their semiconductor suppliers.

Financials were the next-strongest sector with a return of 27.8 percent. A strong economic climate, high but falling interest rates, and the outcome of the US election led to increased optimism about growth in lending and capital markets, and credit quality was stable.

Consumer discretionary was the third-best performer, returning 19.3 percent. Despite a challenging market, the value of the leading companies in the sector continued to grow as a result of increased market share and earnings, to levels higher than before the Covid-19 pandemic.

Basic materials produced the weakest return of -7.3 percent. Results were hit by high interest rates, flat demand in the US and a reduced need for materials in Europe and China. Regulatory uncertainty and weak interest in electric cars outside China also had a negative effect.

## Individual investments

The fund was invested in 8,659 companies at the end of 2024, compared with 8,859 a year earlier. The decrease was mainly due to ongoing portfolio adjustments made by our internal and external managers.

The investments in technology companies NVIDIA Corp, Apple Inc and Amazon.com Inc made the most positive contributions to the return for the year. The worst-performing investments were in telecommunications company Samsung Electronics, consumer goods company Nestlé SA and technology company Intel Corp.

The fund participated in 112 initial public offerings during the year. The largest of these were at Midea Group Co LTD, SF Holdings Co and Hyundai Motor Ltd India. The offerings in which the fund invested the most were at Lineage Inc, Puig Brands SA-B and Viking Holdings LTD.

# 1.5%

average holding in  
the world's listed  
companies.

At the end of the year, the fund had holdings of more than 2 percent in 1,199 companies, and more than 5 percent in 69 companies. Its average holding in the world's listed companies was 1.5 percent.

Excluding unlisted real estate companies, the largest percentage holding in any one company was in Croda International PLC. The fund's 9.5 percent stake was worth 6.4 billion kroner. With the exception of listed real estate companies, the fund may hold no more than 10 percent of the voting shares in a company.

A full list of the fund's equity investments can be found at [www.nbim.no](http://www.nbim.no).

**TABLE 6** Return on the fund's largest equity investments in 2024 by country. In percent.

Country	Return in international currency	Return in local currency	Share of equity investments <sup>1</sup>
US	27.4	23.5	57.9
Japan	11.4	20.3	6.8
UK	10.3	8.8	5.4
China	20.3	20.0	3.3
Switzerland	0.6	5.0	3.2
Germany	14.8	18.7	3.2
France	-3.7	-0.4	3.1
India	20.1	19.8	2.5
Taiwan	36.1	40.9	2.5
Canada	17.8	24.6	2.0

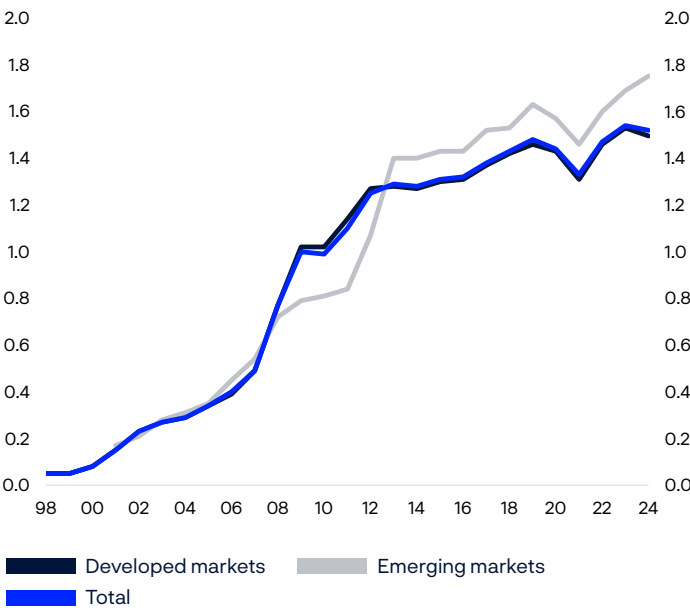
<sup>1</sup> Does not sum up to 100 percent because cash and derivatives are not included.

**TABLE 7** Return on the fund's equity investments in 2024. Measured in international currency and sorted by sector. In percent.

Sector	Return	Share of equity investments <sup>1</sup>
Technology	35.1	27.9
Financials	27.8	15.9
Consumer discretionary	19.3	14.8
Industrials	16.2	13.1
Health care	5.1	10.2
Real estate	7.3	5.1
Consumer staples	-0.2	4.8
Energy	3.8	3.3
Basic materials	-7.3	3.2
Telecommunications	7.6	3.0
Utilities	10.9	2.4

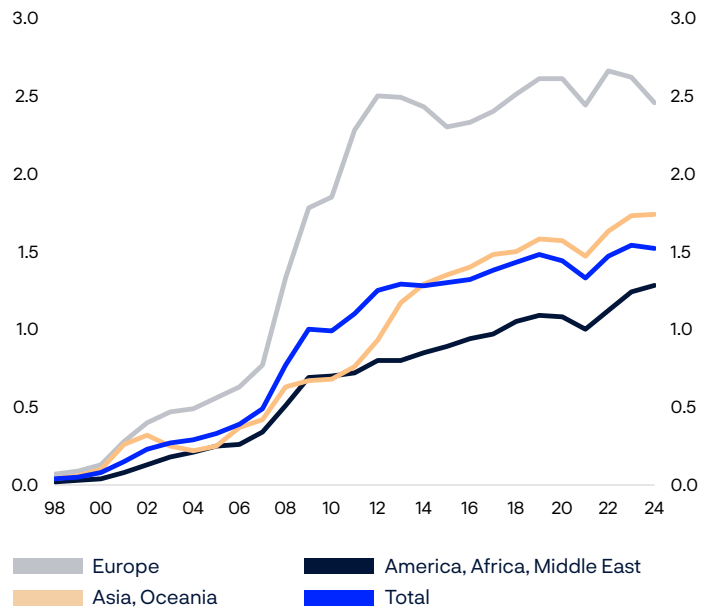
<sup>1</sup> Does not sum up to 100 percent because cash and derivatives are not included.

**CHART 7** The fund's holdings in equity markets. Percentage of market value of equities in the benchmark index.



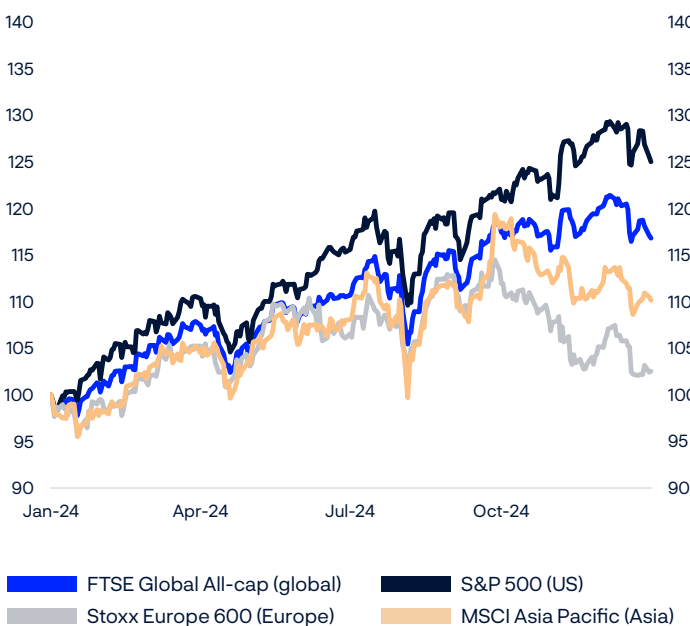
SOURCE: FTSE Russell, Norges Bank Investment Management

**CHART 8** The fund's holdings in equity markets. Percentage of market value of equities in the benchmark index.



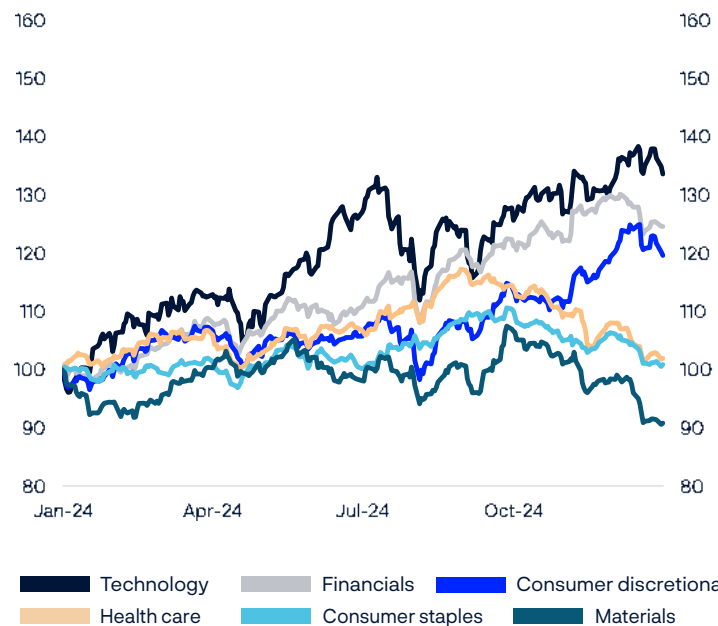
SOURCE: FTSE Russell, Norges Bank Investment Management

**CHART 9** Return on regional equity markets. Measured in dollars. Indexed total return 31.12.2023 = 100.

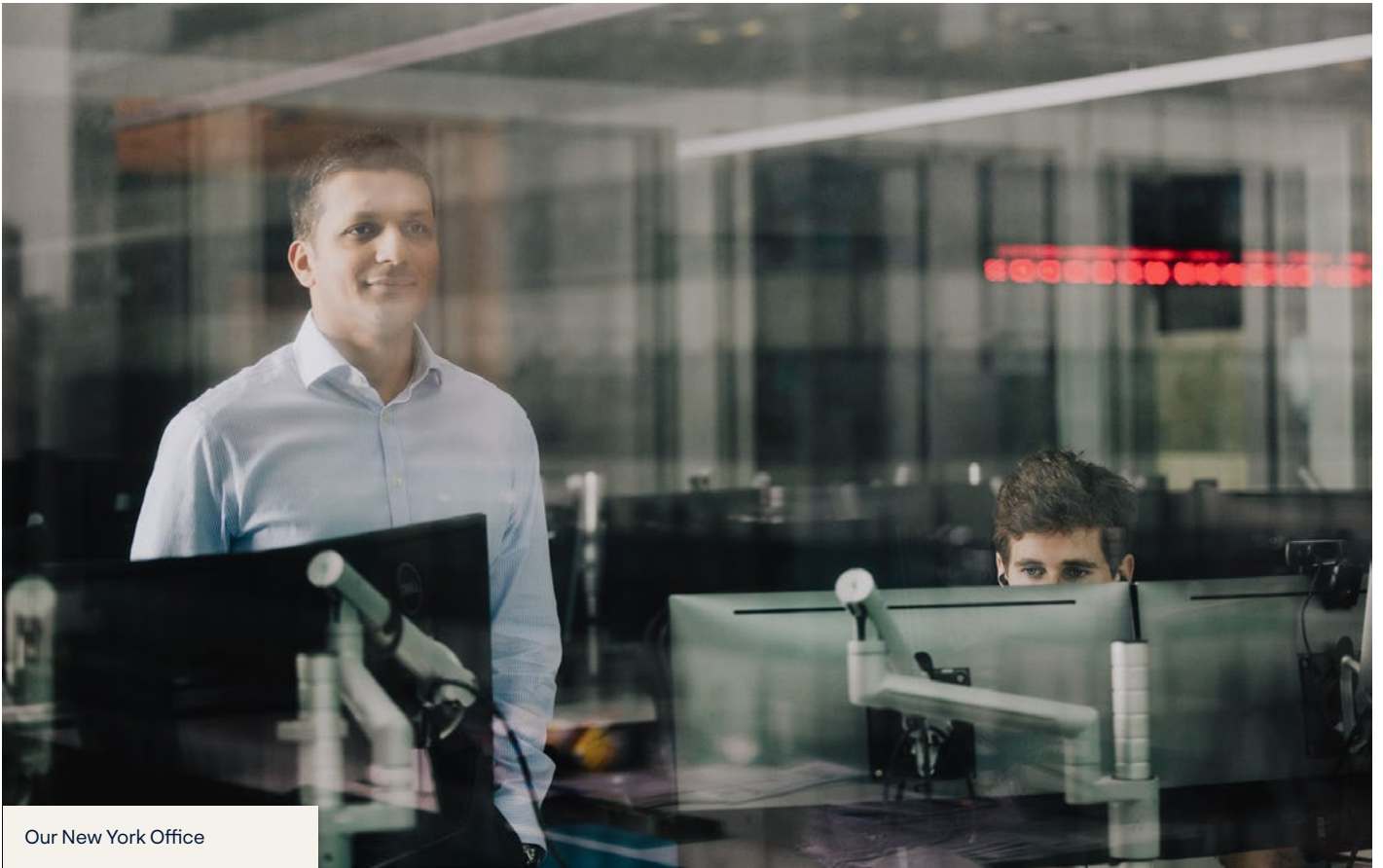


SOURCE: Bloomberg

**CHART 10** The three sectors with the highest and weakest return in the FTSE Global All Cap index. Measured in dollars. Indexed total return 31.12.2023 = 100.



SOURCE: FTSE Russell



Our New York Office

# Slight positive return on fixed income

The fund's fixed-income investments returned 1.3 percent in 2024. Yields increased over the year as a whole, meaning that the return was below the portfolio's average lending rate.

Long yields increased during the first four months of the year. Inflation came out higher than anticipated, and market expectations of rate cuts during the year faded. Towards summer, however, it became clear that the economies of North America and Europe had cooled sufficiently. The European Central Bank began to lower its policy rate in June, while the Federal Reserve waited until September.

# 3.4%

## return on government bonds

### Strongest return on corporate bonds

Government bonds returned -0.1 percent in 2024 and made up 60.2 percent of the fund's fixed-income investments at the end of the year.

US Treasuries returned 3.4 percent and accounted for 31.0 percent of fixed-income investments. The Federal Reserve lowered its policy rate by a total of 1 percentage point during the year.

Euro-denominated government bonds returned -2.1 percent and amounted to 12.3 percent of fixed-income investments. The European Central Bank also cut its policy rate by a total of 1 percentage point during the year. The lower return compared to the US was due to the euro weakening.

Japanese government bonds returned -10.5 percent and made up 5.1 percent of the fund's fixed-income holdings. Japan went against the flow and tightened monetary policy in 2024. The yen fell sharply until summer, with the authorities twice intervening to stabilise the currency.

**TABLE 8** Return on the fund's largest bond holdings by currency in 2024. In percent.

Currency	Return in inter-national currency	Return in local currency	Share of fixed-income investments
US dollar	4.6	1.4	52.4
Euro	-0.7	2.7	27.6
Japanese yen	-10.2	-3.0	5.3
Canadian dollar	-1.3	4.3	5.3
British pounds	-2.2	-3.5	4.6
Singapore dollar	3.4	3.7	4.2
Australian dollar	-3.9	2.6	2.2
Swiss franc	1.1	5.5	0.8
Swedish krona	-3.4	2.6	0.6
New Zealand dollar	-4.5	4.6	0.5



The return on corporate bonds was boosted by a high allocation to dollar bonds and a lower credit premium.

Corporate bonds returned 4.8 percent and made up 24.8 percent of the fund's fixed-income investments at the end of the year. The return was boosted by a high allocation to dollar bonds and a lower credit premium (the compensation investors demand for holding bonds of this type rather than safer alternatives).

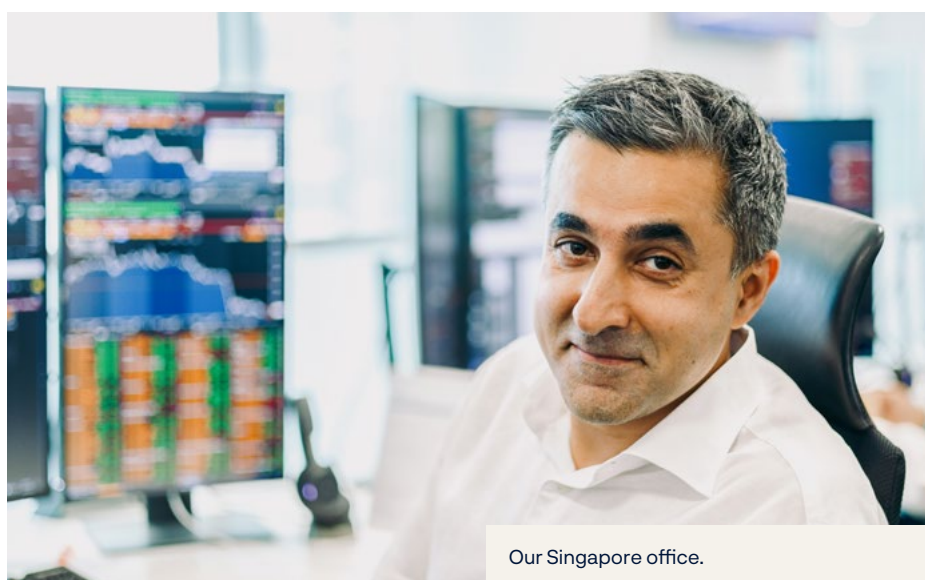
A full list of the fund's fixed-income investments can be found at [www.nbim.no](http://www.nbim.no).

**TABLE 9** Return on the fund's fixed-income investments in 2024. Measured in international currency and sorted by sector. In percent.

Sector	Return	Share of fixed-income investments <sup>1</sup>
Government bonds <sup>2</sup>	-0.1	60.2
Government-related bonds <sup>2</sup>	-0.3	9.4
Inflation-linked bonds <sup>2</sup>	-0.1	5.8
Corporate bonds	4.8	24.8
Securitised bonds	0.9	5.8

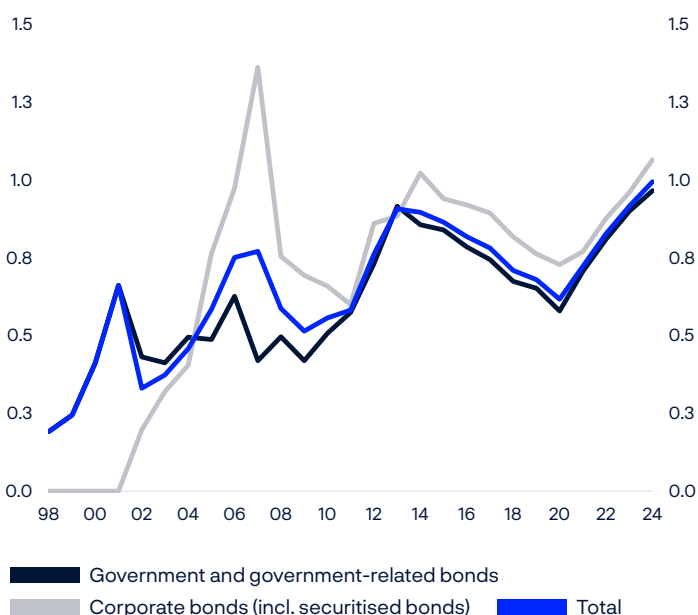
<sup>1</sup> Does not sum up to 100 percent because cash and derivatives are not included.

