



Norges Bank
Investment
Management

Government Pension Fund Global Half-year 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, based on the management mandate stipulated by the Ministry.

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



Contents

4	1. Investments
8	Equities
10	Fixed-income
12	Real estate
13	Renewable energy infrastructure
14	Relative return
16	Investment framework
16	Operational risk management
17	Responsible investment
18	2. Financial statements
19	Income statement
20	Balance sheet
21	Statement of cash flows
22	Statement of changes in owner's capital
23	Notes
44	Auditor's report

See www.nbim.no for more information on the fund's results.

Translated to English from the official Norwegian version.



Investments



The fund's market value increased by 1,980 billion kroner to 17,745 billion kroner in the first half of 2024. The fund's return for the period was 8.6 percent, or 1,478 billion kroner, which is 0.04 percentage point less than the return on the benchmark index.

Equities made up 72.0 percent of the value of the fund at the end of the period, fixed income 26.1 percent, unlisted real estate 1.7 percent and unlisted renewable energy infrastructure 0.1 percent.

The change in the fund's market value comprised the return of 1,478 billion kroner, transfers from the government of 188 billion kroner, and 315 billion kroner from a weaker krone.

The fund is invested in international securities and unlisted real estate and infrastructure in foreign currency. Returns are measured primarily in international currency – a weighted combination of the currencies in the fund's benchmark index for equities and bonds. Unless otherwise stated, the results in this report are measured in this currency basket.

CHART 1 Quarterly development of the fund's market value in billions of kroner.

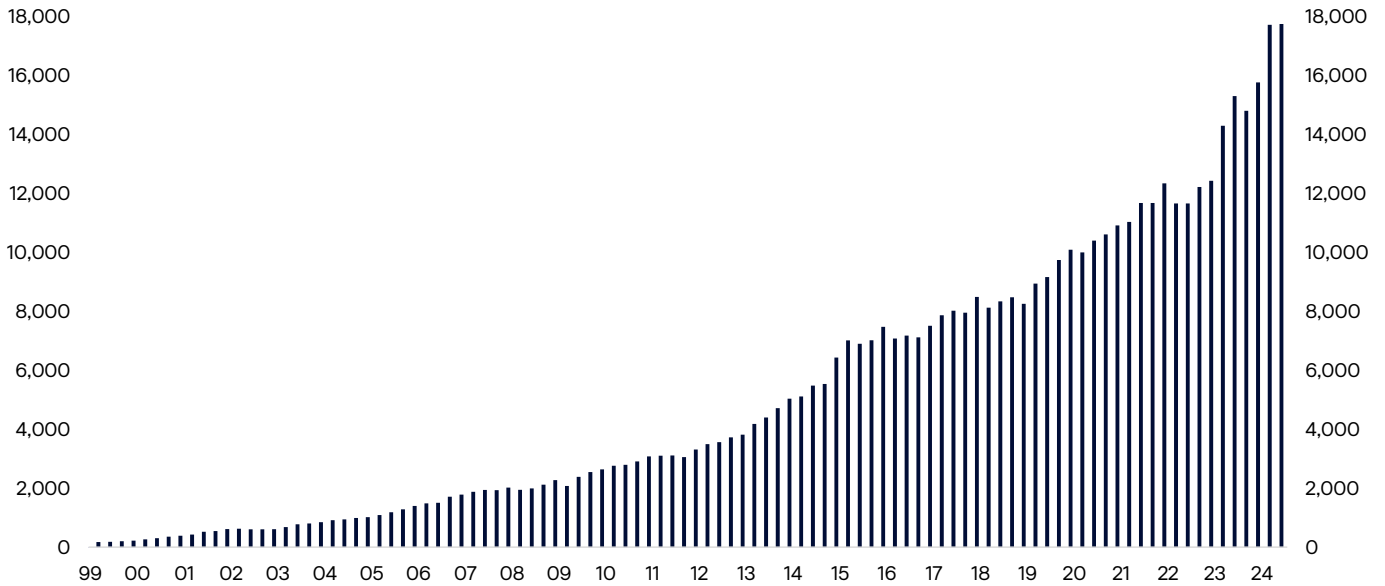


CHART 2 Quarterly changes in the fund's market value in billions of kroner.

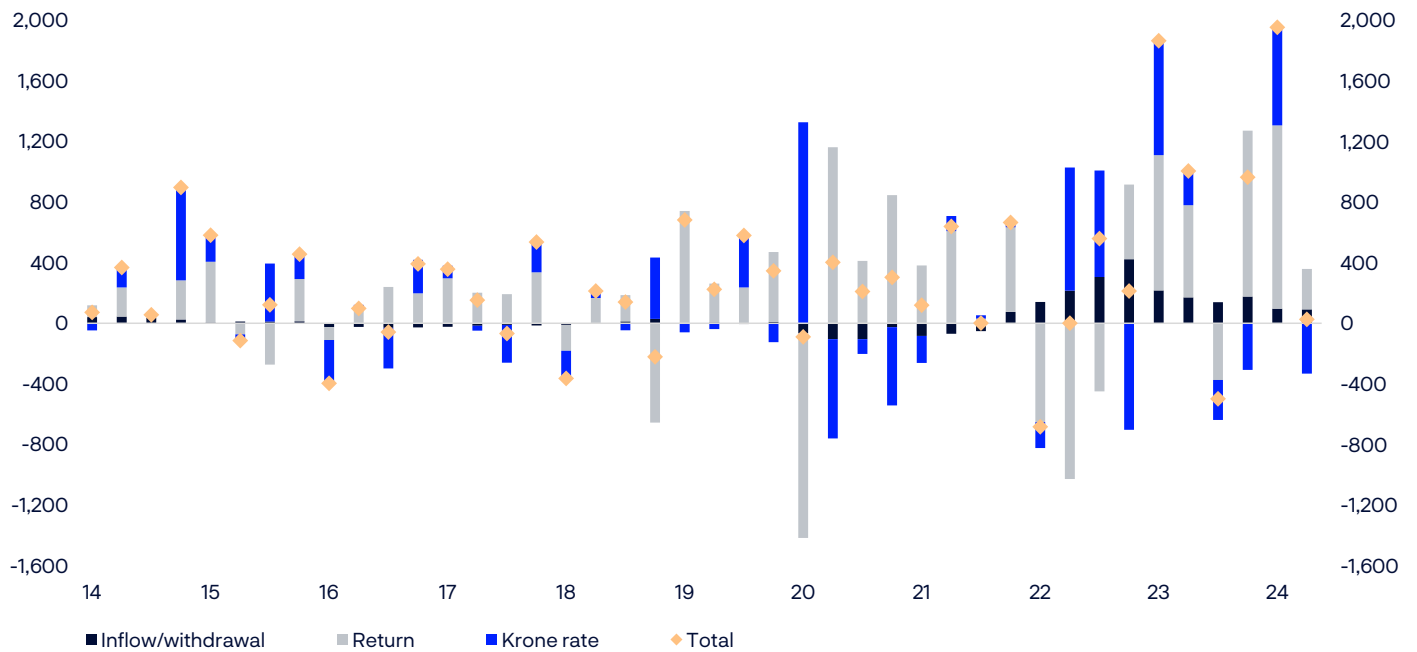


TABLE 1 Key figures in billions of kroner.