<sup>2</sup> Governments may issue different types of bonds, and the fund's investments in these bonds are grouped accordingly. Bonds issued by a country's government in the country's own currency are categorised as government bonds. Bonds issued by a country's government in another country's currency are government-related bonds. Inflation-linked bonds issued by governments are grouped with inflation-linked bonds.



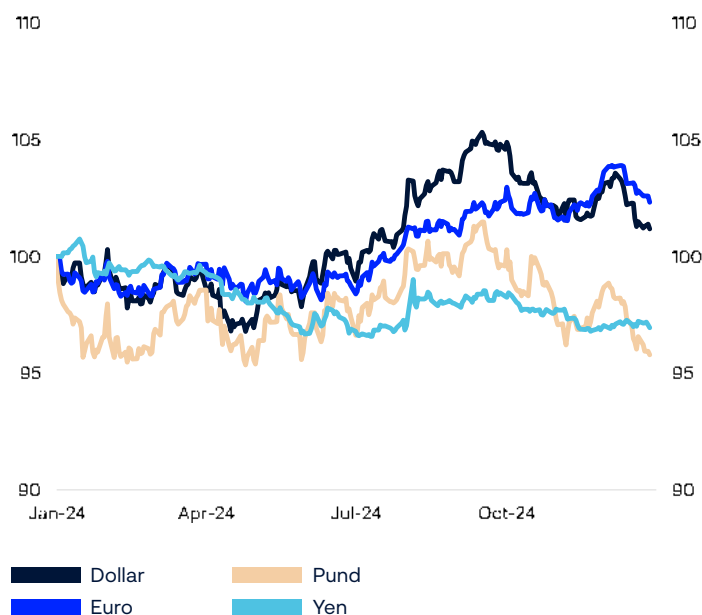
Our Singapore office.

**CHART 11** The fund's holdings in fixed-income markets. Percentage of market value of bonds in the benchmark index.



SOURCE: Bloomberg Barclays Indices, Norges Bank Investment Management

**CHART 12** Return on bonds issued in various currencies. Measured in local currencies. Indexed total return 31.12.2023 = 100.



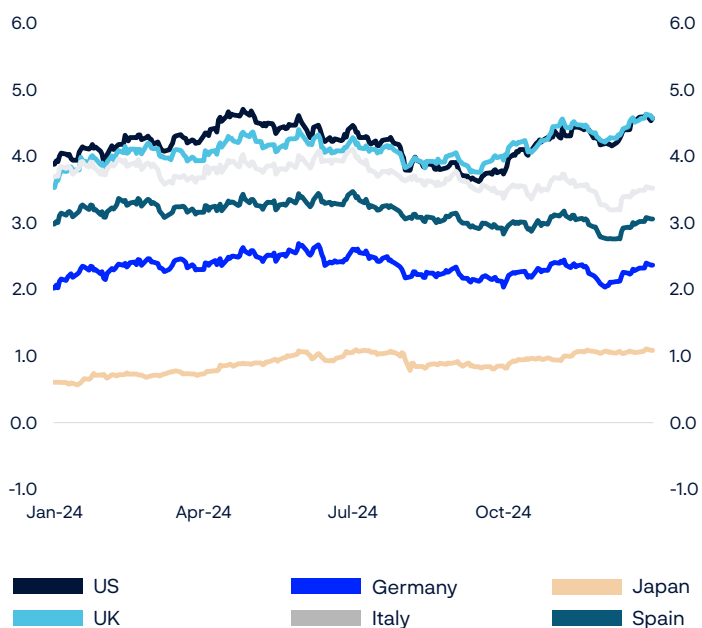
SOURCE: Bloomberg Barclays Indices

**CHART 13** Return in fixed-income sectors. Measured in dollars. Indexed total return 31.12.2023 = 100.



SOURCE: Bloomberg Barclays Indices

**CHART 14** 10-year government bond yields in percent.



SOURCE: Bloomberg



In 2024, we acquired a portfolio of seven logistics properties located in Germany, Italy, Spain and the UK in partnership with Prologis.

# Positive return on real estate investments

The fund's investments in real estate returned 4.8 percent in 2024 and made up 3.7 percent of the fund at the end of the year. Unlisted real estate investments returned -0.6 percent, and listed real estate investments 9.9 percent.

The fund's real estate strategy covers both unlisted and listed real estate investments. Altogether, these investments amounted to 722 billion kroner at the end of the year.

**TABLE 10** Value of real estate investments in millions of kroner as at 31 December 2024.

	Value <sup>1</sup>
Unlisted real estate investments	363,583
Listed real estate investments	358,524
<b>Aggregated real estate investments</b>	<b>722,107</b>

<sup>1</sup> Including bank deposits and other receivables



The fund's unlisted real estate investments are primarily in office, retail and logistics properties.



In 2024, we acquired an 80 percent interest in Trinity Tower located in Paris La Défense. Photo: Cro & Co Architecture, Luc Boegly.

## Unlisted real estate

The fund's investments in unlisted real estate had a market value of 364 billion kroner at the end of the year, equivalent to 1.8 percent of the fund and 50.4 percent of our total real estate investments.

The fund's unlisted real estate investments are primarily in office, retail and logistics properties. Office properties account for around half of the portfolio, and investments in office and retail premises are concentrated in a limited number of major cities.

The management mandate from the Ministry of Finance to Norges Bank sets an upper limit for unlisted real estate investments of 7 percent of the fund's value. The fund has a long-term investment strategy and limited borrowing needs, which means that we can also invest selectively when market corrections create attractive opportunities.

Real estate markets stabilised somewhat in 2024 after several turbulent years. Transaction activity was still low but increased in most markets.

We capitalised on the uncertainty and lack of liquidity in the market to make a number of purchases. Purchase volumes have generally been low since 2015 but increased considerably in 2024. Several ongoing transactions will be completed in the first quarter of 2025.

**TABLE 11** Return on the fund's unlisted real estate investments in percentage points.

	Since 01.04.2011	2024	2023	2022	2021	2020
Rental income	3.7	3.9	3.4	3.1	3.4	3.4
Change in value	0.8	-4.8	-16.2	-3.0	9.8	-3.5
Transaction costs	-0.7	-0.1	-0.1	-0.1	-0.1	-0.2
Currency effect	0.2	0.6	1.1	0.1	0.2	0.3
<b>Total (percent)</b>	<b>4.0</b>	<b>-0.6</b>	<b>-12.4</b>	<b>0.1</b>	<b>13.6</b>	<b>-0.1</b>

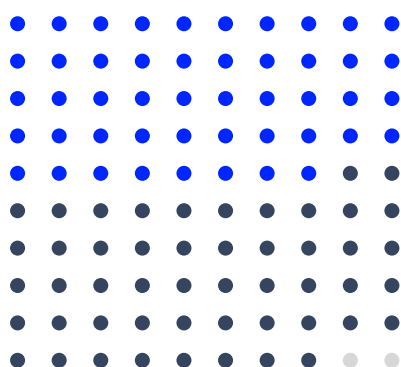
# 13.4%

of the real estate investments are in Paris

# 3.8%

Return in Europe

## Share of Portfolio



● Europe ● US ● Japan

**TABLE 12** The fund's largest unlisted real estate investments as at 31 December 2024.

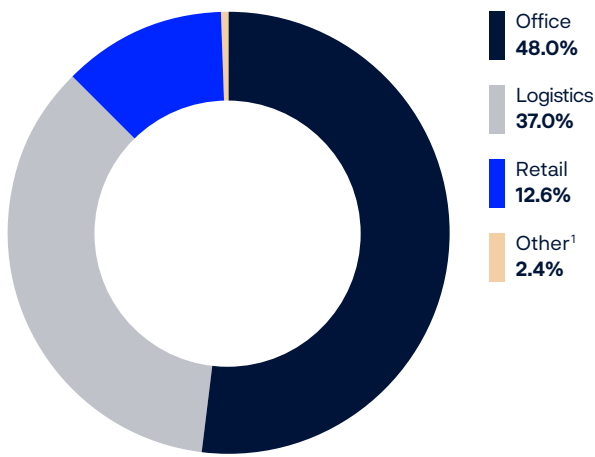
Retail, office and other by city <sup>1</sup>	Percent
Paris	13.4
London	12.4
Boston	9.0
New York	7.4
Washington, D.C.	4.0
Berlin	3.9
San Francisco	3.7
Zurich	2.9
Tokyo	2.2
Sheffield	1.6
Cambridge	0.3
Logistics by country	Prosent
US	25.0
UK	4.4
France	1.4
Germany	1.1
Netherlands	1.1
Spain	1.0
Italy	1.0
Czech Republic	0.7
Other countries	1.1

<sup>1</sup> Excluding investments in logistics

**TABLE 13** Return on the fund's unlisted real estate investment by market as at 31 December 2024. In percent.

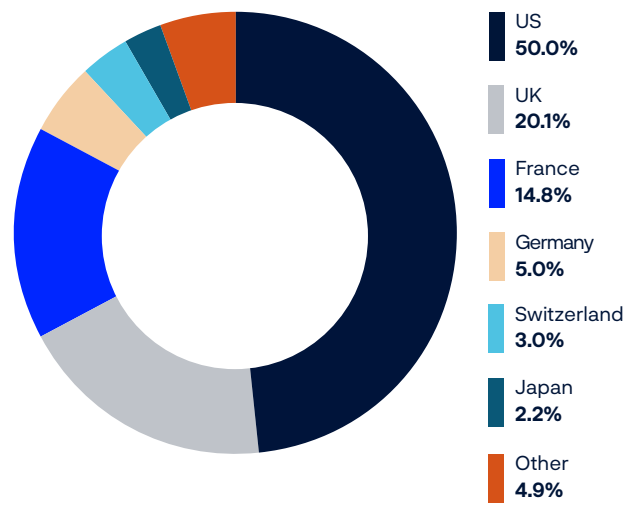
Market	Return	Share of portfolio
Europe	3.8	47.8
US	-5.9	50.0
Japan	2.5	2.2

**CHART 15** The fund's unlisted real estate investments by sector as at 31 December 2024.

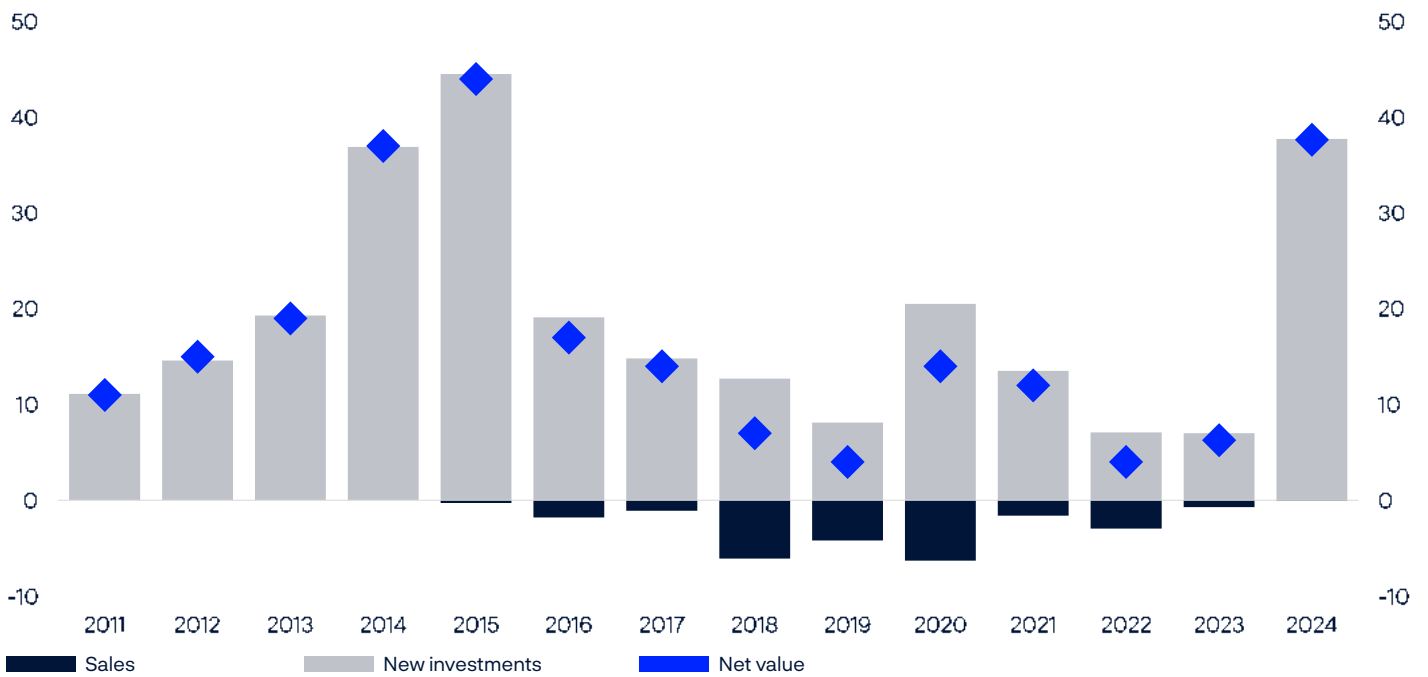


<sup>1</sup>Other sectors, bank deposits and other claims.

**CHART 16** The fund's unlisted real estate investments by country as at 31 December 2024.



**CHART 17** Annual investments in unlisted real estate. Completed transactions in billions of kroner.



# 1.8%

of the fund is invested  
in listed real estate

## Listed real estate

Investments in listed real estate made up 1.8 percent of the fund and 49.6 percent of our total real estate investments at the end of the year.

These investments were spread across 53 listed companies. The largest percentage stakes were 25.2 percent of Shaftesbury Capital PLC and 14.7 percent of Vonovia SE. The single largest investment was in Welltower Inc at 44.6 billion kroner.

A full list of the fund's real estate investments can be found at [www.nbim.no](http://www.nbim.no).

**TABLE 14** Ownership shares in percent for the 10 largest listed investments in real estate management as at 31. desember 2024.

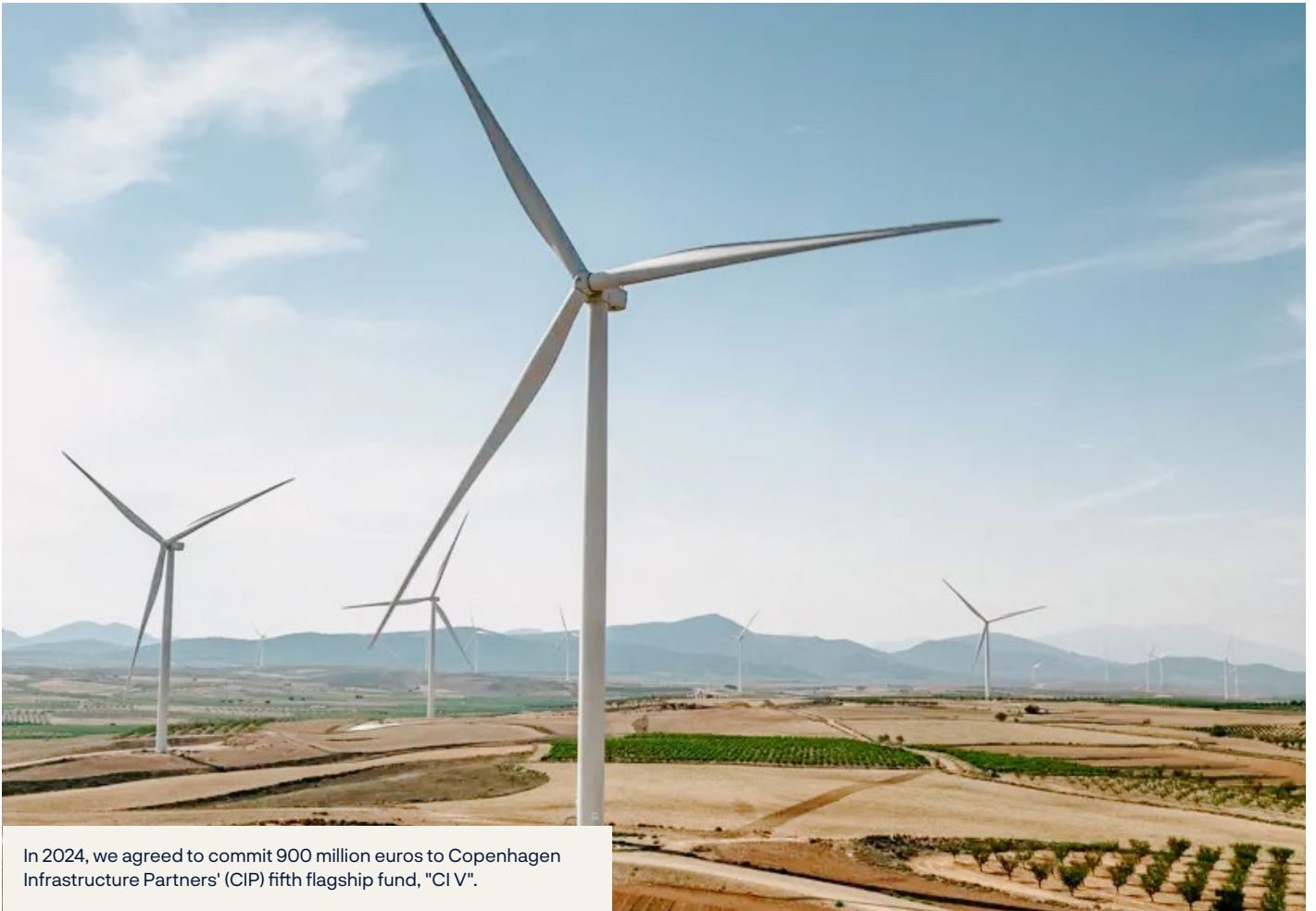
Company	Country	Ownership share <sup>1</sup>
Shaftesbury Capital PLC	UK	25.2
Vonovia SE	Germany	14.7
Great Portland Estates PLC	UK	9.4
Alexandria Real Estate Equities Inc	US	9.4
Gecina SA	France	9.3
Equity Residential	US	9.1
Grainger PLC	UK	9.1
Regency Centers Corp	US	9.1
Vornado Realty Trust	US	9.1
UNITE Group PLC/The	UK	8.9

<sup>1</sup> The ownership shares also include holdings that are a part of the equity management.

**TABLE 15** The fund's largest listed investments in real estate management. In millions of kroner as at 31 December 2024.

Company	Country	Holding <sup>1</sup>
Welltower Inc	US	44,611
Digital Realty Trust Inc	US	43,769
Vonovia SE	Germany	41,751
Equity Residential	US	28,255
Simon Property Group Inc	US	23,260
Invitation Homes Inc	US	18,657
Alexandria Real Estate Equities Inc	US	18,194
AvalonBay Communities Inc	US	16,952
UDR Inc	US	14,430
Regency Centers Corp	US	14,307

<sup>1</sup> The holdings also include holdings that are part of the equity management.