	First half 2024	First quarter 2024	2023
Market value			
Equity investments	12,779	12,779	11,174
Fixed-income investments	4,639	4,608	4,272
Unlisted real estate investments	307	315	301
Unlisted infrastructure investments ¹	20	16	18
Market value of fund²	17,745	17,719	15,765
Deferred tax	-12	-9	-8
Accrued, not paid, management fees ³	0	-2	0
Owner's capital²	17,733	17,707	15,757
Inflow of capital	192	96	711
Withdrawal of capital	0	0	0
Paid management fees ⁴	-4	0	-7
Return on fund ⁵	1,478	1,210	2,222
Changes due to fluctuations in krone	315	647	409
Total change in market value	1,980	1,954	3,336
Changes in value since first capital inflow in 1996			
Total inflow of capital	5,647	5,551	5,455
Total withdrawal of capital ³	-687	-684	-687
Return on equity investments	8,846	8,570	7,326
Return on fixed-income investments	1,157	1,164	1,192
Return on unlisted real estate investments	67	68	71
Return on unlisted infrastructure investments ¹	-1	0	2
Management fees ⁴	-74	-72	-70
Changes due to fluctuations in krone	2,789	3,122	2,474
Market value of fund	17,745	17,719	15,765
Return on fund	10,070	9,803	8,592
Return after management costs	9,995	9,730	8,522

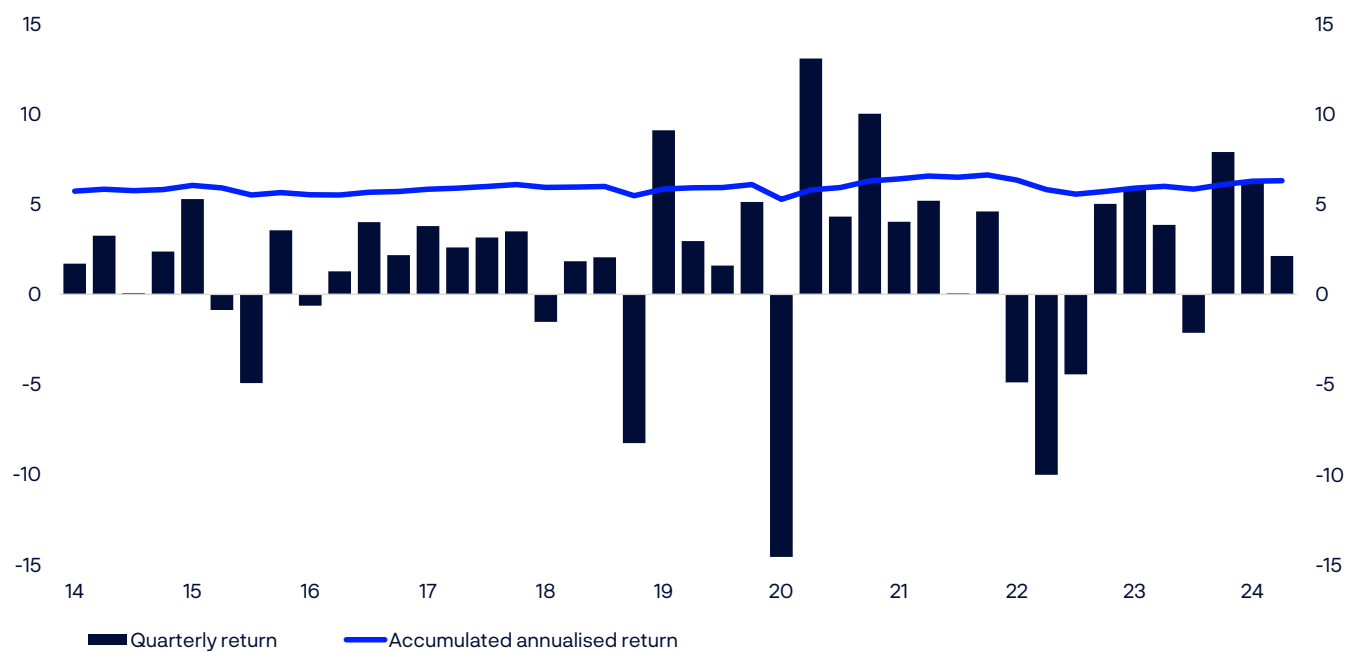
¹ First unlisted infrastructure investment was made in the second quarter of 2021.

² From 2023, market value is presented before management fee receivable and deferred tax. Up to and including 2022, market value was presented before management fee receivable.

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

⁴ Management fees are described in [note 11](#) in the financial statements.

⁵ Fund return reflects the return on the market value of the investment portfolio, that does not include deferred tax. The portfolio result of 1,475 billion kroner in the financial statements includes the impact of changes in deferred tax.

CHART 3 The fund's quarterly return and accumulated annualised return in percent.**TABLE 2** Return figures in percent. Measured in the fund's currency basket.

	First half 2024	Second quarter 2024	First quarter 2024
Equity investments	12.47	3.07	9.12
Fixed-income investments	-0.62	-0.27	-0.35
Unlisted real estate investments	-0.50	0.04	-0.54
Unlisted infrastructure investments	-17.69	-7.11	-11.39
Return on fund	8.59	2.12	6.33
Management costs	0.02	0.01	0.01
Return on fund after management costs	8.56	2.11	6.32

TABLE 3 Historical key figures in percent as at 30 June 2024. Annualised data, measured in the fund's currency basket.

	Since 01.01.1998	Last 10 years	Last 12 months
Fund return	6.30	7.07	14.65
Annual price inflation	2.14	2.49	2.77
Annual management costs	0.08	0.05	0.04
Net real return on fund	4.00	4.42	11.51
The fund's actual standard deviation	8.43	9.69	9.98



The fund's equity investments returned 12.5 percent.

Return on equity investments

The fund's equity investments had a strong first half, returning 12.5 percent for the period. The strongest returns were in the sectors technology, financials and health care. Basic materials had the weakest return.

Tech stocks perform best

Technology companies delivered a very strong return for the period of 27.9 percent. The sector benefited from strong demand for new AI solutions from the biggest internet and software companies and their semiconductor suppliers.

Financials returned 13.8 percent. Robust global economies and an increase in consumer borrowing resulted in higher bank revenue. Stronger stock markets and increased investment also contributed positively.

Health care stocks returned 10.3 percent, thanks to strong demand for health services, positive results from a number of major clinical studies, and increased demand for innovative treatments and technologies. More mergers and acquisitions and better financing for biotechnology also helped strengthen the sector.

Basic materials produced the weakest return for the period of -0.3 percent. A weak real estate market in China and subdued demand for materials in Europe pulled down performance in the sector.

A full list of the fund's equity investments is published on www.nbim.no.

TABLE 4 Return on the fund's equity investments in first half of 2024. In percent. Measured in the fund's currency basket.

Market	Return	Share of equity investments
North America	15.9	54.2
Europe	8.3	25.0
Asia and Oceania	10.4	20.1
Emerging markets	12.6	10.5

TABLE 5 Return on the fund's equity investments in first half of 2024. In percent. Measured in the fund's currency basket and sorted by sector.