In 2024, we agreed to commit 900 million euros to Copenhagen Infrastructure Partners' (CIP) fifth flagship fund, "CI V".

# Unlisted renewable energy infrastructure

Investments in unlisted renewable energy infrastructure returned -9.8 percent and made up 0.1 percent of the fund at the end of the year.

The return on investments in renewable energy infrastructure comprises the net income from these assets and the change in their value during the period. Expected future power prices, expected future production volumes and the estimated cost of capital impact valuations. The value of the assets also falls over time as their expected remaining life decreases. The negative return in 2024 was due primarily to a higher cost of capital.

**TABLE 16** Value of unlisted infrastructure investments in millions of kroner as at 31 December 2024.

	Value <sup>1</sup>
<b>Unlisted infrastructure investments</b>	<b>25,348</b>

<sup>1</sup> Including bank deposits and other receivables.

**TABLE 17** Return of unlisted infrastructure investments in percent as at 31 December 2024.

	Return
<b>Unlisted infrastructure investments</b>	<b>-9.81</b>



The fund made four new investments in unlisted renewable energy infrastructure in 2024.

The fund made four new investments in unlisted renewable energy infrastructure during the year. In January, we signed an agreement to acquire a 49 percent interest in a portfolio of solar and onshore wind assets in Spain and Portugal for 307 million euros, or around 3.5 billion kroner. In April, we agreed to acquire a 49 percent stake in two solar projects in Spain for 203 million euros, or around 2.4 billion kroner. Also in April, we signed an agreement to acquire 37.5 percent of Race Bank, an operational offshore wind project in the UK, for 330 million pounds, or around 4.5 billion kroner. Our share of the project includes a debt facility of around 644 million pounds, or around 8.8 billion kroner.

In August, we signed an agreement to invest 900 million euros, or around 10.6 billion kroner, in Copenhagen Infrastructure V (CI V), the fifth flagship fund from Copenhagen Infrastructure Partners (CIP). [CIP and CI V](#) will invest in renewable energy with a focus on offshore wind, onshore wind, solar, power networks and storage. Investments will be spread evenly across three regions: North America, Western Europe and developed markets in Asia Pacific.

The management mandate from the Ministry of Finance sets an upper limit for investments in unlisted renewable energy infrastructure of 2 percent of the fund's value.

A full list of the fund's unlisted renewable energy infrastructure investments can be found at [www.nbim.no](http://www.nbim.no).

# Global investments

Number of investment by asset class



With a large, global fund and a 70 percent allocation to equities, we have to be prepared for considerable fluctuations in the fund's return and market value.



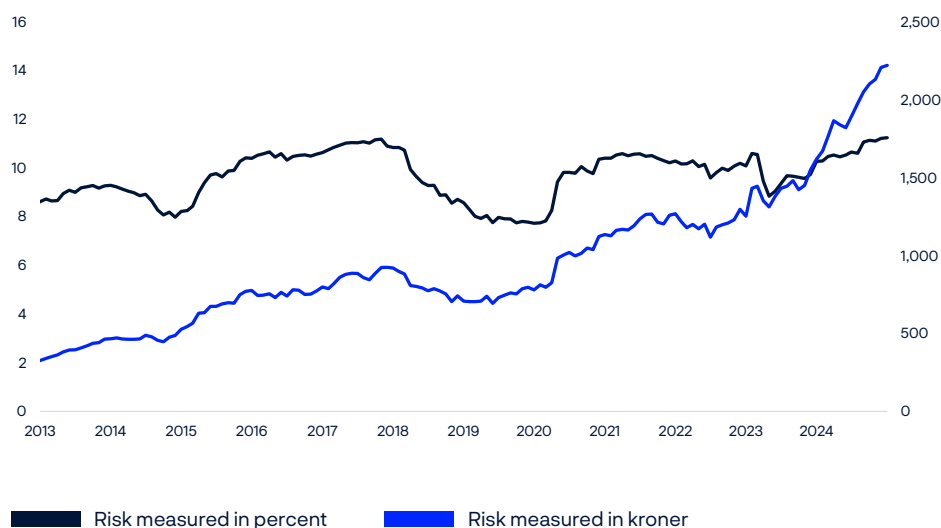
Measuring the fund's risk exposure is a challenge.

## Risk management and volatility

The risk in the fund is driven largely by how much of it is invested in equities and how much equity prices fluctuate. Movements in interest rates, credit risk premiums and exchange rates will also affect risk, as will changes in the value of investments in real estate and unlisted renewable energy infrastructure. As an investor, we need to have good systems for analysing and managing this risk.

Measuring the fund's risk exposure is a challenge. To obtain a full picture, we use a variety of risk analyses and calculations. We monitor the fund's concentration risk, expected fluctuations in markets and fund value, factor exposures and liquidity risk. We also perform stress tests and hypothetical scenario analyses on the portfolio. Some investment strategies can expose the fund to an increased risk of rare but large and unpredictable losses, and so we closely monitor exposure to strategies of this type.

**CHART 18** Expected absolute volatility for the fund. Percent (left-hand axis) and billions of kroner (right-hand axis).





Expected absolute volatility is a measure of how much the annual return on the fund's investments can normally be expected to fluctuate.

Expected absolute volatility is a measure of how much the annual return on the fund's investments can normally be expected to fluctuate. This is calculated using standard deviation based on a three-year price history. The fund's expected absolute volatility was 11.2 percent at the end of 2024, or about 2,200 billion kroner, meaning that the value of the fund can be expected to fluctuate by more than that amount in one out of every three years.

## Scenario analyses

Each year, we publish the results of analyses of a number of hypothetical scenarios. These scenarios may change from year to year to reflect market developments and events that impact economic performance. This year, we look at whether a combination of high equity valuations, high debt levels and increased geopolitical tensions could result in substantial reductions in the fund's value over time.

This year's scenarios build on last year's analyses, where we considered how repricing of risk, a debt crisis and a fragmented world might impact negatively on the fund's value. The AI correction scenario can be seen as a continuation of last year's risk-repricing scenario and places particular emphasis on the concentration of AI stocks in the market. This year's debt-crisis scenario is more wide-ranging than last year's and looks at a broad loss of confidence among investors, while the fragmented-world scenario has been expanded from focusing on two economic blocs with geopolitical tensions to cover multiple regions.

### AI correction

A significant correction in the technology sector is triggered by investments in AI failing to generate the expected earnings and value creation. This might be due to stricter regulation, technological challenges or a lack of necessary resources. This correction has a particular impact on the US technology sector but also spreads to other sectors and regions.

### Debt crisis

High global debt levels combined with an ageing population, climate change and international conflicts trigger a bond crisis. Decreased confidence in the market leads to a substantial increase in yields and risk premiums, which in turn have adverse effects on both equity and bond markets.

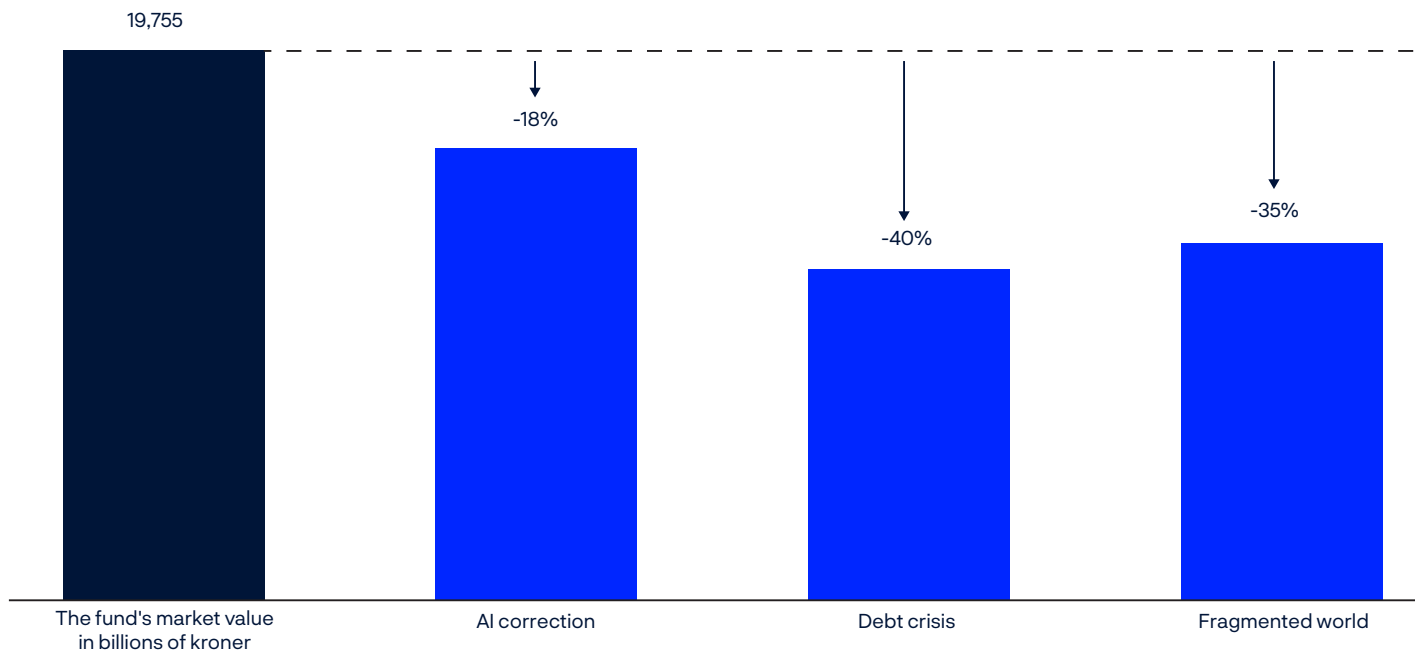
### Fragmented world

The world fragments into multiple economic blocs with reduced levels of co-operation. This leads to increased trade barriers, stricter regulation and reduced foreign investment. Developing countries are hit particularly hard. Decreased economic co-operation leads to lower global growth, higher inflation and increased market volatility.

We have analysed how these scenarios might impact the fund's value, calculating potential losses over a period of up to five years. Losses on equities are considerable in all of the scenarios, but the effect on the fixed-income market varies. The debt-crisis scenario produces the heaviest losses, with the fund's value falling by 40 percent.

A full report on this stress testing can be found at [www.nbim.no](http://www.nbim.no).

**CHART 19** Estimated market value of the the fund under each scenario and potential losses in percent.



# The fund's relative return

Results ●

Investments ●

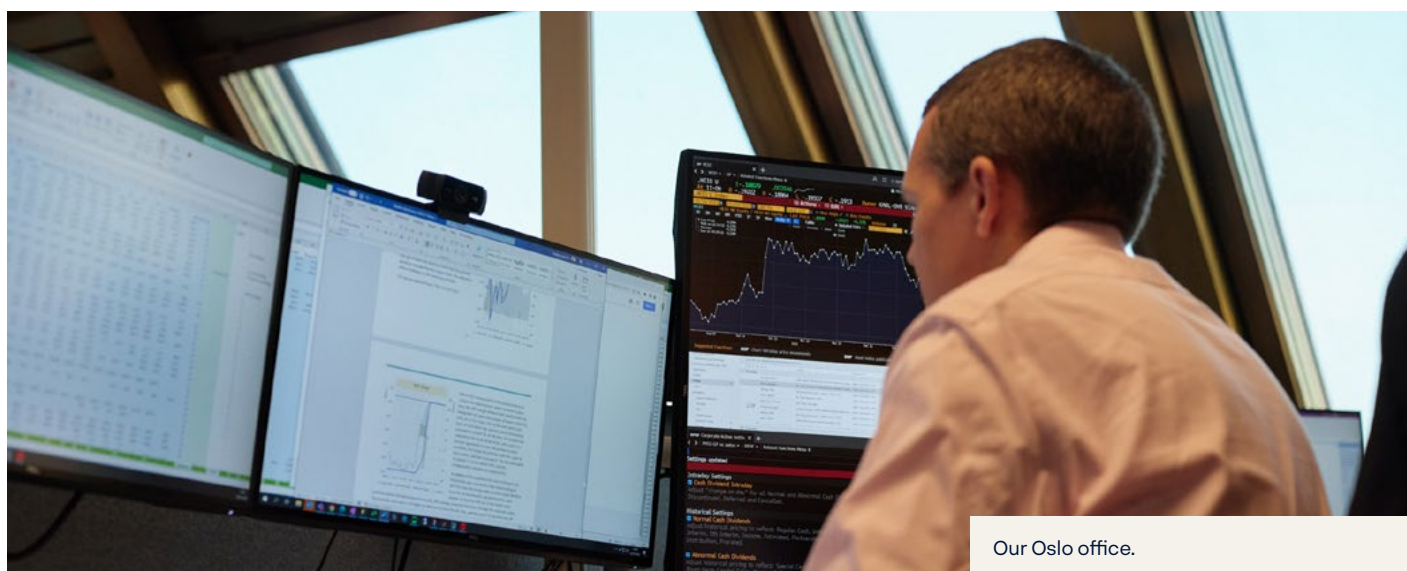
Organisation ●

Financial statements ●

We aim to leverage the fund's long-term investment horizon and considerable size to generate a high return with acceptable risk. In 2024, the fund's return was 0.45 percentage point lower than the return on the benchmark index.

The return on the fund's investments is measured against the return on the fund's benchmark index from the Ministry of Finance, which is made up of global equity and bond indices. The equity portion of the benchmark index is based on the FTSE Global All Cap index and comprised 8,716 listed companies at the end of the year. The bond portion of the benchmark index is based on indices from Bloomberg Indices and consisted of 18,354 bonds from 2,456 issuers.

At the end of 2024, the fund was invested in 8,659 listed companies and 6,934 bonds from 1,507 issuers. The fund also had investments in 910 unlisted properties and 7 investments in unlisted renewable energy infrastructure. To achieve our objective of the highest possible return after costs, we delegate the responsibility for individual investments to our portfolio managers through individual investment mandates. These mandates are awarded within the fund's three main strategies: market exposure, security selection and fund allocation. This gives us deep insight



Our Oslo office.

# 0.25

percentage point  
higher return than  
the benchmark index  
since 1998

into selected market segments and companies, and makes us a better responsible investor. We had 276 individual equity and bond mandates at the end of the year, of which 114 were assigned to external equity managers. This approach ensures precise management and control of risk, performance measurement, costs and incentives for each investment mandate.

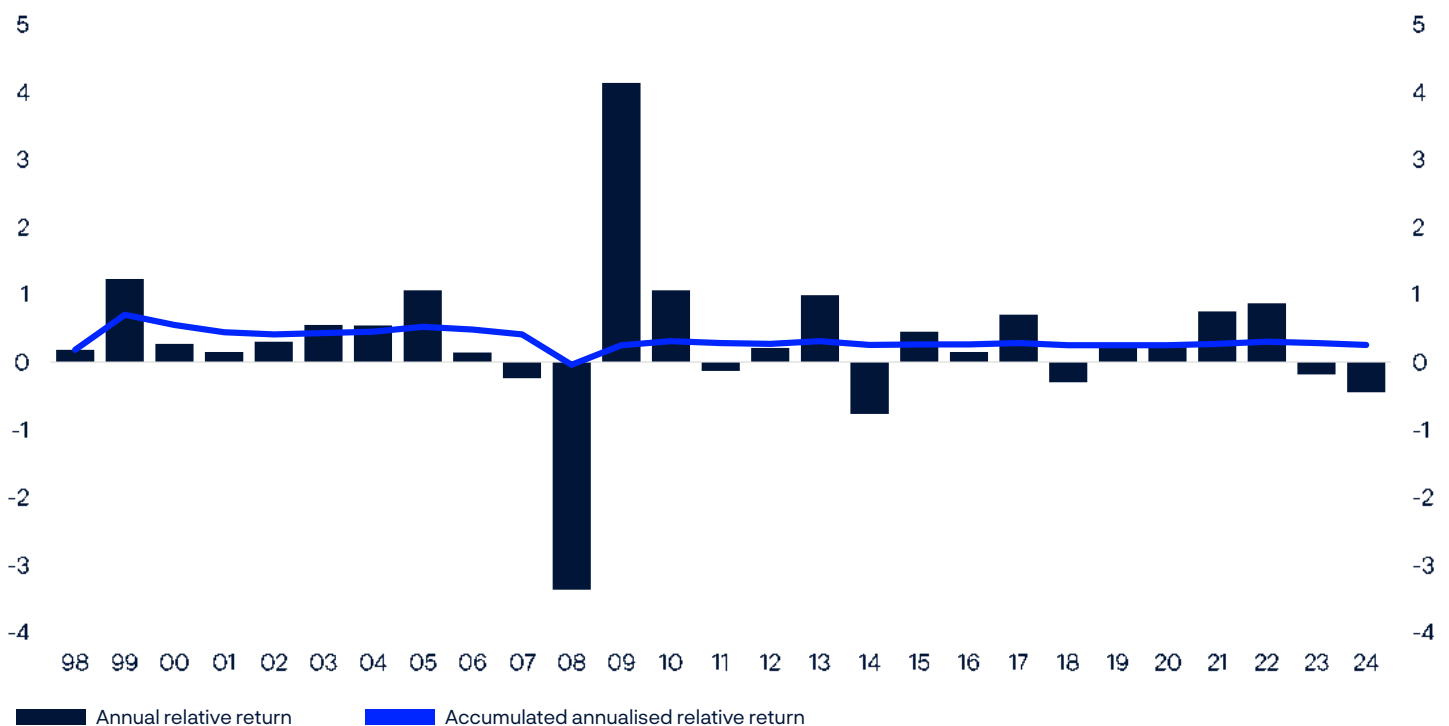
The fund's investments in real estate and unlisted renewable energy infrastructure are not part of the benchmark index from the Ministry. These investments are funded by selling equities and bonds from the benchmark index. Which equities and bonds are sold depends on the country and currency in which the investment is made. The relative return for equity and bond management is measured against the benchmark index adjusted for the equities and bonds sold to fund investments in real estate and unlisted renewable energy infrastructure. The return on real estate and infrastructure investments is measured against the equities and bonds sold to fund them.

In 2024, the fund's return was 0.45 percentage point lower than the return on the benchmark index. However, the fund has outperformed the benchmark index by 0.25 percentage point annually since 1998, 0.26 percentage point over the past decade, and 0.29 percentage point over the past five years.

**TABLE 18** Relative return in 2024.

	Percentage points
Fund	-0.45
Equity investments	-0.47
Fixed-income investments	0.21

**CHART 20** Annual relative return and accumulated annualised relative return in percentage points. Calculations based on aggregated equity and fixed-income investments until end of 2016.



Equity management has outperformed the benchmark index by 0.45 percentage point annually since 1999.

## Equity management

Equity management is measured against the equity portion of the benchmark index, adjusted for sales of equities to fund investments in real estate and renewable energy infrastructure. The return on equity management was 0.20 percentage point lower than on this adjusted benchmark in 2024 and contributed -0.13 percentage point to the fund's total relative return. Investments in telecommunications and technology made the greatest negative contributions, while investments in consumer goods and health contributed positively. Broken down by country, equity investments in the US, Switzerland and China made the most negative contributions, while those in Singapore and Taiwan contributed positively.

Equity management has outperformed the benchmark index by 0.45 percentage point annually since 1999, 0.39 percentage point over the past decade, and 0.50 percentage point over the past five years.

# 0.18

percentage point higher return on the fixed-income management than on the adjusted benchmark index in 2024

## Fixed-income management

Fixed-income management is measured against the bond portion of the benchmark index, adjusted for sales of bonds to fund investments in real estate and renewable energy infrastructure. The return on fixed-income management was 0.18 percentage point higher than on this adjusted benchmark index in 2024 and contributed 0.05 percentage point to the fund's relative return. The management of fixed-income instruments in developed markets made the greatest positive contribution, but investments in corporate bonds also contributed positively. The fund also invests in bonds issued by the authorities in emerging markets. Interest rates in Latin America rose considerably during the year, pulling down the relative return.

Fixed-income management has outperformed the benchmark index by 0.24 percentage point annually since 1998, 0.37 percentage point over the past decade, and 0.65 percentage point over the past five years.

## Real estate

The fund's overall strategy for real estate covers both unlisted and listed real estate investments. The relative return for real estate management is measured as the difference between the return on the fund's total real estate investments and the return on the bonds and equities sold to buy them. Real estate management contributed -0.26 percentage point to the fund's relative return in 2024. Unlisted investments contributed -0.13 percentage point, with investments in all three regions – the US, Europe and Asia – making negative contributions, especially those in the US office segment. Listed real estate investments also contributed -0.13 percentage point, the greatest negative contributions coming from investments in the US.

We report unlisted real estate returns quarterly and annually, but it is important to assess the real estate strategy over a longer period. From the fund's first unlisted real estate investment in 2011 through to the end of 2016, the annual return on unlisted real estate investments was 5.98 percent. During this period, real estate investments were funded by selling

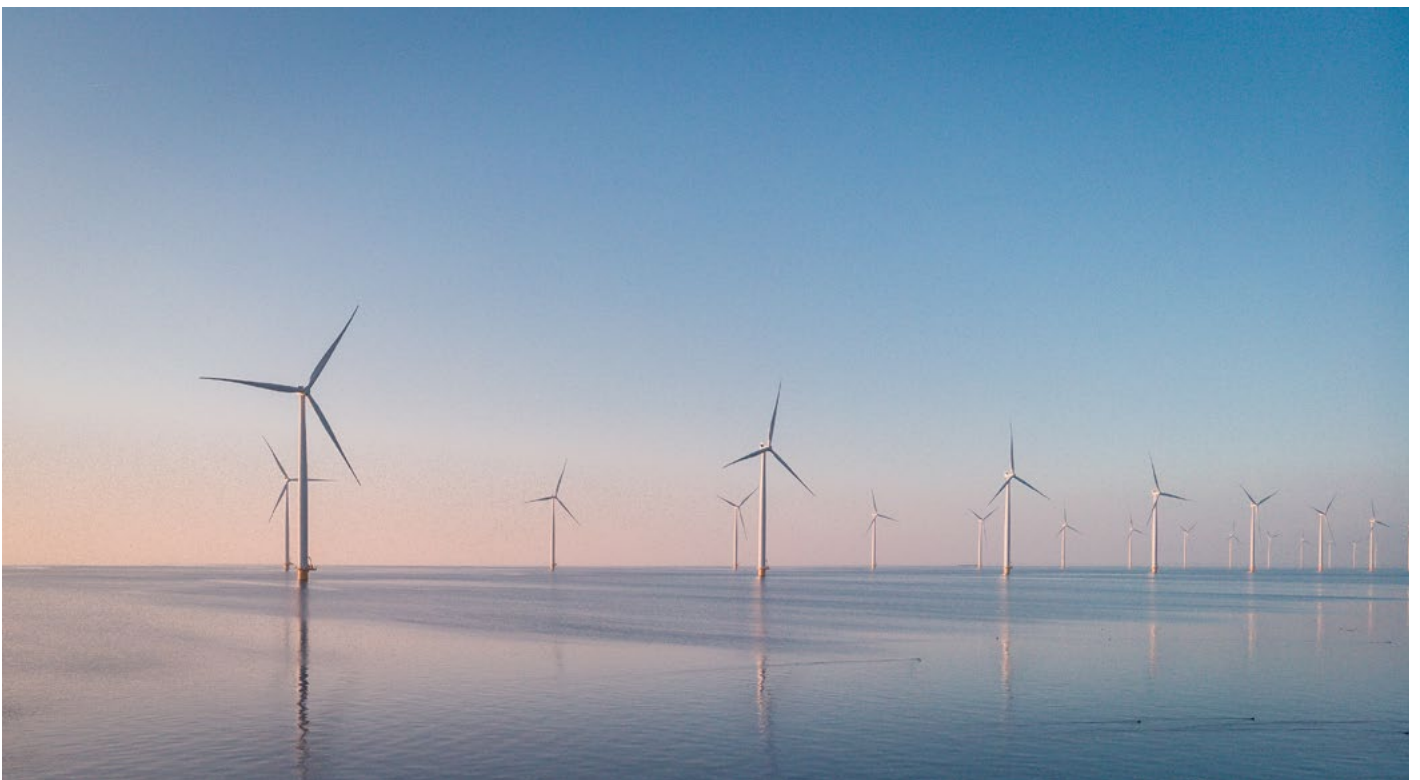


The fund's strategy is to build up a portfolio of high-quality large-scale wind and solar power generation assets.

bonds. The annual return on bond investments in the same period was 4.37 percent. From 2017 to 2024, the annual return on the unlisted real estate investments was 2.55 percent. During this period, unlisted real estate was funded through sales of equities as well as bonds. The annual return on this funding in the same period was 4.03 percent.

## Unlisted renewable energy infrastructure

The fund's strategy is to build up a portfolio of high-quality large-scale wind and solar power generation assets. The relative return for renewable energy infrastructure is measured as the difference between the return on the fund's total investments in these assets and the return on the bonds sold to fund them. The fund's investments in renewable energy infrastructure returned -9.81 percent in 2024, driven by a higher cost of capital. From inception, the strategy has produced an annual return of 0.66 percent.



**TABLE 19** Relative return on the fund's asset management in percentage points.

Year	Fund <sup>1</sup>	Equity management <sup>2</sup>	Fixed-income management <sup>2</sup>	Real estate management <sup>2</sup>	Infrastructure management
2024	-0.45	-0.20	0.18	-6.72	-7.35
2023	-0.18	0.38	0.51	-10.51	-5.67
2022	0.87	0.52	1.68	0.22	25.09
2021 <sup>3</sup>	0.75	0.78	-0.04	7.36	8.04
2020	0.27	0.98	0.76	-13.81	
2019	0.23	0.51	0.11	-3.89	
2018	-0.30	-0.69	-0.01	5.49	
2017	0.70	0.79	0.39	0.70	
2016	0.15	0.15	0.16		
2015	0.45	0.83	-0.24		
2014	-0.77	-0.82	-0.70		
2013	0.99	1.28	0.25		
2012	0.21	0.52	-0.29		
2011	-0.13	-0.48	0.52		
2010	1.06	0.73	1.53		
2009	4.13	1.86	7.36		
2008	-3.37	-1.15	-6.60		
2007	-0.24	1.15	-1.29		
2006	0.14	-0.09	0.25		
2005	1.06	2.16	0.36		
2004	0.54	0.79	0.37		
2003	0.55	0.51	0.48		
2002	0.30	0.07	0.49		
2001	0.15	0.06	0.08		
2000	0.27	0.49	0.07		
1999	1.23	3.49	0.01		
1998	0.18		0.21		

<sup>1</sup> Includes real estate management from 2017. The fund's relative return prior to 2017 is calculated on equity and fixed-income management only.

<sup>2</sup> Measured against actual funding from 2017. The relative return on equity and fixed-income management before 2017 is measured against the respective Ministry of Finance asset class indices.

<sup>3</sup> The relative return on the fund and fixed-income management for 2021 have been adjusted by 0.01 percentage point as a result of an update of the return on the benchmark index.

## Investment strategies

We employ a range of investment strategies in our management of the fund. They are grouped into three main strategies – market exposure, security selection and fund allocation – which are pursued across equity, fixed-income and real asset management.

The market exposure strategy consists of positioning and securities lending, and contributed 0.07 percentage point to the fund's relative return in 2024. Positioning is about implementing market exposures in ways that increase investment returns and reduce transaction costs. This is done partly by exploiting relative valuations across instruments and issuers, and the pricing effects of company and market events. This includes positioning



The security selection strategy is based on company analysis covering the fund's largest investments.



Our Singapore office.

based on interest rate levels, inflation, exchange rates and interest rate differentials between countries. Equity positioning contributed -0.01 percentage point to the relative return in 2024, with the greatest negative contribution from US equities. Investments in Europe made a positive contribution. Fixed-income positioning contributed 0.05 percentage point to the fund's relative return, with positive contributions from all regions. Securities lending contributed 0.04 percentage point to the fund's relative return, most of which came from lending out equities.

The security selection strategy is based on company analysis covering the fund's largest investments. The aim is to improve returns and enhance our role as a responsible and active owner. This strategy contributed -0.06 percentage point to the fund's relative return in 2024. Internal equity selection contributed -0.13 percentage point. North American stocks made the most negative contribution here, especially investments in telecommunications and technology companies, while investments in financials made the most positive contribution. External equity selection contributed 0.07 percentage point to the fund's relative return. Markets in the Middle East and South Africa contributed positively, while investments in Latin America and developed markets in Europe pulled the other way. When it comes to fixed-income management, security selection focuses on corporate bonds. This strategy contributed 0.01 percentage point to the fund's relative return in 2024.

The fund allocation strategy consists of a number of strategies that aim to improve the trade-off between return and risk in the fund over time. This strategy contributed -0.46 percentage point to the fund's relative return in 2024.

Investments in real estate and renewable energy infrastructure are reported under fund allocation in our strategy reporting. Investments in real estate contributed -0.26 percentage point to the fund's relative return in 2024, and investments in renewable energy infrastructure -0.01 percentage point.

During the year, the fund was underweight in equities and overweight in bonds, especially in emerging markets. We also had a smaller allocation to the largest US technology companies than the benchmark index. Taken together, these allocation decisions made a contribution of -0.20 percentage point to the relative return.

**TABLE 20** Contributions to the fund's relative return from investment strategies in 2024. In percentage points.

	Equity management	Fixed-income management	Real assets management	Allocation	Total
<b>Market exposure</b>	0.02	0.05		0.00	0.07
Asset positioning	-0.01	0.05		0.00	0.03
Securities lending	0.03	0.00			0.04
<b>Security selection</b>	-0.06	0.01			-0.06
Internal security selection	-0.13	0.01			-0.12
External security selection	0.07				0.07
<b>Fund allocation</b>	-0.09	0.00	-0.26	-0.11	-0.46
Real estate			-0.26		-0.26
Unlisted real estate			-0.13		-0.13
Listed real estate			-0.13		-0.13
Renewable energy infrastructure			-0.01		-0.01
Allocation	-0.09	0.00		-0.11	-0.20
<b>Total</b>	<b>-0.13</b>	<b>0.05</b>	<b>-0.26</b>	<b>-0.11</b>	<b>-0.45</b>

**TABLE 21** Contributions to the fund's relative return from investment strategies annualised for 2013–2024. In percentage points.

	Equity management	Fixed-income management	Real assets management	Allocation	Total
Market exposure <sup>1</sup>	0.10	0.07		0.00	0.17
Asset positioning	0.06	0.06		0.00	0.13
Securities lending	0.04	0.01			0.05
<b>Security selection</b>	0.14	0.01			0.15
Internal security selection	0.05	0.01			0.06
External security selection	0.09				0.09
<b>Fund allocation</b>	-0.01	-0.01	-0.07	-0.01	-0.10
Real estate			-0.07		-0.07
Unlisted real estate			-0.01		-0.01
Listed real estate			-0.06		-0.06
Renewable energy infrastructure			0.00		0.00
Allocation <sup>2,3</sup>	-0.01	-0.01	0.00	-0.01	-0.02
<b>Total</b>	<b>0.23</b>	<b>0.07</b>	<b>-0.07</b>	<b>0.00</b>	<b>0.23</b>

<sup>1</sup> Market exposure includes -0.01 percentage point from the systematic factors strategy which was ended in the second quarter of 2020.

<sup>2</sup> Regulations for Environmental related mandates for equities and fixed income were changed by the Ministry of Finance during 2022. The historic performance impact from Environmental related mandates until 2022 is included under Allocations. impact from Environmental related mandates until 2022 is included under Allocations.

<sup>3</sup> Specific allocation to Systematic factors was ended in 2022. The historic performance impact from Systematic factors is included under Allocations.



The fund is invested differently to its benchmark index along various dimensions.

## Risk relative to the benchmark index

The fund is invested differently to its benchmark index along various dimensions, including asset classes, currencies, sectors, countries, regions, individual stocks and individual bond issuers.

At the end of 2024, the equity portfolio was overweight in high-volatility stocks and stocks with lower dividend yields relative to the benchmark index. The fixed-income portfolio had less exposure to corporate bonds than the benchmark index, but greater exposure to bonds from emerging markets and government-related bonds. The fund had 364 billion kroner invested in unlisted real estate and 359 billion kroner in listed real estate at the end of the year. Real estate investments were among the fund's largest relative exposures.

The Ministry of Finance and Norges Bank's Executive Board have set limits for how far the fund's investments may deviate from the benchmark index. One of these limits is expected relative volatility, or tracking error, which puts a ceiling on how much the return on the fund's investments can be expected to deviate from the return on the benchmark index. The management mandate requires all of the fund's investments to be included in the calculation of expected relative volatility and measured against the benchmark index, which consists solely of global equity and bond indices. The fund is to aim for expected relative volatility of no more than 1.25 percentage points. The actual level at the end of 2024 was 0.44 percentage point, up from 0.34 percentage point a year earlier. The increase was due mainly to higher expected relative volatility in equity investments.

We invest in real estate to spread the fund's risk, as real estate investments are expected to have a different return profile to equities and bonds in both the short and the long term. This has an impact on the calculation of the fund's expected relative volatility. As daily pricing is not available for our unlisted real estate investments, we use a model from MSCI to calculate the relative risk for these investments.

Norges Bank's Executive Board has also set a limit for the expected shortfall between the return on the fund and return on the benchmark index in extreme situations. This limit has been set at 3.75 percentage points. The actual figure at the end of 2024 was 1.18 percentage points, up from 1.08 percentage points a year earlier.

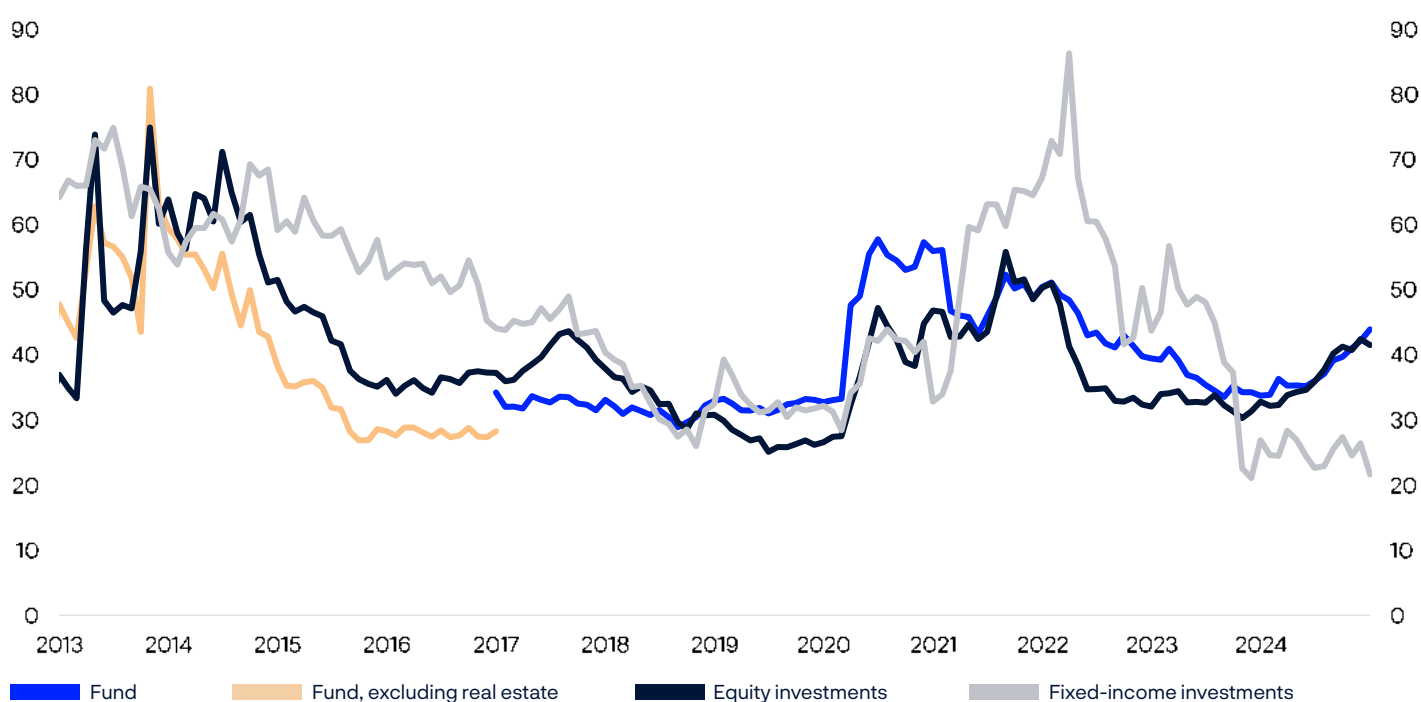
**TABLE 22** Key figures for the fund's risk and exposure.

	Limits set by the Ministry of Finance	31.12.2024
Allocation	Equity portfolio 60–80 percent of fund's market value <sup>1</sup>	71.4
	Unlisted real estate no more than 7 percent of the fund's market value	1.8
	Fixed-income portfolio 20–40 percent of fund's market value <sup>1</sup>	27.7
	Unlisted renewable energy infrastructure no more than 2 percent of the fund's market value	0.1
Market risk	1.25 percentage points expected relative volatility for the fund's investments	0.4
Credit risk	Maximum 5 percent of fixed-income investments may be rated below BBB-	1.0
Emerging markets	Maximum 5 percent of fixed-income investments may be in emerging markets	2.7
Ownership	Maximum 10 percent of voting shares in a listed company in the equity portfolio <sup>2</sup>	9.6

<sup>1</sup> Derivatives are represented with their underlying economic exposure.