Sector	Return	Share of equity investments ¹
Technology	27.9	25.8
Financials	13.8	15.0
Health care	10.3	11.1
Energy	10.3	3.6
Industrials	8.2	12.7
Consumer discretionary	7.9	13.7
Utilities	6.2	2.3
Telecommunications	5.2	3.0
Consumer staples	1.4	5.1
Real estate	1.2	5.0
Basic materials	-0.3	3.6

¹ Does not sum up to 100 percent because cash and derivatives are not included.

CHART 4 Price developments in regional equity markets. Measured in US dollars. Indexed total return 31.12.2023 = 100. Source: Bloomberg.

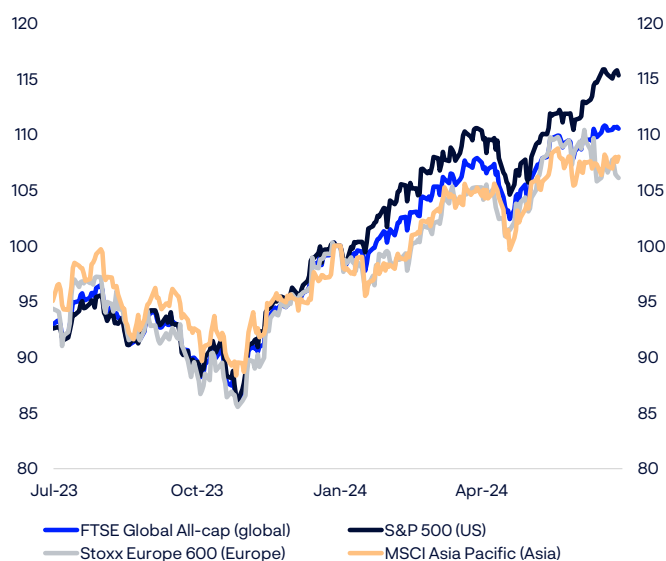
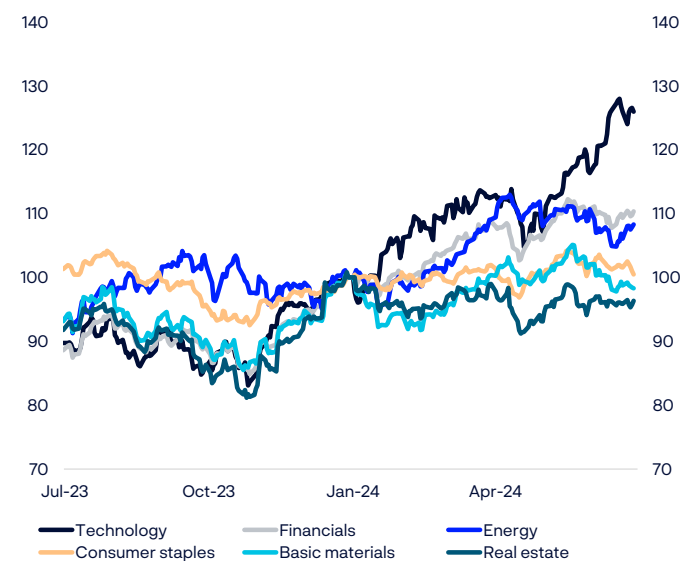


CHART 5 Price developments in the three sectors with the highest and weakest return in the FTSE Global All Cap index. Measured in dollars. Indexed total return 31.12.2023 = 100. Source: FTSE Russel.





Fixed-income investments returned -0.6 percent.

Return on fixed-income investments

Fixed-income investments returned -0.6 percent for the first half. Inflation slowed more quickly than expected towards the end of 2023, leading to expectations in the fixed-income market of a substantial easing of monetary policy in 2024. Inflation held at higher levels than expected in the first half of the year, however, and employment and economic growth surprised to the upside, especially in the US. This led to interest rates remaining higher than expected.

Policy rates higher for longer

Government bonds returned -1.8 percent for the period. The fund's three largest holdings were of US, Japanese and German government bonds.

US Treasuries accounted for 29.1 percent of fixed-income investments and returned 1.1 percent. The Federal Reserve left its policy rate unchanged during the period. Two to three rate cuts are now expected by the market by the end of the year, down from the six expected at the beginning of the year.

Euro-denominated government bonds accounted for 12.3 percent of the fund's fixed-income investments and returned -3.3 percent. The European Central Bank lowered its policy rate by 0.25 percentage point in June, and the market anticipates two further cuts by the end of the year.

Japanese government bonds made up 5.6 percent of fixed-income investments and returned -13.3 percent. The Bank of Japan tightened its monetary policy in March and no longer has a negative policy rate. This did not prevent the yen from depreciating further, and this was the main reason for the weak return.

A full list of the fund's fixed-income investments is published on www.nbim.no.

CHART 6 10-year government bond yields in percent.
Source: Bloomberg.

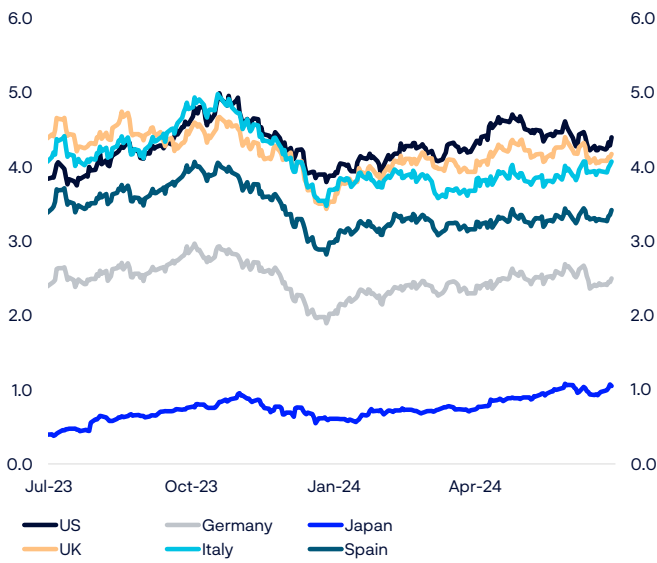


CHART 7 Price developments in fixed-income sectors. Measured in dollars. Indexed total return 31.12.2023 = 100.
Source: Bloomberg Barclays Indices.



TABLE 6 Return on the fund's fixed-income investments in the first half of 2024. In percent. Measured in the fund's currency basket and sorted by sector.

Sector	Return	Share of fixed-income investments ¹
Government bonds ²	-1.8	58.5
Government-related bonds ²	-0.6	9.5
Inflation-linked bonds ²	-0.1	6.4
Corporate bonds	1.8	24.8
Securitised bonds	-0.3	6.7

¹ Does not sum up to 100 percent because cash and derivatives are not included.

² 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.



The fund's total real estate investments returned 1.5 percent.

Return on real estate investments

The fund's total real estate investments returned 1.5 percent for the first half and amounted to 3.6 percent of the fund at the end of the period. Unlisted and listed real estate investments are managed under a combined strategy for real estate.

Unlisted real estate investments made up 48.3 percent of the overall real estate portfolio and returned -0.5 percent, while investments in listed real estate returned 3.5 percent.

The fund's unlisted real estate investments are primarily in office, retail and logistics properties. The negative return on unlisted real estate was driven mainly by investments in the US office sector. Values here were negatively affected by higher vacancy and a persistently high policy rate. There was also little activity in the market during the period, making property valuations a challenge. The fund's investments in listed real estate span a variety of sectors. Solid returns in sectors such as data centres and retirement accommodation contributed positively to the results.