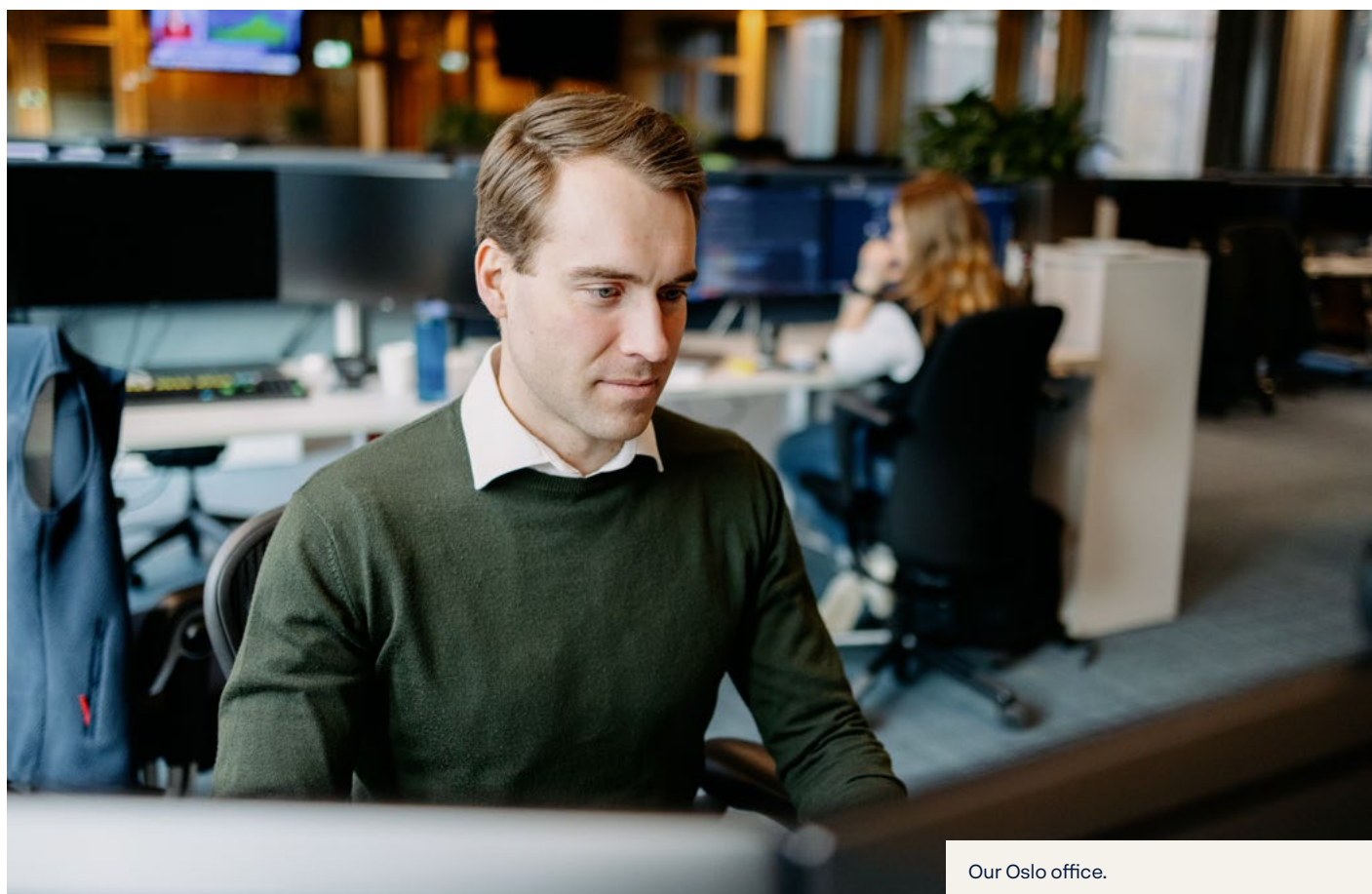
<sup>2</sup> Investments in listed and unlisted real estate companies are exempt from this restriction.

**CHART 21** Expected relative volatility of the fund in basis points.



**TABLE 23** Expected relative volatility of investment strategies as at 31 December 2024. Each strategy measured stand-alone with the other strategies positioned in line with the benchmarks. All numbers measured at fund level in basis points.

	Equity management	Fixed-income management	Real assets management	Allocation	Total
<b>Market exposure</b>	6	3		0	6
Asset positioning	6	3		0	6
<b>Security selection</b>	17	2			17
Internal security selection	15	2			14
External security selection	8				8
<b>Fund allocation</b>	11	4	37	8	46
Real estate			37		37
Unlisted real estate			20		20
Listed real estate			24		24
Renewable energy infrastructure			3		3
Allocation	11	4		8	18
<b>Total</b>	<b>19</b>	<b>5</b>	<b>37</b>	<b>8</b>	<b>44</b>



Our Oslo office.



**Responsible  
investment**  
Government  
Pension Fund  
Global 2024

**Responsible investment report**

The fund's work on responsible investment is presented in a separate report available at [www.nbim.no](http://www.nbim.no).



Our Singapore office.

# 3. Organisation

53	Management organisation
54	Operational risk management
69	Costs



# Management organisation

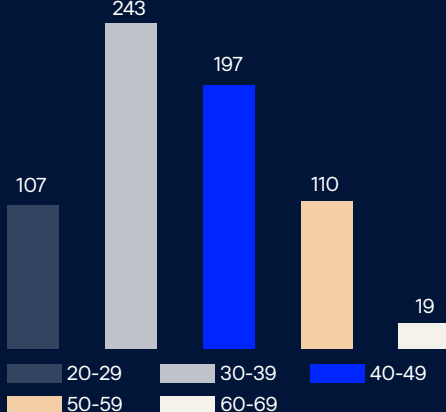
## Number of employees and offices



## Number of employees by area, including subsidiaries.



## Number of employees by age.



**4**  
offices

**676**  
employees

**40**  
nationalities

• We also have real estate offices in Paris and Tokyo.



In 2024, we arranged tech days for all employees for the first time.

# Our employees are the heart of our business

Our people are our most important asset. We need to attract, develop and retain leading talent. We aim to ensure that everyone can work efficiently and innovatively and has the skills to take on new challenges.

We are a global investment organisation. At the end of 2024, we had 676 employees across our offices in Oslo, London, New York and Singapore. We also have real estate offices in Paris and Tokyo. Close collaboration across these offices is essential for achieving the fund's objective of the highest possible return.

## Learning and development opportunities

We believe in lifelong learning and give employees the chance to build relevant skills throughout their careers. We work systematically on developing leaders and other staff by offering a variety of learning and



Feedback is a key part of our organisation culture and is important for professional development.

development opportunities. We have a continuous development process where employees and their managers set clear targets and expectations together. To promote co-operation, efficiency and a performance culture, we decided in 2024 to reduce the option of working from home from two days per week to one day of the employee's choosing.

We launched a new internal strategy during the year for how AI can make us more efficient, improve our risk management and help us achieve the highest possible return. These goals are anchored in Norges Bank's [Strategy 25](#) and are to contribute to the fund's long-term results. We secured access to leading AI models during the year and strengthened our collaboration with suppliers of language models. For the first time, we arranged tech days at all of our offices to raise skills levels. In internal surveys, employees report that AI tools have increased their productivity by an average of 15 percent.

For the second year, we held an Investment Academy to boost investment skills, value chain understanding and collaboration across the organisation. The programme is led by our own experts, and feedback has been very positive. In addition, we organised eight lectures on the geopolitical landscape, power dynamics and their financial implications, focusing on topics such as energy, renewable infrastructure and technology. We also held workshops where employees were given tools to deal with complex information, improve the learning process and use AI to support learning.

Our learning platform offers digital courses tailored to our organisation. We also offer employees access to 7,000 courses from leading universities and organisations, and arrange annual courses on coding and AI.

Feedback is a key part of our organisation culture and is important for professional development. We offer training in giving and receiving feedback, and employees undergo 360 degree reviews annually where they receive constructive feedback from their colleagues. A total of 11,500 pieces of feedback were given in 2024. We also launched a mentoring scheme to encourage new perspectives across teams and support personal development.

Our leaders are crucial in building a strong learning culture. They set direction, provide guidance and encourage innovation. We make clear



We are keen to give young people a better understanding of the world of finance.

expectations of them and arrange regular forums, including annual meet-ups. New leaders complete an introduction programme, and all leaders receive training on topics such as psychological safety, feedback, stress management and mental resilience.

## Information and recruitment

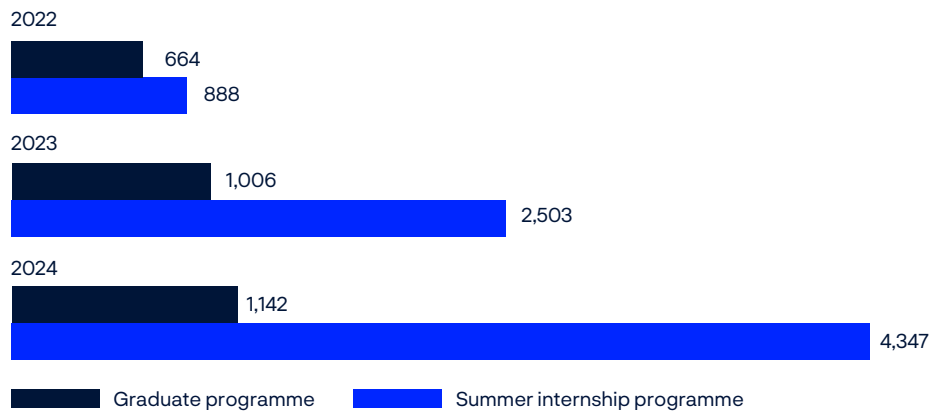
We are keen to give young people a better understanding of the world of finance. In 2024, we gave 31 guest lectures at universities in Norway and abroad. The aim was to give students an insight into investment management in practice, increase knowledge about the fund and share our expertise with a younger target group.

We work systematically to recruit the best candidates both in Norway and internationally, and seek talented individuals with varied skills and backgrounds. We saw a significant increase in the number of applicants for our vacancies from 2023 to 2024, including record-high applications for our graduate and summer internship programmes. For the first time, we accepted summer interns at our New York office.



Graduates of 2024.

**CHART 22** Number of applications for our graduate and summer internship programmes.



We aim to be an inclusive organisation with a diversity of mindsets, ethnicities, age groups, academic backgrounds and life experience.

## Diversity, equality and working environment

We aim to be an inclusive organisation with a diversity of mindsets, ethnicities, age groups, academic backgrounds and life experience. This brings a broader perspective, increases creativity and enables us to make better decisions.

We have extended our range of social activities to encourage a greater sense of community. We marked various international awareness days and events during the year, including Pride, International Women’s Day and World Mental Health Day. We also started up a network of mental health first aiders at all of our offices as one of many initiatives to promote a working environment where people can safely express their views and learn from their mistakes.

We are working actively to increase the share of women in the organisation as a whole and in senior management positions. In 2024, we supported the launch of an investment club for women to inspire and motivate more to choose a career in finance. Norges Bank was also one of the founders of the Women in Finance Charter and hosted the work on charter’s fourth status report in 2024. Our target is at least 40 percent women in Norges Bank as a whole, in senior management positions and in specialist

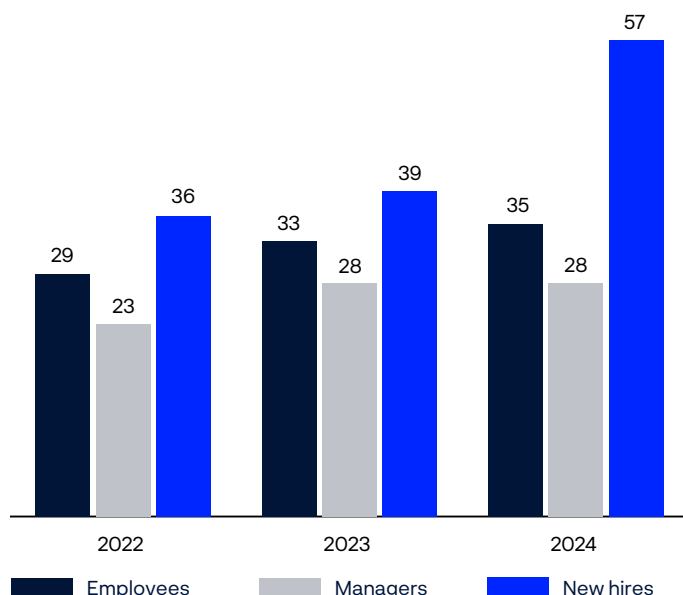
positions. Our obligations under the charter’s four principles [can be found at our website](#). Although we have a healthy gender balance in some areas, we still have some way to go to increase the proportion of women in senior management positions and senior specialist positions.

**TABLE 24** Gender balance by management level as at 31 December 2024. In percent.

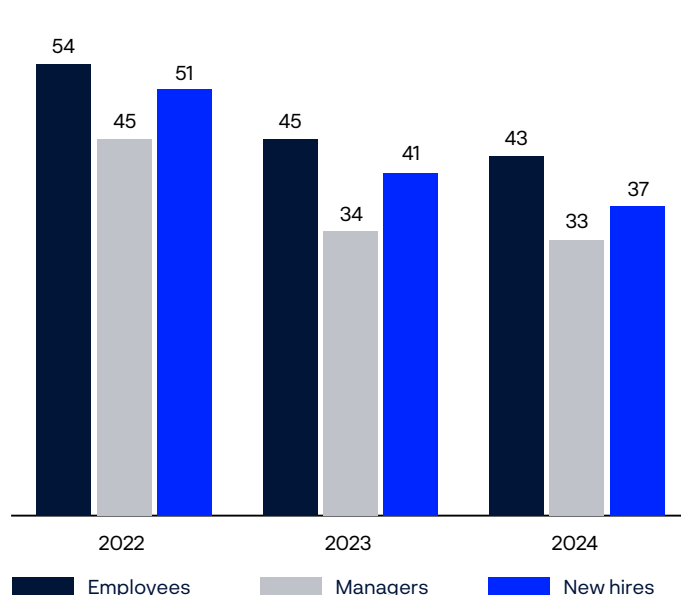
Grade	Women	Men
Management level 1 (Chief)	55	45
Management level 2 (Global Head)	13	87
Management level 3 (Head)	31	69
Specialised positions (level 4 and 5)	22	78

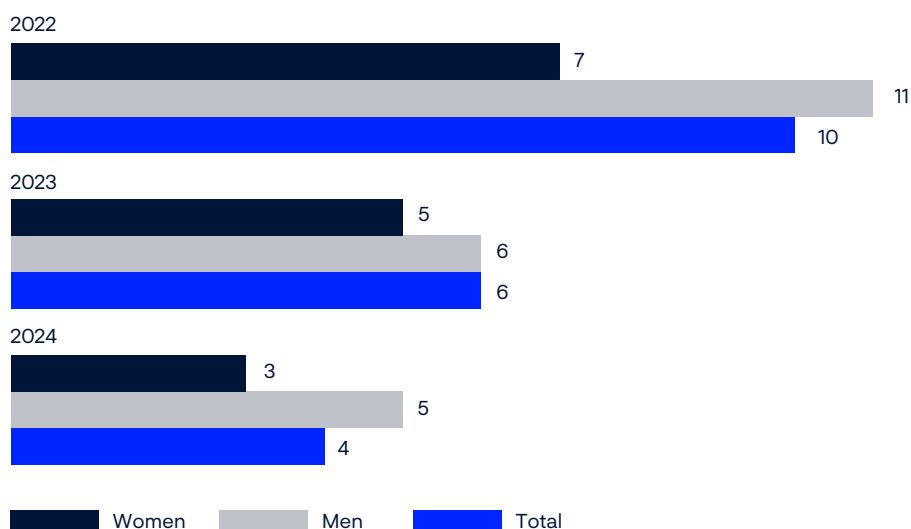
Our continuous efforts to increase the representation of women are reaping rewards: retention of female employees has improved, and the share of female applicants for our vacancies has increased.

**CHART 23** Share of employees, managers and new hires who are women, in percent.



**CHART 24** Share of employees, managers and new hires who are non-Norwegian, in percent.



**CHART 25** Employees who ended their employment, by gender in percent.

To ensure that we are consistent and fair in our approach to employees' progression, promotion and remuneration, different areas of the organisation have their own career ladders. Each ladder can have up to five different grades with consistent job titles. Each grade reflects the expectations associated with the role that are to be met regardless of which area the employee works in.

**TABLE 25** Gender balance by grade and office as at 31 December 2024. In percent.

Grade	Oslo		London		New York		Singapore	
	Share of employees		Share of employees		Share of employees		Share of employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Global Head	83	17	100	0	100	0	100	0
Head	67	33	62	38	82	18	100	0
Level 5	100	0	89	11	67	33	0	100
Level 4	77	23	73	27	88	12	67	33
Level 3	59	41	59	41	60	40	78	22
Level 2	64	36	33	67	62	38	63	38
Level 1	37	63	60	40	100	0	33	67



Our Oslo office.

Our 2024 people survey revealed high levels of engagement in the workforce. Employees see their work as meaningful, are proud of their workplace and thrive at Norges Bank Investment Management, regardless of gender, age or nationality. A growing number report that they are satisfied with the development opportunities available to them, which they report as the most important driver of motivation and well-being.

## Remuneration system

Norges Bank's Executive Board sets limits for our remuneration system and monitors its implementation. Pay levels are to be competitive but generally 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 and any performance-based pay, overtime pay and travel time pay.

In keeping with the management mandate from the Ministry of Finance, the remuneration system 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.

Members of the leader group receive only a fixed salary. The CEO's salary and pay bands for other members of the leader group are set by the Executive Board.

**TABLE 26** Fixed salary and other key information for senior management in 2024.

Position	Name	Gender	Investment area	Age	Tenure in Norges Bank Investment Management	Annual fixed salary in kroner
Chief Human Resources Officer	Aass, Ada Magnæs	Woman		45 years	10 years	2,440,000
Chief Investment Officer Equities	Balthasar, Daniel <sup>1</sup>	Man	Investment area	48 years	18 years	13,670,000
Chief Technology and Operating Officer	Bryne, Birgitte	Woman		52 years	9 years	4,250,000
Deputy Chief Executive Officer/Chief of Staff	Furtado Reis, Pedro <sup>1</sup>	Man	Investment area	49 years	13 years	13,670,000
Chief Investment Officer Real Assets	Grande, Trond	Man		54 years	17 years	5,380,000
Chief Risk Officer	Holstad, Mie Caroline	Woman	Investment area	42 years	14 years	3,620,000
Chief Governance and Compliance Officer	Huse, Dag	Man		58 years	21 years	5,005,000
Co-Chief Investment Officer Equities	Ihenacho, Carine Smith <sup>1</sup>	Woman		62 years	7 years	6,828,000
Co-Chief Investment Officer Asset Strategies	Norberg, Malin	Woman	Investment area	40 years	15 years	4,560,000
Co-Chief Investment Officer Asset Strategies	Nygård, Geir Øivind <sup>2</sup>	Man	Investment area	44 years	17 years	4,750,000
Chief Communications and External Relations Officer	Skaar, Marthe	Woman		41 years	11 years	2,070,000
Chief Executive Officer	Tangen, Nicolai	Man		58 years	4 years	7,385,000

<sup>1</sup> Receives a salary in pounds sterling. The amount shown includes the currency effect when translating into kroner.