A full list of the fund's real estate investments is published on www.nbim.no.

TABLE 7 Value of real estate investments in millions of kroner as at 30 June 2024.

	Verdi ¹
Unlisted real estate investments	307,238
Listed real estate investments	328,974
Total real estate investments	636,212

¹ Including bank deposits and other receivables.

TABLE 8 Return on unlisted real estate investments in the first half of 2024. In percentage points.

	Return
Rental income	1.9
Changes in value	-3.1
Transaction costs	0.0
Result of currency adjustments	0.7
Total	-0.5



Investments in unlisted renewable energy infrastructure returned -17.7 percent.

Return on unlisted renewable energy infrastructure investments

Investments in unlisted renewable energy infrastructure returned -17.7 percent for the first half of the year. The return on the portfolio comprises net income from power sales and changes in the value of the investments. A higher cost of capital adversely affected the value of the investments during the period. Besides projects already in operation, we have invested in a project under construction and committed capital for future projects. These projects are expected to generate net income in the future. This future net income will also be negatively affected by the current higher cost of capital.

The fund made three new investments during the period. 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 signed an agreement 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, valuing the project as a whole at 2,599 million pounds, or around 35.3 billion kroner. The project includes a debt facility, of which our share is around 644 million pounds, or around 8.8 billion kroner.

A full list of the fund's renewable energy infrastructure investments is published on www.nbim.no.

TABLE 9 Value of unlisted renewable energy infrastructure investments in millions of kroner as at 30 June 2024.

	Value ¹
Unlisted infrastructure investments	19,723

¹ Including bank deposits and other receivables.

TABLE 10 Return of unlisted renewable energy infrastructure investments in the first half of 2024. In percent.

	Return
Unlisted infrastructure investments	-17.7

The fund's relative return

The return on the fund for the first half of the year was 0.04 percentage point less than the return on the benchmark index from the Ministry of Finance, corresponding to a relative return of -5 billion kroner.

Equity management made a positive contribution of 0.21 percentage point to the fund's relative return for the period. Investments in the sectors consumer discretionary and financials made the most positive contributions, while basic materials made the most negative.

Fixed-income management contributed 0.04 percentage point to the relative return for the period. Investments in Europe made the greatest contribution. The fund has a higher share of short-maturity bonds than the benchmark index, which also contributed positively. The fund's fixed-income investments include an allocation to emerging markets, which made a negative contribution to the relative return for the period.

Investments in real estate made the most negative contribution to the relative return for the first half, measured against the equities and bonds sold to finance these investments. Unlisted real estate investments contributed -0.08 percentage point. This negative result was driven primarily by investments in the US office sector. Listed real estate investments contributed -0.12 percentage point to the relative return, and investments in renewable energy infrastructure also made a slight negative contribution.

The relative return was also affected by an allocation effect between equity management and fixed-income management, as the fund was underweight in equities relative to bonds during the period. The contribution from this effect was -0.08 percentage point.

CHART 8 The fund's quarterly relative return and accumulated annualised relative return in percentage points. Calculations based on aggregated equity and fixed-income investments until end of 2016.

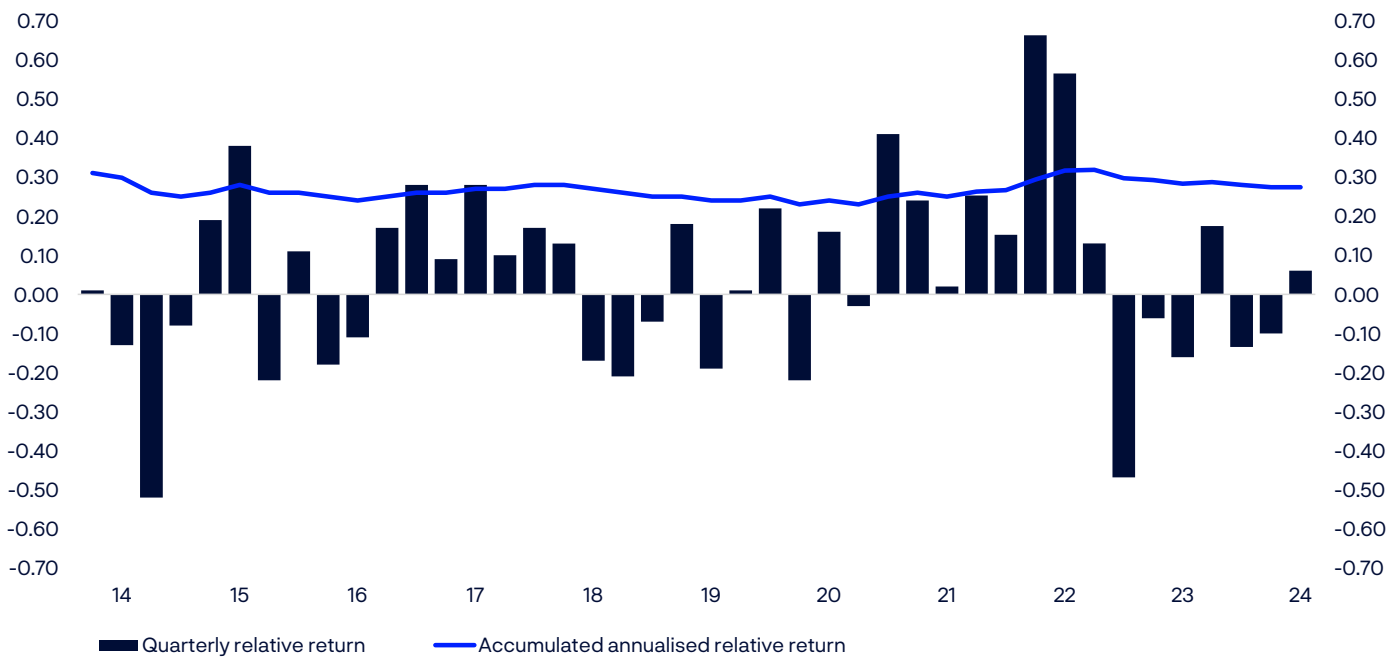


TABLE 11 Historic relative return in percentage points as at 30 June 2024. Annualised figures measured in the fund's currency basket.

	Since 01.01.1998	Last 15 years	Last 10 years	Last 5 years	Last 12 months
Relative return on fund (percentage points) ¹	0.27	0.42	0.23	0.42	0.02
The fund's tracking error (percentage points) ¹	0.64	0.44	0.41	0.45	0.28
The fund's information ratio (IR) ^{1,2}	0.44	0.89	0.53	0.83	0.01

¹ Based on aggregated equity and fixed-income investments until end of 2016.

² 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.

TABLE 12 Contributions from management areas to the fund's relative return in percentage points in the first half of 2024.

	Total
Equity management	0.21
Fixed-income management	0.04
Real assets management	-0.21
Allocation effect	-0.08
Total	-0.04

The fund's investment framework

The fund is managed on the basis of limits set in the mandate from the Ministry of Finance.

TABLE 13 Key figures for the fund's risk and exposure.

	Limits set by the Ministry of Finance	30.06.2024
Allocation	Equity portfolio 60–80 percent of fund's market value ¹	72.1
	Unlisted real estate no more than 7 percent of the fund's market value	1.7
	Fixed-income portfolio 20–40 percent of fund's market value ¹	27.3
	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-	1.4
Emerging markets	Maximum 5 percent of fixed-income investments may be in emerging markets	2.9
Ownership	Maximum 10 percent of voting shares in a listed company in the equity portfolio ²	9.6

¹ Derivatives are represented with their underlying economic exposure.

² Investments in listed and unlisted real estate companies are exempt from this restriction.

Information on risk and exposure in each asset class is published on www.nbim.no.

Operational risk management

The Executive Board has decided there must be less than a 20 percent probability that operational risks 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.

Estimated operational risk exposure remained within the Executive Board's tolerance limit in the first half of the year. A total of 82 unwanted operational events were registered, with an estimated financial impact of around 104 million kroner.



We voted on a total of 90,449 proposals at 8,277 shareholder meetings in the first half of 2024.

Responsible investment

The first half of the year is the busy season for voting, with more than two thirds of companies' annual shareholder meetings taking place between April and June. Voting is one of the most important instruments available to us for exercising our ownership rights. We voted on a total of 90,449 proposals at 8,277 shareholder meetings in the first half of 2024. All of our voting is continuously updated at www.nbim.no. We also publish a [summary of our voting](#) in the first half of each year.

We had 1,775 meetings with companies during the period, raising governance and sustainability issues at 62.5 percent of them. These issues mostly concerned capital management, climate change and human capital.

Contents

Financial reporting

19 **Condensed interim financial statements**

19	Income statement
20	Balance sheet
21	Statement of cash flows
22	Statement of changes in owner's capital

23 **Notes**

23	Note 1	General information
24	Note 2	Accounting policies
25	Note 3	Returns
26	Note 4	Income/expense from equities, bonds and financial derivatives
27	Note 5	Holdings of equities, bonds and financial derivatives
29	Note 6	Unlisted real estate
31	Note 7	Unlisted renewable energy infrastructure
33	Note 8	Fair value measurement
37	Note 9	Investment risk
41	Note 10	Foreign exchange gains and losses
42	Note 11	Management costs

44 **Auditor**

44	Auditor's report
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Income statement

Amounts in NOK million	Note	1H 2024	1H 2023	2023
Profit/loss on the portfolio before foreign exchange gain/loss				
Income/expense from:				
- Equities	4	1 512 742	1 470 655	2 030 561
- Bonds	4	-33 367	53 550	231 769
- Unlisted real estate	6	-3 617	-20 834	-47 389
- Unlisted infrastructure	7	-3 080	-1 769	-257
- Financial derivatives	4	12 944	8 177	15 752
- Secured lending		9 960	4 193	9 922
- Secured borrowing		-10 609	-5 808	-13 278
Tax expense		-10 077	-6 742	-13 555
Interest income/expense		-325	-87	49
Other income/expense		6	11	4
Profit/loss on the portfolio before foreign exchange gain/loss		1 474 576	1 501 345	2 213 577
Foreign exchange gain/loss	10	314 393	980 432	409 441
Profit/loss on the portfolio		1 788 969	2 481 777	2 623 018
Management fee	11	-4 267	-3 502	-6 632
Profit/loss and total comprehensive income		1 784 703	2 478 274	2 616 385

Balance sheet

Amounts in NOK million	Note	30.06.2024	31.12.2023
Assets			
Deposits in banks		17 454	8 584
Secured lending		549 825	728 559
Cash collateral posted		6 710	19 361
Unsettled trades		149 625	33 812
Equities	5	12 147 346	10 577 325
Equities lent	5	627 188	493 949
Bonds	5	4 264 896	3 563 613
Bonds lent	5	652 416	1 006 711
Financial derivatives	5	23 346	19 192
Unlisted real estate	6	306 172	300 541
Unlisted infrastructure	7	19 730	17 593
Withholding tax receivable		16 617	10 522
Other assets		2 221	2 752
Management fee receivable		133	168
Total assets		18 783 681	16 782 681
Liabilities and owner's capital			
Secured borrowing		787 494	911 548
Cash collateral received		41 107	28 754
Unsettled trades		187 228	44 247
Financial derivatives	5	22 657	33 055
Deferred tax		11 623	8 246
Other liabilities		150	112
Total liabilities		1 050 259	1 025 962
Owner's capital		17 733 422	15 756 719
Total liabilities and owner's capital		18 783 681	16 782 681

Statement of cash flows

Amounts in NOK million, receipt (+) / payment (-)	Note	1H 2024	1H 2023	2023
Operating activities				
Receipts of dividend from equities		152 668	135 671	234 173
Receipts of interest from bonds		59 825	41 148	90 644
Receipts of interest and dividend from unlisted real estate	6	3 969	3 367	6 861
Receipts of interest and dividend from unlisted infrastructure	7	232	457	752
Net receipts of interest and fee from secured lending and borrowing		-1 805	-3 029	-3 730
Receipts of dividend, interest and fee from holdings of equities, bonds, unlisted real estate and unlisted infrastructure		214 889	177 614	328 700
Net cash flow from purchase and sale of equities		-163 398	-318 659	-436 867
Net cash flow from purchase and sale of bonds		-264 478	37 690	-412 160
Net cash flow to/from investments in unlisted real estate	6	-3 327	-4 382	-6 742
Net cash flow to/from investments in unlisted infrastructure	7	-5 102	-1 923	-3 256
Net cash flow financial derivatives		9 497	-13 468	2 219
Net cash flow cash collateral related to derivative transactions		23 400	22 905	16 030
Net cash flow secured lending and borrowing		21 844	-274 653	-184 578
Net payment of taxes		-13 123	-7 261	-11 173
Net cash flow related to interest on deposits in banks and bank overdraft		114	55	428
Net cash flow related to other income/expense, other assets and other liabilities		9	1 298	947
Management fee paid to Norges Bank ¹		-4 232	-3 426	-6 526
Net cash inflow/outflow from operating activities		-183 908	-384 210	-712 977
Financing activities				
Inflow from the Norwegian government		193 009	390 427	710 104
Withdrawal by the Norwegian government		-	-	-
Net cash inflow/outflow from financing activities		193 009	390 427	710 104
Net change deposits in banks				
Deposits in banks at 1 January		8 584	12 061	12 061
Net increase/decrease of cash in the period		9 101	6 216	-2 873
Net foreign exchange gain/loss on cash		-232	-4 844	-604
Deposits in banks at end of period		17 454	13 433	8 584

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

Statement of changes in owner's capital

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	-	2 478 274	2 478 274
Inflow during the period	392 000	-	392 000
Withdrawal during the period	-	-	-
30 June 2023	4 449 370	10 850 238	15 299 608
1 July 2023	4 449 370	10 850 238	15 299 608
Profit/loss and total comprehensive income	-	138 111	138 111
Inflow during the period	319 000	-	319 000
Withdrawal during the period	-	-	-
31 December 2023	4 768 370	10 988 349	15 756 719
1 January 2024	4 768 370	10 988 349	15 756 719
Profit/loss and total comprehensive income	-	1 784 703	1 784 703
Inflow during the period	192 000	-	192 000
Withdrawal during the period	-	-	-
30 June 2024	4 960 370	12 773 052	17 733 422

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 listed 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.