<sup>2</sup> Transferred to another position within Norges Bank Investment Management on 01.12.2024. Remuneration is shown up until this date.

**TABLE 27** Remuneration of senior management in 2024. In kroner.

Position	Name	Paid salary	Performance-based pay	Value of other benefits <sup>4</sup>	Pension benefit earned	Employee loan
Chief Human Resources Officer	Aass, Ada Magnæs	2,412,033		13,314	382,851	
Co-Chief Investment Officer Equities	Balthasar, Daniel <sup>1,2</sup>	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 <sup>1,2</sup>	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 Investment Officer Real Assets	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 <sup>1</sup>	7,115,294		238,443	711,529	
Co-Chief Investment Officer Asset Strategies	Norberg, Malin <sup>2</sup>	4,598,713	824,960	14,523	359,167	1,113,296
Co-Chief Investment Officer Asset Strategies	Nygård, Geir Øivind <sup>3</sup>	4,408,718		15,627	311,764	
Chief Communications and External Relations Officer	Skaar, Marthe	2,051,110		25,259	367,981	
Chief Executive Officer	Tangen, Nicolai	7,397,781		12,638	395,808	

<sup>1</sup> Receives a salary in pounds sterling. The amount shown includes the currency effect when translating into kroner.

<sup>2</sup> Members of the Norges Bank Investment Management leader group only receive a fixed salary. Members of the leader group that previously were entitled to performance-based pay are no longer a part of this arrangement, but over the coming years will receive accrued performance-based pay that has been held back. The amounts reported in the table are performance-based pay disbursed during the financial year, but accrued and expensed in earlier periods.

<sup>3</sup> Transferred to another position within Norges Bank Investment Management on 01.12.2024. Remuneration is shown up until this date.

<sup>4</sup> Consist mainly of personnel insurance and electronic communication tools.

A total of 1,255 million kroner was paid in fixed salaries to 768 employees in 2024: 72 million kroner to senior management, 529 million to employees entitled to performance-based pay and 654 million kroner to other employees.

#### **Fixed salary at subsidiaries**

A total of 44 million kroner was paid in fixed salaries to 28 employees of subsidiaries linked to the management of the real estate portfolio during the year: 27 million kroner to employees entitled to performance-based pay and 17 million kroner to other employees.

## **Performance-based pay**

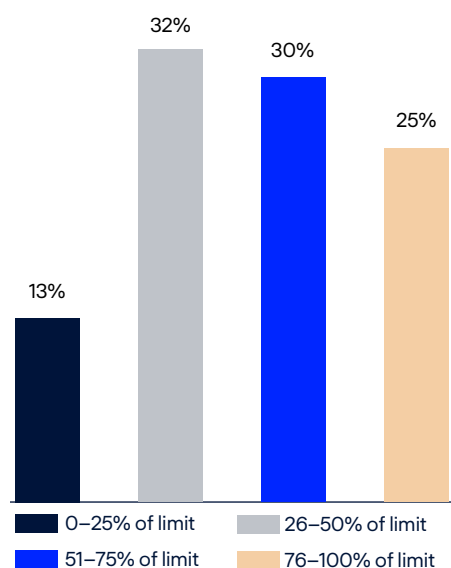
In addition to their fixed salary, those who work directly on investment decisions may qualify for performance-based pay. This is calculated on the basis of the performance of the fund, group and individual measured against agreed qualitative and quantitative targets. Qualitative targets may include 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 be 200 percent of fixed salary. Employees eligible for performance-based pay accrued an average of 51 percent of the overall



Our Singapore office.

**CHART 26** Performance-based pay relative to upper limit in 2024. Percentage of employees entitled with performance-based pay.



limit for 2024 based on multi-year performance. A total of 332 million kroner was paid in performance-based pay to 217 employees during the year.

Performance-based pay is paid over a number of years. Up to half 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 fund.

### Performance-based pay at subsidiaries

A total of 12 million kroner was paid in performance-based pay to 14 employees at subsidiaries linked to the management of the real estate portfolio.

## Equal pay

To ensure fair remuneration practices, we regularly analyse developments in our employees’ pay. Any significant discrepancies at the level of the individual or group are investigated further to ensure that gender-neutral criteria have been applied.

The analysis shows no significant pay differences between women and men in comparable positions and roles. The pay differences increased marginally from 2023, primarily due to changes in the composition at different career levels. Pay gaps between women and men at the level of the organisation are a result of men being over-represented in positions working on investment decisions. Positions with investment responsibilities are generally better paid in the market than positions at the same grade in other areas. A larger share of men than women at senior grades also contributes to differences at the level of the organisation.

**TABLE 28** Unadjusted pay gap between women and men in percent<sup>1</sup>.

	Fixed salary		Expected remuneration paid	
	Median	Average	Median	Average
Oslo office	86.6	85.1	85.2	77.2
<b>Total</b>	<b>81.1</b>	<b>77.0</b>	<b>77.8</b>	<b>66.3</b>

<sup>1</sup> Unadjusted pay gap between women and men reflects the disparity in earnings without adjusting for factors such as working hours, occupation, age, experience, education level, or other variables that could impact total pay gaps.

**TABLE 29** Salary analysis of men and women compared to their peer group by 31 December 2024. Each employees' salary is compared to the average and median salaries within their peer group<sup>1</sup>.

Job function	Salary compared to average of peer group in percent		Salary compared to median of peer group in percent		Number of employees	Share of women in percent	Average age, women	Average age, men
	Women	Men	Women	Men				
Portfolio management and trading	99	100	102	104	201	24	36	43
Portfolio management and trading support	98	101	98	101	44	41	32	38
Governance and compliance, legal, risk and legal functions	98	102	100	105	142	52	39	43
Communications and external relations, HR, staff	101	98	104	101	72	64	45	41
Technology and operations	99	100	100	101	206	22	39	40
<b>Total</b>	<b>99</b>	<b>101</b>	<b>101</b>	<b>103</b>	<b>665</b>	<b>35</b>	<b>39</b>	<b>41</b>

<sup>1</sup> Analysis based on employees' fixed salaries and expected annual accrual of the overall limit for performance-based pay. The leader group is not included in this analysis.

**TABLE 30** Salary analysis of Norwegian and Non-Norwegian employees compared to their peer group as at 31 December 2024. Each employees' salary is compared to the average and median salaries within their peer group<sup>1</sup>.

Job function	Salary compared to average of peer group in percent		Salary compared to median of peer group in percent		Number of employees	Share of Non-Norwegian employees in percent	Average age, Non-Norwegian employees	Average age, Norwegian employees
	Non-Norwegian employees	Norwegian employees	Non-Norwegian employees	Norwegian employees				
Portfolio management and trading	100	100	102	104	201	49	42	41
Portfolio management and trading support	98	102	98	102	44	55	35	36
Governance and compliance, legal, risk and legal functions	101	100	102	102	142	41	42	40
Communications and external relations, HR, staff	100	100	101	103	72	33	46	42
Technology and operations	99	101	100	101	206	45	39	39
<b>Total</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>103</b>	<b>665</b>	<b>45</b>	<b>41</b>	<b>40</b>

<sup>1</sup> Analysis based on employees' fixed salaries and expected annual accrual of the overall limit for performance-based pay. The leader group is not included in this analysis.

For data protection reasons, there must be at least five members of each gender at each grade for pay data to be published.

**TABLE 31** Fixed salary by grade at the Oslo office as at 31 December 2024.

Grade	Number of employees		Median fixed salary in kroner		Women's as a percentage of men's	Mean fixed salary in kroner		Women's as a percentage of men's
	Men	Women	Men	Women		Men	Women	
Head	28	14	1,670,000	1,608,000	96	1,685,000	1,647,000	98
Level 4	68	20	1,463,000	1,413,000	97	1,553,000	1,415,000	91
Level 3	80	56	1,123,000	1,115,000	99	1,144,000	1,158,000	101
Level 2	50	28	878,000	840,000	96	910,000	852,000	94
Level 1	11	19	660,000	655,000	99	670,000	679,000	101

**TABLE 32** Total remuneration paid by grade at the Oslo office as at 31 December 2024.

Grade	Number of employees		Median total remuneration paid in kroner		Women's as a percentage of men's	Mean total remuneration paid in kroner		Women's as a percentage of men's
	Men	Women	Men	Women		Men	Women	
Head	28	14	1,768,000	1,633,000	92	1,897,000	1,731,000	91
Level 4	68	20	1,663,000	1,465,000	88	1,921,000	1,563,000	81
Level 3	80	56	1,202,000	1,200,000	100	1,260,000	1,244,000	99
Level 2	50	28	917,000	859,000	94	952,000	895,000	94
Level 1	11	19	665,000	658,000	99	689,000	679,000	99

Kan vår felles formue beskyttes og forvaltes av kunstig intelligens?

Head of Cyber Security Centre presented at the Attack conference in 2024.

# Operational risk

Norges Bank's Executive Board sets limits for operational risk management and internal controls at Norges Bank Investment Management. We work systematically to identify operational risks and improve our processes.

The Executive Board has decided that there must be less than a 20 percent probability that operational risk factors result in gains and losses totalling 1 billion kroner or more over a 12-month period. This is referred to as the Executive Board's operational risk tolerance. Our estimated operational risk exposure was within this limit throughout 2024.

## Unwanted incidents in 2024

We registered 168 unwanted incidents in 2024, compared with 182 in 2023. The majority had no financial consequences. Altogether, unwanted incidents had an estimated financial impact of 111 million kroner. Five of them were considered significant.

# 168

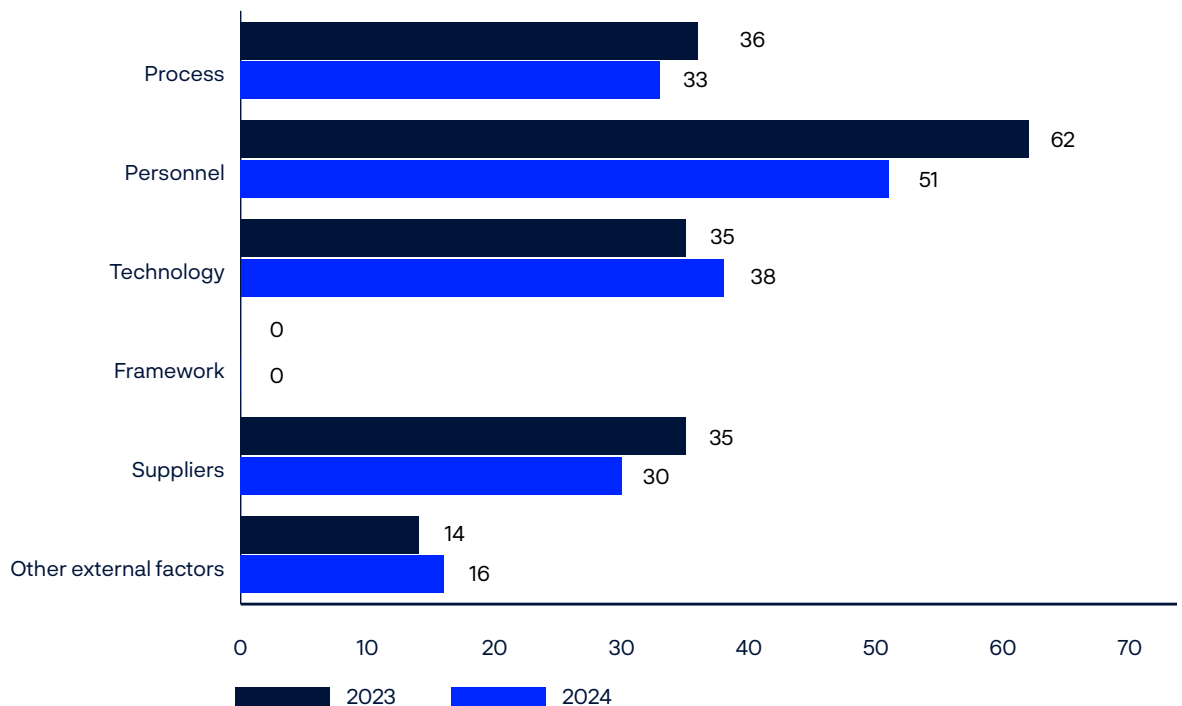
## unwanted incidents registered

Three of the five significant incidents had direct financial consequences, accounting for around 100 million kroner of the total financial impact. Two of these were failures in internal processes for portfolio management and tax refunds, while the third concerned a process at a supplier for securities lending. The last two significant incidents had to do with media management and systems availability.

### Compliance with guidelines

The Ministry of Finance has issued a mandate for the management of the Government Pension Fund Global. No material breaches of the mandate were registered in 2024. Norges Bank Investment Management did not receive any notifications from local supervisory authorities of any significant breaches of market rules or general legislation.

**CHART 27** Unwanted events at Norges Bank Investment Management by cause.





We manage the fund on behalf of the Norwegian people.

## Cyber risk

Cyber attacks pose a significant risk to Norges Bank Investment Management. Both security policy and technology are evolving rapidly, with negative implications for the threat landscape.

The most advanced threat actors employ a wide range of methods, including the use of insiders, criminal groups and their tools, and attacks on the supply chain. AI is making it possible to send targeted phishing attacks on a scale not previously seen. AI tools have also made it easier for criminals to develop advanced malware and deceive their victims through social engineering.

A variety of processes and controls have been put in place to reduce cyber risk. There were no significant information security incidents in 2024.

## Reputation

We manage the fund on behalf of the Norwegian people. The fund is the single largest investor in many listed companies. We rely on the trust of the Norwegian people and international financial markets. We work on protecting and strengthening our reputation in various ways, for example by ensuring compliance with laws and guidelines and through a code of conduct setting out ethical rules for all employees.

We also attach importance to being transparent, communicating with the fund's owners and maintaining a dialogue with the companies we invest in. We respond to all enquiries from the media and the public. Every two years, consulting firm Kantar gauges the fund's reputation among the Norwegian populace on behalf of Norges Bank Investment Management. The most recent survey in 2024 shows that the fund has a good reputation.

We were crowned the world's most transparent investment fund according to the Global Pension Transparency Benchmark (GPTB) for a second year in 2024, receiving a perfect score. The GPTB is the world's first standard for measuring transparency among pension funds and other institutional investment funds. Developed by CEM Benchmarking and Top1000funds.com, it is based on 185 questions on performance, governance, costs and responsible investing.



Press conference on the fund's annual key figures in 2024.



Our Oslo office.

# Low costs

We maintain a high level of cost awareness in our management of the fund and work continually to automate processes and streamline operations to realise economies of scale.

High returns, responsible investment and transparency are important priorities for the fund. We continue to leverage the fund's characteristics as a large and long-term investor to achieve the highest possible returns in a responsible manner. At the same time, we want to ensure cost-effectiveness without compromising the opportunity to create added value in the management of the fund, sound control, good risk management and operational robustness in the face of geopolitical uncertainty and a complex risk landscape.

Internal management costs as a share of assets under management have been stable or somewhat declining in recent years. We work continuously to increase operational efficiency and realise economies of scale, and several initiatives have been carried out at Norges Bank Investment



The fund's management costs measured as a share of assets under management are low compared to other funds.

Management in recent years to contribute to this. The management of the fund should be cost-effective, without low costs being a goal in itself. The fund's objective as set out in the management mandate from the Ministry of Finance is to generate the highest possible return, net of costs, measured in the investment portfolio's currency basket, within the applicable investment management framework.

The fund's management costs measured as a share of assets under management are low compared to other funds. Management costs at Norges Bank amounted to 0.041 percent of assets under management in 2024. An annual analysis prepared by CEM Benchmarking for the Ministry of Finance, which compares the fund's annual management costs with other large investment funds, shows that the fund has had lower costs than all other funds in the peer group over several years, measured as a share of assets under management. Management costs have been between 11 and 19 basis points lower than the peer group since 2012. This comparison takes account of differences in fund size and the allocation to different asset classes. The CEM report is considered the best source of information on cost levels at comparable funds.

## Management costs

Management costs comprise all costs relating to the management of the fund. These are mainly incurred at Norges Bank, but management costs are also incurred at subsidiaries of Norges Bank that are established as part of the management of the fund's investments in unlisted real estate and unlisted renewable energy infrastructure – see [note 12](#), [table 6.4](#) and [table 7.4](#) in the financial statements for additional information related to costs at Norges Bank and subsidiaries.

Total management costs at Norges Bank were 7.4 billion kroner in 2024, up from 6.6 billion kroner in 2023. The increase was mainly due to higher fees to external managers, higher personnel costs following salary increases and strengthening of the organisation, currency effects and somewhat higher costs for IT systems and data. Fees to external managers increased due to higher average assets under external management in 2024, currency effects and higher excess returns for some external managers.

# 7.4 billion

## kroner in total management costs

Each year, the Ministry of Finance sets an upper limit for the reimbursement of management costs. Norges Bank is only reimbursed for costs incurred up to this limit. Management costs at subsidiaries are measured against the upper limit but are not reimbursed, as they are expensed directly in the portfolio result. Norges Bank is also reimbursed for performance-based fees to external managers, which are not included in the limit. Total management costs incurred at Norges Bank and subsidiaries, excluding performance-based fees to external managers, were limited to 7.1 billion kroner for 2024. Management costs measured against this upper limit amounted to 6.0 billion kroner. These comprised management costs at Norges Bank, excluding performance-based fees to external managers, of 5.8 billion kroner and management costs at subsidiaries of 0.1 billion kroner. This corresponds to 0.034 percent of assets under management, down from 0.037 percent in 2023.

Fixed and variable fees to external managers accounted for 42 percent of management costs in 2024. External managers are used in segments and markets where we believe they will enhance returns. Our strategy is to use external managers primarily for equity investments in emerging markets and for investments in small- and mid-cap companies. The use of external managers has played an important role in achieving the fund's objectives. From inception in 1999 until the end of 2024, the cumulative excess return after costs from external equity mandates was approximately 92 billion kroner.

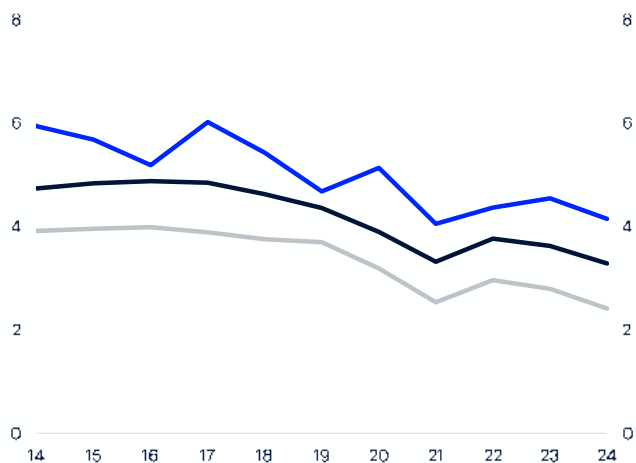
A share of the fees to external managers varies with the excess return achieved relative to a benchmark index. Agreements with external managers regarding performance-based fees are structured so that the majority of the positive excess return is retained by the fund, and the agreements include caps on the fees that can be paid. Performance-based fees to external managers will increase when excess returns increase.