Approval of the interim financial statements

The interim financial statements of Norges Bank for the first half of 2024, which only encompass the financial reporting for the GPF, were approved by the Executive Board on 9 August 2024.

Note 2 Accounting policies

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 condensed interim financial statements for the first half of 2024 are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are presented in Norwegian kroner (NOK), rounded to the nearest million. Rounding differences may occur.

The interim financial statements are prepared using the same accounting policies and calculation methods as applied and disclosed in the annual report for 2023. The condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the annual report for 2023.

Significant estimates and accounting judgements

The preparation of the interim 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 interim 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.

Note 3 Returns

Table 3.1 Returns

	1H 2024	1H 2023	2023
Returns measured in the fund's currency basket (percent)			
Return on equity investments	12.47	13.66	21.25
Return on fixed-income investments	-0.62	2.25	6.13
Return on unlisted real estate investments	-0.50	-4.57	-12.37
Return on unlisted infrastructure investments	-17.69	-6.53	3.68
Return on fund	8.59	10.00	16.14
Relative return on fund (percentage points)	-0.04	-0.23	-0.18
Returns measured in Norwegian kroner (percent)			
Return on equity investments	15.32	23.80	26.26
Return on fixed-income investments	1.90	11.36	10.51
Return on unlisted real estate investments	2.02	3.94	-8.75
Return on unlisted infrastructure investments	-15.61	1.81	7.96
Return on fund	11.34	19.80	20.93

For additional information on the calculation methods used when measuring returns, see note 3 Returns in the annual report for 2023.

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

Tables 4.1 to 4.3 specify the change in fair value in the period, where the line Income/expense shows the amount recognised in profit or loss for the respective income statement line.

Table 4.1 Specification Income/expense from equities

Amounts in NOK million	1H 2024	1H 2023	2023
Dividends	158 335	143 696	240 842
Realised gain/loss	325 684	110 967	236 321
Unrealised gain/loss	1 028 723	1 215 992	1 553 398
Income/expense from equities before foreign exchange gain/loss	1 512 742	1 470 655	2 030 561

Table 4.2 Specification Income/expense from bonds

Amounts in NOK million	1H 2024	1H 2023	2023
Interest	71 375	51 263	109 431
Realised gain/loss	-41 233	-63 804	-101 065
Unrealised gain/loss	-63 509	66 090	223 402
Income/expense from bonds before foreign exchange gain/loss	-33 367	53 550	231 769

Table 4.3 Specification Income/expense from financial derivatives

Amounts in NOK million	1H 2024	1H 2023	2023
Interest	-1 602	817	4 185
Realised gain/loss	12 945	6 502	13 404
Unrealised gain/loss	1 602	858	-1 837
Income/expense from financial derivatives before foreign exchange gain/loss	12 944	8 177	15 752

Note 5 Holdings of equities, bonds and financial derivatives

Table 5.1 Equities

Amounts in NOK million	30.06.2024		31.12.2023	
	Fair value	incl. earned dividends	Fair value	incl. earned dividends
Technology	3 263 279		2 465 516	
Financials	1 900 146		1 655 254	
Consumer discretionary	1 728 746		1 562 073	
Industrials	1 605 254		1 447 684	
Health care	1 405 283		1 230 877	
Consumer staples	646 337		618 337	
Real estate	633 562		608 689	
Basic materials	452 093		441 742	
Energy	459 149		413 062	
Telecommunications	385 204		367 904	
Utilities	295 480		260 137	
Total equities	12 774 535		11 071 274	
Of which presented in the balance sheet line Equities	12 147 346		10 577 325	
Of which presented in the balance sheet line Equities lent	627 188		493 949	

At the end of the first half of 2024, earned dividends amounted to NOK 15 793 million (NOK 12 580 million at the end of 2023).

Table 5.2 Bonds

Amounts in NOK million	30.06.2024		31.12.2023	
	Notional value	Fair value incl. earned interest	Notional value	Fair value incl. earned interest
Government bonds	2 931 082	2 718 096	2 742 815	2 594 816
Government-related bonds	464 963	441 912	433 944	406 977
Inflation-linked bonds	313 543	295 665	232 929	283 137
Corporate bonds	1 223 541	1 150 223	1 055 498	1 002 288
Securitised bonds	335 988	311 415	307 782	283 106
Total bonds	5 269 117	4 917 312	4 772 968	4 570 324
Of which presented in the balance sheet line Bonds		4 264 896		3 563 613
Of which presented in the balance sheet line Bonds lent		652 416		1 006 711

At the end of the first half of 2024, earned interest amounted to NOK 42 762 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. Equity swaps are not recognised in the balance sheet. See the accounting policy in note 13 Secured lending and borrowing in the annual report for 2023 for further information.

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	30.06.2024			31.12.2023		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign exchange derivatives	914 542	9 355	7 442	976 868	6 388	18 148
Interest rate derivatives	2 026 818	13 044	10 618	464 466	11 920	12 323
Credit derivatives	128 614	753	4 522	52 311	706	2 556
Equity derivatives ¹	-	29	-	-	69	-
Exchange-traded futures contracts ²	162 417	165	76	95 742	110	29
Total financial derivatives	3 232 391	23 346	22 657	1 589 387	19 192	33 055

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

² Exchange-traded futures contracts have daily margin payments and the net amount recognised in the balance sheet is normally zero at the balance sheet date, with the exception of futures contracts in certain markets where there is different timing for setting the market value for recognition in the balance sheet and daily margining.

Note 6 Unlisted real estate

Investments in unlisted real estate are made through subsidiaries of Norges Bank, exclusively established as part of the management of the GPF. Subsidiaries presented as Unlisted real estate in the balance sheet are measured at fair value through profit or loss. The fair value of unlisted real estate is equivalent to the sum of the GPF's share of assets and liabilities in the underlying real estate subsidiaries, measured at fair value. For further information, see note 2 Accounting policies and note 8 Fair value measurement in the annual report for 2023.

Income/expense, changes in carrying amounts and cash flows related to investments in unlisted real estate are specified in the tables below. See note 6 Unlisted real estate in the annual report for 2023 for further information on the principles applied in the tables.

Table 6.1 Income/expense from unlisted real estate

Amounts in NOK million	1H 2024	1H 2023	2023
Receipts of interest and dividend	3 969	3 367	6 861
Unrealised gain/loss ¹	-7 586	-24 201	-54 251
Income/expense from unlisted real estate before foreign exchange gain/loss	-3 617	-20 834	-47 389

¹ Earned interest and dividends which are not cash-settled are included in Unrealised gain/loss.

Table 6.2 Changes in carrying amounts unlisted real estate

Amounts in NOK million	30.06.2024	31.12.2023
Unlisted real estate at 1 January	300 541	329 732
Net cash flow to/from investments	3 327	6 742
Unrealised gain/loss	-7 586	-54 251
Foreign exchange gain/loss	9 889	18 318
Unlisted real estate, closing balance for the period	306 172	300 541

Table 6.3 specifies cash flows between the GPF and subsidiaries presented as Unlisted real estate.

Table 6.3 Cash flow unlisted real estate

Amounts in NOK million	1H 2024	1H 2023	2023
Receipts of interest from ongoing operations	1 387	1 007	2 042
Receipts of dividends from ongoing operations	2 548	2 360	4 709
Receipts of interest from sales	33	-	110
Receipts of interest and dividend from unlisted real estate	3 969	3 367	6 861
Payments for new investments	-2 208	-4 449	-7 007
Payments for property development	-1 502	-876	-1 778
Net payments external debt	-	-	-104
Receipts from ongoing operations	357	761	1 533
Receipts from sales	26	182	615
Net cash flow to/from investments in unlisted real estate	-3 327	-4 382	-6 742
Net cash flow unlisted real estate	642	-1 016	119
Of which cash flow from ongoing operations	4 293	4 128	8 284
Of which cash flow to/from investment activities	-3 651	-5 144	-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 in the annual report for 2023.

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	1H 2024	1H 2023	2023
Net rental income	7 122	6 945	13 852
External asset management - fixed fees	-499	-540	-1 044
External asset management - variable fees	-1	-2	-23
Internal asset management - fixed fees ¹	-56	-62	-123
Operating costs in wholly-owned subsidiaries ²	-33	-41	-82
Operating costs in joint ventures	-88	-58	-171
Interest expense external debt	-353	-420	-776
Tax expense	-148	-133	-210
Net income from ongoing operations	5 945	5 688	11 424
Realised gain/loss	92	1	46
Unrealised gain/loss ³	-9 657	-26 302	-58 630
Realised and unrealised gain/loss	-9 564	-26 301	-58 584
Transaction costs and fees from purchases and sales	3	-222	-229
Net income underlying real estate companies	-3 617	-20 834	-47 389

¹ Internal asset management is carried out by employees in a wholly-owned, consolidated subsidiary.

² Operating costs in wholly-owned subsidiaries are measured against the upper limit from the Ministry of Finance, see note 11 Management costs for more information.

³ Unrealised gain/loss presented in table 6.1 includes net income in the underlying real estate companies which is not distributed back to the 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	30.06.2024	31.12.2023
Properties	332 842	327 165
External debt	-25 558	-25 564
Net other assets and liabilities ¹	-1 111	-1 060
Total assets and liabilities underlying real estate companies	306 172	300 541

¹ Net other assets and liabilities comprise cash, tax and operational receivables and liabilities.

Note 7 Unlisted renewable energy infrastructure

Investments in unlisted renewable energy infrastructure (Unlisted infrastructure) are made through subsidiaries of Norges Bank, exclusively established as part of the management of the GPF. Subsidiaries presented as Unlisted infrastructure in the balance sheet are measured at fair value through profit or loss. The fair value of unlisted infrastructure is equivalent to the sum of the GPF's share of assets and liabilities in the underlying infrastructure subsidiaries, measured at fair value. For further information, see note 2 Accounting policies and note 8 Fair value measurement in the annual report for 2023.

Income/expense, changes in carrying amounts and cash flows related to investments in unlisted infrastructure are specified in the tables below. See note 7 Unlisted renewable energy infrastructure in the annual report for 2023 for further information on the principles applied in the tables.

Table 7.1 Income/expense from unlisted infrastructure

Amounts in NOK million	1H 2024	1H 2023	2023
Payments of interest and dividend	232	457	752
Unrealised gain/loss ¹	-3 312	-2 226	-1 010
Income/expense from unlisted infrastructure before foreign exchange gain/loss	-3 080	-1 769	-257

¹ Earned interest and dividends which are not cash-settled are included in Unrealised gain/loss.

Table 7.2 Changes in carrying amounts unlisted infrastructure

Amounts in NOK million	30.06.2024	31.12.2023
Unlisted infrastructure at 1 January	17 593	14 489
Net cash flow to/from investments	5 102	3 256
Unrealised gain/loss	-3 312	-1 010
Foreign exchange gain/loss	346	859
Unlisted infrastructure, closing balance for the period	19 730	17 593

Table 7.3 specifies cash flows between the GPF and subsidiaries presented as Unlisted infrastructure.

Table 7.3 Cash flow unlisted infrastructure

Amounts in NOK million	1H 2024	1H 2023	2023
Receipts of interest from ongoing operations	199	143	397
Receipts of dividends from ongoing operations	33	314	355
Receipts of interest and dividend from unlisted infrastructure	232	457	752
Payments for new investments	-4 941	-2 643	-2 939
Payments for development of infrastructure assets	-436	-	-1 071
Receipts from ongoing operations	275	720	755
Net cash flow to/from investments in unlisted infrastructure	-5 102	-1 923	-3 256
Net cash flow unlisted infrastructure	-4 870	-1 466	-2 504
Of which cash flow from ongoing operations	507	1 177	1 507
Of which cash flow to/from investment activities	-5 378	-2 643	-4 010

Underlying infrastructure companies

Infrastructure subsidiaries have investments in other non-consolidated, unlisted companies. For further information, see note 16 Interests in other entities in the annual report for 2023.

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	1H 2024	1H 2023	2023
Net income from sale of renewable energy	445	757	1 356
Operating costs in wholly owned subsidiaries ¹	-5	-3	-8
Operating costs in joint ventures	2	-8	-32
Tax expense	-9	-65	-70
Interest income/expense	-5	12	26
Net income from ongoing operations	429	692	1 273
Unrealised gain/loss²	-3 449	-2 421	-1 468
Transaction costs and fees from purchases	-60	-40	-62
Net income underlying infrastructure companies	-3 080	-1 769	-257

¹ Operating costs in wholly owned subsidiaries are measured against the upper limit from the Ministry of Finance, see note 11 Management costs for more information.

² Unrealised gain/loss presented in table 7.1 includes net income in the underlying infrastructure companies which is not distributed back to the 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	30.06.2024	31.12.2023
Infrastructure assets	27 696	15 936
External debt	-8 688	-
Net other assets and liabilities ¹	722	1 657
Total assets and liabilities underlying infrastructure companies	19 730	17 593

¹ Net other assets and liabilities comprise cash, tax and operational receivables and liabilities.

Note 8 Fair value measurement

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 standard valuation techniques. Estimating fair value can be complex and require the use of judgement, in particular when observable inputs are not available. For an overview of valuation models and techniques, as well as definitions and the classification in the three categories in the fair value hierarchy, see note 8 Fair value measurement in the annual report for 2023.

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.

The fair value hierarchy

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	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Equities	12 740 003	11 033 488	32 807	36 286	1 725	1 500	12 774 535	11 071 274
Government bonds	2 562 049	2 165 249	156 047	429 567	-	-	2 718 096	2 594 816
Government-related bonds	383 365	340 242	57 594	65 926	953	809	441 912	406 977
Inflation-linked bonds	269 774	220 652	25 891	62 485	-	-	295 665	283 137
Corporate bonds	1 135 004	942 658	15 218	59 628	1	2	1 150 223	1 002 288
Securitised bonds	282 799	256 012	28 617	26 989	-	105	311 415	283 106
Total bonds	4 632 991	3 924 813	283 367	644 595	954	916	4 917 312	4 570 324
Financial derivatives (assets)	605	282	22 729	18 906	12	4	23 346	19 192
Financial derivatives (liabilities)	-3 184	-1 633	-19 473	-31 422	-	-	-22 657	-33 055
Total financial derivatives	-2 579	-1 351	3 256	-12 516	12	4	689	-13 863
Unlisted real estate	-	-	-	-	306 172	300 541	306 172	300 541
Unlisted infrastructure	-	-	-	-	19 730	17 593	19 730	17 593
Other (assets) ¹	-	-	742 453	803 590	-	-	742 453	803 590
Other (liabilities) ²	-	-	-1 015 979	-984 661	-	-	-1 015 979	-984 661
Market value investment portfolio³	17 370 415	14 956 950	45 904	487 294	328 593	320 554	17 744 911	15 764 797
Total (percent)	97.9	94.9	0.3	3.1	1.8	2.0	100.0	100.0

¹ Other (assets) consists of the balance sheet lines Deposits in banks, Secured lending, Cash collateral posted, Unsettled trades (assets), Withholding tax receivable and Other assets.