The fund's investments in equities and bonds must be registered with local securities depositories around the world. We use a global custodian institution to assist us with this process. Custody costs as a share of assets under management have fallen in recent years and accounted for 7 percent of management costs in 2024.

# Approx. 80% of costs are invoiced and paid in foreign currency

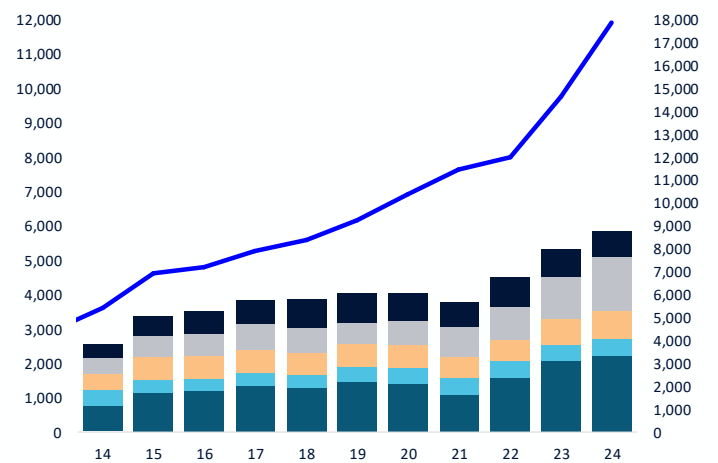
The fund's reporting currency is the Norwegian krone. Exchange rate fluctuations can have a significant accounting impact even if actual costs in foreign currency remain unchanged. Approximately 80 percent of costs are invoiced and paid in foreign currency. For example, a 25 percent change in the value of the krone against all other currencies would change management costs by around 1,500 million kroner. The weakening of the krone against other currencies in recent years has resulted in a substantial increase in costs measured in kroner.

**CHART 28** Management costs as a share of assets under management in basis points.



- Costs excluding performance-based fees and subsidiaries
- Total costs
- Internal costs

**CHART 29** Development of individual cost components. Costs<sup>1</sup> (millions of kroner, left-hand axis) and average market value (billions of kroner, right-hand axis).



- Other costs
- Base fees to external managers
- IT services, systems, data and information
- Custody costs
- Salary, payroll and other personnel costs
- Average market value

<sup>1</sup>Excluding performance-based fees and subsidiaries.

## Management costs broken down by investment strategy

We pursue different investment strategies in our management of the fund. These strategies complement and influence one another, and there are cost synergies between them. We allocate costs to the different strategies based on actual costs or using allocation keys such as number of employees or transaction volumes.

**TABLE 33** Management costs in basis points per investment strategy in 2024. Costs reimbursed by the Ministry of Finance.

2024	Contribution to the fund's management costs	Management costs based on assets under management
Market exposure	1.4	1.9
Securities selection	2.5	11.0
Internal security selection	0.6	3.7
External security selection <sup>1</sup>	1.8	35.9
Fund allocation	0.3	
of which unlisted real estate	0.2	9.3
<b>Total</b>	<b>4.1</b>	

<sup>1</sup> Includes all externally managed capital.

**TABLE 34** Management cost in basis points per investment strategy 2013–2024. Costs reimbursed by the Ministry of Finance.

2013–2024	Contribution to the fund's management costs	Management costs based on assets under management
Market exposure	2.0	2.6
Security selection	2.5	14.1
Internal security selection	0.7	5.1
External security selection <sup>1</sup>	1.8	41.9
Fund allocation	0.3	
Unlisted real estate <sup>2</sup>	0.4	17.2
<b>Total</b>	<b>5.1</b>	

<sup>1</sup> Includes all externally managed capital.

<sup>2</sup> Unlisted real estate is part of the Fund allocation strategy from 2017, but is presented on a separate line for 2013–2024.



We work continuously to keep direct transaction costs low.

## Transaction costs

Transaction costs are defined as all costs associated with transactions that directly impact the portfolio result. Both direct and indirect transaction costs are incurred. For equities and bonds, direct transaction costs normally consist of commission fees and transaction taxes, including stamp duty. For unlisted real estate and unlisted renewable energy infrastructure, they include one-off costs for the purchase and sale of investments, including stamp duty, registration fees, due diligence costs and insurance.

We work continuously to keep direct transaction costs low. We do this by analysing our trades and taking transaction costs into account in our investment strategies, thereby reducing the number of transactions. There may therefore be less activity in markets with high commissions or taxes than in markets with lower fixed transaction costs. We also choose counterparties that can execute our investment decisions most cost-effectively. Direct transaction costs amounted to 6.1 billion kroner in 2024, compared to 4.5 billion kroner in 2023. This consists mainly of 5.6 billion kroner related to equity investments, 0.4 billion kroner related to investments in unlisted real estate and 0.1 billion kroner related to investments in unlisted renewable energy infrastructure.

In addition to direct costs, indirect costs are incurred when we invest, due to fluctuations in prices from the time we initiate the trade until it is implemented in the market. Indirect costs are included in the portfolio result and are estimated at approximately 16 billion kroner for internal equity investments in 2024. This amount is largely unchanged from 2023, despite increased activity levels in 2024. The relative reduction in indirect transaction costs can be attributed to improved market conditions and implemented cost-saving measures.



Our Oslo office.

# 4. Financial statements

77	Financial statements
81	Notes
132	Independent auditor's report



# Contents

## Financial reporting

<b>77</b>	<b>Financial statements</b>
77	Income statement
78	Balance sheet
79	Statement of cash flows
80	Statement of changes in owner's capital
<b>81</b>	<b>Notes</b>
81	Note 1 General information
82	Note 2 Accounting policies
84	Note 3 Returns
85	Note 4 Income/expense from equities, bonds and financial derivatives
86	Note 5 Holdings of equities, bonds and financial derivatives
89	Note 6 Unlisted real estate
92	Note 7 Unlisted renewable energy infrastructure
95	Note 8 Fair value measurement
103	Note 9 Investment risk
116	Note 10 Tax
118	Note 11 Foreign exchange gains and losses
120	Note 12 Management costs
122	Note 13 Secured lending and borrowing
124	Note 14 Collateral and offsetting
126	Note 15 Related parties
127	Note 16 Interests in other entities
131	Note 17 Other assets and other liabilities
<b>132</b>	<b>Auditor</b>
132	Independent auditor's report

# Income statement

Amounts in NOK million	Note	2024	2023
<b>Profit/loss on the portfolio before foreign exchange gain/loss</b>			
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
<b>Profit/loss on the portfolio before foreign exchange gain/loss</b>		<b>2 511 054</b>	<b>2 213 577</b>
Foreign exchange gain/loss	11	1 072 207	409 441
<b>Profit/loss on the portfolio</b>		<b>3 583 261</b>	<b>2 623 018</b>
Management fee	12	-7 390	-6 632
<b>Profit/loss and total comprehensive income</b>		<b>3 575 870</b>	<b>2 616 385</b>

# Balance sheet

Amounts in NOK million	Note	31.12.2024	31.12.2023
<b>Assets</b>			
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
<b>Total assets</b>		<b>21 285 673</b>	<b>16 782 681</b>
<b>Liabilities and owner's capital</b>			
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	-
<b>Total liabilities</b>		<b>1 544 083</b>	<b>1 025 962</b>
Owner's capital		19 741 590	15 756 719
<b>Total liabilities and owner's capital</b>		<b>21 285 673</b>	<b>16 782 681</b>

# 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
<b>Operating activities</b>			
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 <sup>1</sup>		-7 032	-6 526
<b>Net cash inflow/outflow from operating activities</b>		<b>-391 472</b>	<b>-712 977</b>
<b>Financing activities</b>			
Inflow from the Norwegian government		411 365	710 104
Withdrawal by the Norwegian government		-	-
<b>Net cash inflow/outflow from financing activities</b>		<b>411 365</b>	<b>710 104</b>
<b>Net change deposits in banks</b>			
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
<b>Deposits in banks at end of period</b>		<b>25 550</b>	<b>8 584</b>

<sup>1</sup> 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	-	-	-
<b>31 December 2023</b>	<b>4 768 370</b>	<b>10 988 349</b>	<b>15 756 719</b>
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	-	-	-
<b>31 December 2024</b>	<b>5 177 370</b>	<b>14 564 220</b>	<b>19 741 590</b>

# Note 1 General information

## Introduction

Norges Bank is Norway's central bank. Norges bank is a separate legal entity and is owned by the state. Norges bank manages the Government Pension Fund Global (GPF) 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 GPF, issued by the Ministry of Finance.

The GPF shall support government saving to finance future expenditure and underpin long-term considerations relating to the use of Norway's petroleum revenues. The Storting (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 GPF to Norges Bank Investment Management (NBIM).

The Ministry of Finance has placed funds for investment in the GPF 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 renewable energy infrastructure. The GPF 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.

For further information on the management mandate for the GPF, Norges Bank's governance structure and risk management, see [note 9 Investment risk](#).

## Approval of the financial statements

The annual financial reporting for the GPF is an excerpt from Norges Bank's financial reporting and is included in Norges Bank's annual financial statements as note 20. 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.

# Note 2 Accounting policies

This note describes accounting policies, significant estimates and accounting judgements that are relevant to the financial statements as a whole. Additional accounting policies, significant estimates and accounting judgements are included in the respective statements and notes.

## Significant estimates and 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

In accordance with the Regulation on the financial reporting of Norges Bank (the Regulation), laid down by the Ministry of Finance, the financial reporting for the GPFG is prepared in accordance with IFRS Accounting Standards as adopted by the EU, based on the going concern assumption. The annual financial statements are prepared with a closing date of 31 December, and are presented in Norwegian kroner (NOK), rounded to the nearest million. Rounding differences may occur.

## Changes in accounting policies, including new and amended standards and interpretations in the period

Accounting policies are applied consistently with those of the previous financial year. There are no new or amended IFRS standards and interpretations that have become effective for the financial year starting 1 January 2024, that have had a material impact on the financial statements.

## New and amended standards and interpretations effective from 2025 or later

In 2024, the 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 applies to annual reporting periods beginning on or after 1 January 2027. Early adoption is permitted after the EU has approved the standard. Norges Bank has started the assessment of the new requirements in IFRS 18.

Other issued IFRS standards, changes in existing standards and interpretations with effective dates from 2025 or later, are expected to be immaterial or not applicable for the financial reporting for the GPFG 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 13 Secured lending and borrowing](#) for details of 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 Norges Bank Investment Management. These mandates and strategies, including the risk management strategies, entail that financial assets are managed and evaluated on a fair value basis. The GPFG's financial assets 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.

Financial liabilities, except for Management fee payable and Deferred tax, are integrated in the investment portfolio which is managed and evaluated on a fair value basis. These are therefore designated at fair value through profit or loss. Management fee payable is measured at amortised cost. See [note 10 Tax](#) for information on recognition and measurement of deferred tax.

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

### Subsidiaries

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) The GPFG receives funds from the Norwegian government, a related party and its sole owner, and delivers professional investment services in the form of management of the fund, to the Norwegian government,
- b) The GPFG commits to the Norwegian government that it will invest solely for capital appreciation and investment income,
- c) The GPFG measures and evaluates returns for all investments exclusively on a fair value basis.

The GPFG does not have an explicit strategy that defines a specified timeframe for the realisation of each individual investment, but the investments are assessed continuously, and purchase and sale assessments are made. Following 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 renewable energy infrastructure 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 16 Interests in other entities](#).

### Subsidiaries measured at fair value through profit or loss

Subsidiaries that invest in real estate or renewable energy infrastructure through ownership interests in other entities, are investment entities. These subsidiaries are measured at fair value through profit or loss in accordance with the principles for financial assets. Subsidiaries that invest in real estate and renewable energy infrastructure are presented in the balance sheet as Unlisted real estate and Unlisted infrastructure, respectively. See [note 6 Unlisted real estate](#) and [note 7 Unlisted renewable energy infrastructure](#) for supplementary 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 Returns

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

**Table 3.1** Returns

	2024	2023
<b>Returns measured in the fund's currency basket (percent)</b>		
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
<b>Returns measured in Norwegian kroner (percent)</b>		
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.

# 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
<b>Income/expense from equities before foreign exchange gain/loss</b>	<b>2 454 653</b>	<b>2 030 561</b>

**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
<b>Income/expense from bonds before foreign exchange gain/loss</b>	<b>70 889</b>	<b>231 769</b>

**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
<b>Income/expense from financial derivatives before foreign exchange gain/loss</b>	<b>11 262</b>	<b>15 752</b>

# 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
<b>Total equities</b>	<b>14 152 251</b>	<b>11 071 274</b>
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

Amounts in NOK million	31.12.2024		31.12.2023	
	Notional value	Fair value incl. earned interest	Notional value	Fair value incl. earned interest
<b>Government bonds</b>				
Government bonds issued in the government's local currency	3 388 045	3 166 117	2 742 815	2 594 816
<b>Total government bonds</b>	<b>3 388 045</b>	<b>3 166 117</b>	<b>2 742 815</b>	<b>2 594 816</b>
<b>Government-related bonds</b>				
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
<b>Total government-related bonds</b>	<b>507 114</b>	<b>492 665</b>	<b>433 944</b>	<b>406 977</b>
<b>Inflation-linked bonds</b>				
Inflation-linked bonds issued by government authorities	325 074	303 792	232 929	283 137
<b>Total inflation-linked bonds</b>	<b>325 074</b>	<b>303 792</b>	<b>232 929</b>	<b>283 137</b>
<b>Corporate bonds</b>				
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
<b>Total corporate bonds</b>	<b>1 367 998</b>	<b>1 302 352</b>	<b>1 055 498</b>	<b>1 002 288</b>
<b>Securitised bonds</b>				
Covered bonds	322 255	304 996	307 782	283 106
<b>Total securitised bonds</b>	<b>322 255</b>	<b>304 996</b>	<b>307 782</b>	<b>283 106</b>
<b>Total bonds</b>	<b>5 910 486</b>	<b>5 569 922</b>	<b>4 772 968</b>	<b>4 570 324</b>
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

Amounts in NOK million	31.12.2024			31.12.2023		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		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 <sup>1</sup>	-	36	-	-	69	-
Exchange-traded futures contracts <sup>2</sup>	174 242	40	20	95 742	110	29
<b>Total financial derivatives</b>	<b>4 391 189</b>	<b>32 904</b>	<b>31 229</b>	<b>1 589 387</b>	<b>19 192</b>	<b>33 055</b>

<sup>1</sup> Notional amounts are not considered relevant for equity derivatives and are therefore not included in the table.

<sup>2</sup> 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.

# 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 <sup>1</sup>	-11 963	-54 251
<b>Income/expense from unlisted real estate before foreign exchange gain/loss</b>	<b>-3 789</b>	<b>-47 389</b>

<sup>1</sup> 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
<b>Unlisted real estate at 1 January</b>	<b>300 541</b>	<b>329 732</b>
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
<b>Unlisted real estate, closing balance for the period</b>	<b>355 769</b>	<b>300 541</b>

## 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
<b>Receipts of interest and dividend from unlisted real estate</b>	<b>8 175</b>	<b>6 861</b>
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
<b>Net cash flow to/from investments in unlisted real estate</b>	<b>-40 244</b>	<b>-6 742</b>
<b>Net cash flow unlisted real estate</b>	<b>-32 069</b>	<b>119</b>
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 GPF'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 <sup>1</sup>	-114	-123
Operating costs in wholly-owned subsidiaries <sup>2</sup>	-76	-82
Operating costs in joint ventures	-174	-171
Interest income/expense	-806	-776
Tax expense	-253	-210
<b>Net income from ongoing operations</b>	<b>12 237</b>	<b>11 424</b>
Realised gain/loss	93	46
Unrealised gain/loss <sup>3</sup>	-15 718	-58 630
<b>Realised and unrealised gain/loss</b>	<b>-15 625</b>	<b>-58 584</b>
Transaction costs and fees from purchases and sales	-400	-229
<b>Net income underlying real estate companies</b>	<b>-3 789</b>	<b>-47 389</b>

<sup>1</sup> Internal asset management is carried out on 100 percent owned properties by employees in a wholly-owned, consolidated subsidiary.

<sup>2</sup> Operating costs in wholly-owned subsidiaries are measured against the upper limit from the Ministry of Finance, see [note 12](#) for more information.

<sup>3</sup> Unrealised gain/loss presented in table 6.1 includes net income in the underlying real estate companies which is not distributed back to the GPF, and will therefore not correspond to Unrealised gains/loss presented in table 6.4.

Table 6.5 specifies the GPF'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 <sup>1</sup>	12 660	-1 060
<b>Total assets and liabilities underlying real estate companies</b>	<b>355 769</b>	<b>300 541</b>

<sup>1</sup> Net other assets and liabilities comprise cash, tax and operational receivables and liabilities.

# 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 <sup>1</sup>	-1067	-1010
<b>Income/expense from unlisted infrastructure before foreign exchange gain/loss</b>	<b>-627</b>	<b>-257</b>

<sup>1</sup> 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
<b>Unlisted infrastructure at 1 January</b>	<b>17 593</b>	<b>14 489</b>
Net cash flow to/from investments	7 614	3 256
Unrealised gain/loss	-1067	-1010
Foreign exchange gain/loss	1096	859
<b>Unlisted infrastructure, closing balance for the period</b>	<b>25 236</b>	<b>17 593</b>

## 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
<b>Receipts of interest and dividend from unlisted infrastructure</b>	<b>440</b>	<b>752</b>
Payments for new investments	-7541	-2939
Payments for development of infrastructure assets	-681	-1071
Receipts from ongoing operations	608	755
<b>Net cash flow to/from investments in unlisted infrastructure</b>	<b>-7614</b>	<b>-3256</b>
<b>Net cash flow unlisted infrastructure</b>	<b>-7174</b>	<b>-2504</b>
Of which cash flow from ongoing operations	1048	1507
Of which cash flow to/from other activities	-8222	-4010

### 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 GPF'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 <sup>1</sup>	-12	-8
Operating costs in joint ventures	-226	-32
Interest income/expense	-222	26
Tax expense	-84	-70
<b>Net income from ongoing operations</b>	<b>970</b>	<b>1 273</b>
<b>Unrealised gain/loss<sup>2</sup></b>	<b>-1 503</b>	<b>-1 468</b>
<b>Transaction costs and fees from purchases</b>	<b>-95</b>	<b>-62</b>
<b>Net income underlying infrastructure companies</b>	<b>-627</b>	<b>-257</b>

<sup>1</sup> Operating costs in wholly-owned subsidiaries are measured against the upper limit from the Ministry of Finance, see note 12 for more information.

<sup>2</sup> Unrealised gain/loss presented in table 7.1 includes net income in the underlying infrastructure companies which is not distributed back to the GPF, and will therefore not correspond to Unrealised gains/loss presented in table 7.4.

Table 7.5 specifies the GPF'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 <sup>1</sup>	1 763	1 657
<b>Total assets and liabilities underlying infrastructure companies</b>	<b>25 236</b>	<b>17 593</b>

<sup>1</sup> Net other assets and liabilities comprise cash, tax and operational receivables and liabilities.

# 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

Amounts in NOK million	Level 1		Level 2		Level 3		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<b>Equities</b>	<b>14 117 497</b>	<b>11 033 488</b>	<b>33 124</b>	<b>36 286</b>	<b>1 630</b>	<b>1 500</b>	<b>14 152 251</b>	<b>11 071 274</b>
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
<b>Total bonds</b>	<b>5 059 523</b>	<b>3 924 813</b>	<b>509 008</b>	<b>644 595</b>	<b>1 390</b>	<b>916</b>	<b>5 569 922</b>	<b>4 570 324</b>
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
<b>Total financial derivatives</b>	<b>-5 383</b>	<b>-1 351</b>	<b>7 048</b>	<b>-12 516</b>	<b>10</b>	<b>4</b>	<b>1 675</b>	<b>-13 863</b>
<b>Unlisted real estate</b>	-	-	-	-	<b>355 769</b>	<b>300 541</b>	<b>355 769</b>	<b>300 541</b>
<b>Unlisted infrastructure</b>	-	-	-	-	<b>25 236</b>	<b>17 593</b>	<b>25 236</b>	<b>17 593</b>
Other (assets) <sup>1</sup>	-	-	1 149 591	803 590	-	-	1 149 591	803 590
Other (liabilities) <sup>2</sup>	-	-	-1 499 493	-984 661	-	-	-1 499 493	-984 661
<b>Market value investment portfolio<sup>3</sup></b>	<b>19 171 638</b>	<b>14 956 950</b>	<b>199 278</b>	<b>487 294</b>	<b>384 035</b>	<b>320 554</b>	<b>19 754 950</b>	<b>15 764 797</b>
<b>Total (percent)</b>	<b>97.1</b>	<b>94.9</b>	<b>1.0</b>	<b>3.1</b>	<b>1.9</b>	<b>2.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> 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.

<sup>2</sup> Other (liabilities) consists of the balance sheet lines Secured borrowing, Cash collateral received, Unsettled trades (liabilities) and Other liabilities.

<sup>3</sup> 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	Transfer-red into Level 3	Transfer-red out of Level 3	Foreign exchange gain/loss	31.12.2024
Equities	1500	23	-33	21	-72	277	-65	-21	1630
Bonds	916	-	-105	-56	-46	535	-9	155	1390
Financial derivatives (assets)	4	6	-	-	1	-	-1	-	10
Unlisted real estate <sup>1</sup>	300 541	40 244	-	-	-11 963	-	-	26 947	355 769
Unlisted infrastructure <sup>1</sup>	17 593	7 614	-	-	-1 067	-	-	1 096	25 236
<b>Total</b>	<b>320 554</b>	<b>47 887</b>	<b>-138</b>	<b>-35</b>	<b>-13 147</b>	<b>812</b>	<b>-75</b>	<b>28 177</b>	<b>384 035</b>

Amounts in NOK million	01.01.2023	Purchases	Sales	Settle-ments	Net gain/loss	Transfer-red into Level 3	Transfer-red 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 <sup>1</sup>	329 732	6 742	-	-	-54 251	-	-	18 318	300 541
Unlisted infrastructure <sup>1</sup>	14 489	3 256	-	-	-1 010	-	-	859	17 593
<b>Total</b>	<b>347 812</b>	<b>10 247</b>	<b>-292</b>	<b>-75</b>	<b>-56 544</b>	<b>610</b>	<b>-98</b>	<b>18 894</b>	<b>320 554</b>

<sup>1</sup> 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 GPF'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
<b>Office</b>							
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
<b>Retail</b>							
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
<b>Logistics</b>							
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
<b>Tokyo</b>							
Office/Retail	8 124	8 022	Discounted cash flow	2.3	2.3	16 488	16 428
<b>Other</b>	3 839	2 097					
<b>Total</b>	<b>355 769</b>	<b>300 541</b>					

#### 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	-	1200	-1200	-	-	1358	-1358	-
	Suspension adjustment	20.0 percent	430	-86	86	20.0 percent	142	-28	28
<b>Equities</b>			<b>1630</b>	<b>-1286</b>	<b>86</b>		<b>1500</b>	<b>-1386</b>	<b>28</b>
<b>Bonds</b>	Probability of future cash flows	10.0 percent	<b>1390</b>	<b>-140</b>	<b>140</b>	10.0 percent	<b>916</b>	<b>-90</b>	<b>90</b>
<b>Financial derivatives (assets)</b>	Other		<b>10</b>	<b>-3</b>	<b>3</b>		<b>4</b>	<b>-1</b>	<b>1</b>
	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
<b>Unlisted real estate</b>			<b>355 769</b>	<b>-22 344</b>	<b>24 547</b>		<b>300 541</b>	<b>-20 218</b>	<b>22 298</b>
	Discount rate	0.25 percentage point		-1186	1211	0.25 percentage point		-424	463
	Power price forecast	5.0 percent		-707	757	5.0 percent		-976	1027
<b>Unlisted infrastructure</b>			<b>25 236</b>	<b>-1893</b>	<b>1968</b>		<b>17 593</b>	<b>-1400</b>	<b>1490</b>
<b>Total</b>			<b>384 035</b>	<b>-25 666</b>	<b>26 744</b>		<b>320 554</b>	<b>-23 095</b>	<b>23 907</b>

#### 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.

# 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.

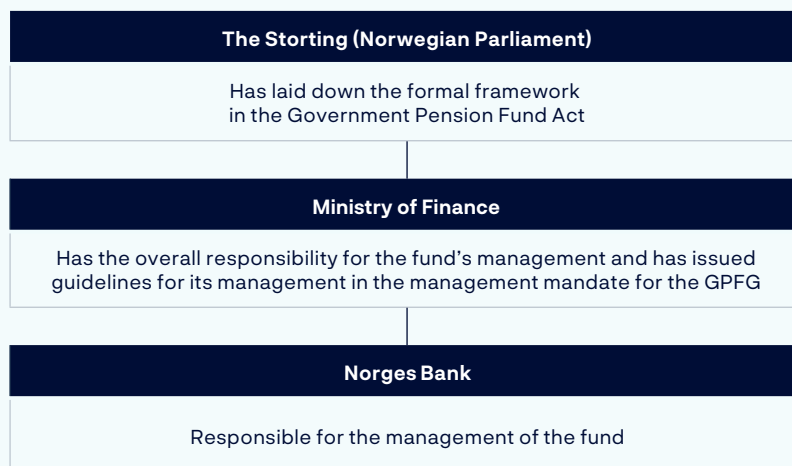
The GPFG shall seek to generate the highest possible return, net of costs, measured in the currency basket of the investment portfolio, within the applicable investment management framework. The strategic benchmark index set by the Ministry of Finance is divided into two asset classes, equities and bonds, 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

Asset class	Market value in percent by country and currency <sup>1</sup>				Market value by asset class in percent		Market value by asset class in NOK million	
	Market	31.12.2024	Market	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<b>Equities</b>	<b>Developed</b>	<b>89.2</b>	<b>Developed</b>	<b>89.8</b>				
	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				
	<b>Emerging</b>	<b>10.8</b>	<b>Emerging</b>	<b>10.2</b>				
	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				
<b>Total equities</b>					<b>71.44</b>	<b>70.88</b>	<b>14 112 924</b>	<b>11 174 263</b>
<b>Bonds</b>	<b>Developed</b>	<b>100.0</b>	<b>Developed</b>	<b>99.8</b>				
	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				
	<b>Emerging<sup>2</sup></b>	<b>0.0</b>	<b>Emerging<sup>2</sup></b>	<b>0.2</b>				
<b>Total bonds</b>					<b>26.59</b>	<b>27.10</b>	<b>5 253 095</b>	<b>4 271 746</b>
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				
<b>Total unlisted real estate</b>					<b>1.84</b>	<b>1.91</b>	<b>363 583</b>	<b>301 128</b>
<b>Total unlisted infrastructure</b>					<b>0.13</b>	<b>0.11</b>	<b>25 348</b>	<b>17 660</b>
<b>Market value investment portfolio<sup>3</sup></b>							<b>19 754 950</b>	<b>15 764 797</b>

<sup>1</sup> Market value in percent by country and currency includes derivatives and cash.

<sup>2</sup> The share of individual emerging market currencies in the fixed income portfolio is insignificant.

<sup>3</sup> 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<sup>1</sup>, 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

<sup>1</sup> 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	Amounts in NOK million	Market value 31.12.2023
US	1 788 943	US	1 344 708
Japan	275 041	Japan	362 637
Germany	267 331	Singapore	225 902
Singapore	221 803	Germany	201 925
UK	174 860	UK	152 941
Canada	120 290	Canada	85 209
France	96 876	France	79 170
Italy	92 413	Italy	60 385
Netherlands	78 868	Netherlands	52 858
Spain	56 684	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
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### 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 GPF'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
<b>Total bonds<sup>1</sup></b>	<b>1 328 952</b>	<b>2 437 443</b>	<b>1 012 041</b>	<b>734 185</b>	<b>55 818</b>	<b>5 568 439</b>

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
<b>Total bonds<sup>1</sup></b>	<b>1 108 207</b>	<b>1 907 827</b>	<b>928 467</b>	<b>574 127</b>	<b>49 090</b>	<b>4 567 718</b>

<sup>1</sup> 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
<b>Total</b>	<b>23.9</b>	<b>43.8</b>	<b>18.2</b>	<b>13.2</b>	<b>1.0</b>	<b>100.0</b>

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
<b>Total</b>	<b>24.3</b>	<b>41.8</b>	<b>20.3</b>	<b>12.6</b>	<b>1.1</b>	<b>100.0</b>

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	31.12.2023
Derivatives including foreign exchange contracts	152 047	102 476
Securities lending	105 908	66 750
Unsecured bank deposits <sup>1</sup>	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
<b>Total</b>	<b>296 687</b>	<b>212 011</b>

<sup>1</sup> 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<sup>1</sup>

	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
<b>Total</b>	<b>121</b>	<b>122</b>	<b>198</b>	<b>191</b>

<sup>1</sup> 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 GPF'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.

# 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	-
<b>Tax expense</b>		<b>-8 804</b>	<b>-8 397</b>	<b>-10</b>	<b>-17 211</b>	

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	-
<b>Tax expense</b>		<b>-7 718</b>	<b>-5 818</b>	<b>-19</b>	<b>-13 555</b>	

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 <sup>1</sup>	40	15
Deferred tax	13 170	8 246

<sup>1</sup> 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
<b>Net payment of taxes</b>	<b>-20 710</b>	<b>-11 173</b>

# 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
<b>Foreign exchange gain/loss</b>	<b>1 072 207</b>	<b>409 441</b>

Table 11.2 gives an overview of the distribution of the market value of the investment portfolio for the main currencies the GPF 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
<b>Market value investment portfolio</b>	<b>19 754 950</b>	<b>15 764 797</b>

Table 11.3 gives an overview of exchange rates at the balance sheet date for the main currencies the GPF 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

# 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

Amounts in NOK million	2024		2023	
		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	
<b>Management fee excluding performance-based fees</b>	<b>5 848</b>	<b>3.3</b>	<b>5 289</b>	<b>3.6</b>
Performance-based fees to external managers	1 543		1 343	
<b>Management fee</b>	<b>7 390</b>	<b>4.1</b>	<b>6 632</b>	<b>4.5</b>

### 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		2023	
		Basis points		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	
<b>Total management costs, subsidiaries<sup>1</sup></b>	<b>149</b>	<b>0.1</b>	<b>148</b>	<b>0.1</b>
Of which management costs non-consolidated subsidiaries	88		89	
Of which management costs consolidated subsidiaries	61		59	

<sup>1</sup> 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.

# 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
<b>Net income/expense from secured lending and borrowing</b>	<b>-3 188</b>	<b>-3 356</b>

## 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
<b>Total secured lending</b>	<b>1 020 455</b>	<b>728 559</b>
<b>Associated collateral in the form of securities (off balance sheet)</b>		
Equities received as collateral	690 154	273 558
Bonds received as collateral <sup>1</sup>	336 265	486 798
<b>Total collateral received in the form of securities related to secured lending</b>	<b>1 026 419</b>	<b>760 356</b>

<sup>1</sup> 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
<b>Transferred financial assets</b>		
Equities lent	862 197	493 949
Bonds lent	1 088 846	1 006 711
<b>Total transferred financial assets</b>	<b>1 951 043</b>	<b>1 500 660</b>
<b>Associated cash collateral, recognised as liability</b>		
Secured borrowing	1 319 892	911 548
<b>Total secured borrowing</b>	<b>1 319 892</b>	<b>911 548</b>
<b>Associated collateral in the form of securities or guarantees (off balance sheet)</b>		
Equities received as collateral	320 398	264 550
Bonds received as collateral	361 132	360 945
Guarantees	5 406	4 544
<b>Total collateral received in the form of securities or guarantees related to transferred financial assets</b>	<b>686 936</b>	<b>630 039</b>

# 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 simultaneously.

## 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 <sup>1</sup>	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
<b>Assets</b>									
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
<b>Total</b>	<b>1 069 040</b>	<b>4 342</b>	<b>1 064 699</b>	<b>727 432</b>	<b>337 265</b>	<b>34 449</b>	<b>125 837</b>	<b>175 637</b>	<b>1 343</b>

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 <sup>2</sup>	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
<b>Liabilities</b>									
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
<b>Total</b>	<b>1 458 656</b>	<b>4 342</b>	<b>1 454 314</b>	<b>450 885</b>	<b>1 003 429</b>	<b>34 610</b>	<b>125 463</b>	<b>830 109</b>	<b>13 247</b>

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 <sup>1</sup>	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
<b>Assets</b>									
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
<b>Total</b>	<b>770 753</b>	<b>3 640</b>	<b>767 112</b>	<b>277 529</b>	<b>489 582</b>	<b>31 434</b>	<b>231 248</b>	<b>219 987</b>	<b>6 913</b>

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 <sup>2</sup>	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
<b>Liabilities</b>									
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
<b>Total</b>	<b>976 997</b>	<b>3 640</b>	<b>973 357</b>	<b>200 695</b>	<b>772 663</b>	<b>20 578</b>	<b>241 718</b>	<b>501 947</b>	<b>8 417</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

# 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](#).

# 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 GPF. 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 <sup>1</sup>	Ownership share and voting right in percent 31.12.2024	Effective ownership share of underlying properties in percent 31.12.2024	Recognised from
<b>Non-consolidated companies</b>						
<b>United Kingdom</b>						
NBIM George Partners LP <sup>2</sup>	Unlisted real estate	London	London	100.00	25.00	2011
MSC Property Intermediate Holdings Limited <sup>3</sup>	Unlisted real estate	London	Sheffield	100.00	100.00	2012
NBIM Charlotte Partners LP <sup>3</sup>	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 <sup>3</sup>	Unlisted real estate	Bristol	Cambridge	47.50	47.50	2022
Firebolt RB Holdings Limited	Unlisted infrastructure	Swanley	Race Bank	75.00	37.50	2024
<b>Luxembourg</b>						
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
<b>France</b>						
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 Élysées 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 <sup>1</sup>	Ownership share and voting right in percent 31.12.2024	Effective ownership share of underlying properties in percent 31.12.2024	Recognised 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
<b>Germany</b>						
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 Dreith	33.33	16.63	2023
<b>Switzerland</b>						
NBIM Antoine CHF S.à r.l.	Unlisted real estate	Luxembourg	Zürich	100.00	100.00	2012
<b>Europe</b>						
Prologis European Logistics Partners S.à r.l.	Unlisted real estate	Luxembourg	Multiple European cities	50.00	50.00	2013
<b>United States</b>						
T-C 1101 Pennsylvania Venture LLC <sup>3</sup>	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2013
T-C Franklin Square Venture LLC <sup>3</sup>	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2013
T-C 33 Arch Street Venture LLC <sup>3</sup>	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 <sup>1</sup>	Ownership share and voting right in percent 31.12.2024	Effective ownership share of underlying properties in percent 31.12.2024	Recognised from
T-C 800 17th Street Venture NW LLC <sup>3</sup>	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2014
T-C Foundry Sq II Venture LLC <sup>3</sup>	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 <sup>3</sup>	Unlisted real estate	Wilmington, DE	Washington	100.00	100.00	2015
T-C 888 Brannan Venture LLC <sup>3</sup>	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 <sup>3</sup>	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
<b>Japan</b>						
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
<b>Netherlands</b>						
Borssele Wind Farm C.V.	Unlisted infrastructure	The Hague	Borssele 1&2	50.00	50.00	2021
<b>Spain</b>						
Energías Renovables Romeo, S.L	Unlisted infrastructure	Madrid	Multiple locations	49.00	49.00	2023
<b>Consolidated subsidiaries</b>						
<b>Japan</b>						
NBRE Management Japan Advisors K.K.	Unlisted real estate	Tokyo	N/A	100.00	N/A	2015
<b>United Kingdom</b>						
NBRE Management Europe Limited	Unlisted real estate	London	N/A	100.00	N/A	2016

<sup>1</sup> For investments in unlisted real estate, the property address is shown. For investments in unlisted infrastructure, the project name is shown.

<sup>2</sup> One property in this company, 20 Air Street, has an ownership share of 50 percent.

<sup>3</sup> 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.

# 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 <sup>1</sup>	301	59
Unsettled inflow krone account <sup>1</sup>	-	2 365
Accrued income from secured lending	1 289	245
Other	100	83
<b>Other assets</b>	<b>1 690</b>	<b>2 752</b>

<sup>1</sup> 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
<b>Other liabilities</b>	<b>147</b>	<b>112</b>

# Independent auditor's report

To the Supervisory Council of Norges Bank

## Opinion

We have audited the financial statements for the investment portfolio of the Government Pension Fund Global which are included in Norges Bank's annual financial statements. The financial statements comprise the balance sheet as at 31 December 2024, the income statement, statement of changes in owner's capital 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 investment portfolio of the Government Pension Fund Global as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

## 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 are measured at market value if the investments are traded in what is assessed to be an active market. These investments are classified as level 1 assets in the fair value hierarchy. Listed investments valued based on models which use directly or indirectly observable market data are classified as level 2 assets.

Investments classified in level 1 and 2 of the fair value hierarchy as at 31 December amount to NOK 19 370 916 million.

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 fair value hierarchy. These valuations are to a larger extent influenced by judgmental assessments and therefore have a higher inherent risk of misstatement. As of 31 December, these assets amount to NOK 384 035 million.

Investments measured at fair value constitute the most material share of assets as at 31 December. 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 return on investment measurement follows from these valuations, we have considered the valuation of these investments to be a key audit matter.

The investments measured at fair value are disclosed in note 8 and 3 in the financial statements.

### **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, with externally observable market prices.

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 management (management) is 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 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is 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 Norges Bank 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.)



**Norges Bank Investment Management  
Government Pension Fund Global**

Design: TRY

Production: Aksell AS

Photos: Simen Øvergaard, Halvor Njerve, Piranha Photography, Nora Savosnick,  
Kristin Jacobsen, GettyImages, Shutterstock and Unsplash.

ISSN 2464-3122 (web)