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

³ Market value investment portfolio is exclusive of Management fee payable/receivable and Deferred tax.

The majority of the total portfolio is priced based on observable market prices. At the end of the first half of 2024, 98.2 percent of the portfolio was classified as Level 1 or 2, which is a marginal increase compared to year-end 2023.

Equities

Measured as a share of total value, virtually all equities (99.73 percent) were valued based on official closing prices from stock exchanges and were classified as Level 1 at the end of the first half. A small share of equities (0.26 percent) were classified as Level 2. These are mainly equities for which trading has recently been suspended, or illiquid securities that are not traded daily. The share of equities valued with significant use of unobservable inputs and classified as Level 3 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 94.22 percent were classified as Level 1 at the end of the first half. 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 5.76 percent of bond holdings at the end of the first half. An insignificant share of bond holdings (0.02 percent) that did not have observable quotes were classified as Level 3, 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 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 external valuation does not reflect fair value and adjustments are therefore warranted.

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

There were no significant reclassifications of equity holdings between the levels in the fair value hierarchy during the first half.

Bond holdings with a net value of NOK 109 billion were reclassified from Level 2 to Level 1 in the first half. Bonds with a value of NOK 123 billion were reclassified from Level 2 to Level 1, primarily due to improved liquidity for certain holdings of corporate bonds and government bonds. This was partly offset by bonds with a value of NOK 14 billion which were reclassified from Level 1 to Level 2. There were no significant reclassifications of bonds holdings into or out of Level 3 in the first half.

Table 8.2 Changes in Level 3 holdings

Amounts in NOK million	01.01.2024	Pur-chases	Sales	Settle-ments	Net gain/loss	Trans-ferred into Level 3	Trans-ferred out of Level 3	Foreign exchange gain/loss	30.06.2024
Equities	1 500	22	-28	-	123	1	-	107	1 725
Bonds	916	-	-	-19	-42	404	-352	47	954
Financial derivatives (assets)	4	8	-	-	-	-	-	-	12
Unlisted real estate ¹	300 541	3 327	-	-	-7 586	-	-	9 889	306 172
Unlisted infrastructure ¹	17 593	5 102	-	-	-3 312	-	-	346	19 730
Total	320 554	8 459	-28	-19	-10 817	405	-352	10 389	328 593

Amounts in NOK million	01.01.2023	Pur-chases	Sales	Settle-ments	Net gain/loss	Trans-ferred into Level 3	Trans-ferred out of Level 3	Foreign exchange gain/loss	31.12.2023
Equities	3 206	-	-100	-21	-1 328	47	-1	-303	1 500
Bonds	340	245	-147	-54	45	563	-97	20	916
Financial derivatives (assets)	45	4	-45	-	-	-	-	-	4
Unlisted real estate ¹	329 732	6 742	-	-	-54 251	-	-	18 318	300 541
Unlisted infrastructure ¹	14 489	3 256	-	-	-1 010	-	-	859	17 593
Total	347 812	10 247	-292	-75	-56 544	610	-98	18 894	320 554

¹ Purchases represent the net cash flow to investments in unlisted real estate and unlisted infrastructure, as presented in the Statement of cash flows.

The share of the portfolio classified as Level 3 was 1.8 percent at the end of the first half, which is a slight decrease compared to year-end 2023. The GPF's aggregate holdings in Level 3 were NOK 328 593 million at the end of the first half, an increase of NOK 8 039 million compared to year-end 2023. The increase is mainly due to investment in unlisted real estate and unlisted renewable energy infrastructure which are all classified as Level 3.

Russian equities constitute the majority of equity securities classified as Level 3 at the end of the first half. Trading in Russian securities is regulated by extensive sanctions. In line with the methodology applied at year-end, a downward adjustment has been applied to the last traded price of these securities in order to estimate the price that would be received for the sale of the shares under current market conditions. The downward adjustment reflects the estimated discount that market participants would demand to reflect the risk associated with the inherent uncertainty in the cash flows of the shareholdings, as well as the inability to access a public market to trade the shares. The adjustment to the last traded price is based on unobservable inputs and is considered to be significant to the fair value measurement. At the end of the first half, these equity securities had a value of NOK 1.5 billion, compared to NOK 1.4 billion at year-end 2023.

Sensitivity analysis for Level 3 holdings

The valuation of Level 3 holdings involves the use of judgement when determining the assumptions that market participants would use when observable market data is not available.

Unlisted real estate investments constitute the vast majority of holdings classified as Level 3. The effect of using reasonable alternative assumptions for unlisted real estate investments is shown in the sensitivity analysis in table 8.3. For other holdings classified as Level 3, there are no significant changes to sensitivities compared to year-end 2023.

Table 8.3 Additional specification Level 3 and sensitivities - unlisted real estate

Amounts in NOK million	Key assumptions	Change in key assumptions	Specification of Level 3 holdings 30.06.2024	Sensitivities 30.06.2024		Specification of Level 3 holdings 31.12.2023	Sensitivities 31.12.2023	
				Unfavourable changes	Favourable changes		Unfavourable changes	Favourable changes
Unlisted real estate	Yield	0.25 percentage point		-15 096	17 195		-14 818	16 879
	Market rent	2.0 percent		-5 501	5 520		-5 400	5 419
			306 172	-20 597	22 715	300 541	-20 218	22 298

Changes in key assumptions can have a material effect on the valuation of unlisted real estate investments. A number of 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 assumptions for yields and market rents. At the end of the first half, a change in the yield of 0.25 percentage point, and a change in market rents of 2 percent is viewed as a reasonable range for alternative assumptions. 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, 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 20 597 million or 6.7 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 22 715 million or 7.4 percent (7.4 percent at year-end 2023). The isolated effects of changes in yields and future market rents are presented in table 8.3.

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 linear.

Note 9 Investment risk

Investment risk comprises market risk, credit risk and counterparty risk. For further information on the framework for investment risk, including the main dimensions and measurement methods used to manage investment risk, see note 9 Investment risk in the annual report for 2023.

Market risk

Market risk is 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. Norges Bank Investment Management measures market risk both in absolute terms and relative to the benchmark.

[Asset class by country and currency](#)

The portfolio is invested across several asset classes, countries and currencies as shown in table 9.1.

Table 9.1 Allocation by asset class, country and currency

Market value in percent by country and currency ¹				Market value by asset class in percent		Market value by asset class in NOK million		
Asset class	Market	30.06.2024	Market	31.12.2023	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Equities	Developed	89.4	Developed	89.8				
	US	51.6	US	48.8				
	Japan	6.7	Japan	7.2				
	UK	5.6	UK	6.1				
	Switzerland	3.6	France	4.3				
	France	3.5	Switzerland	4.1				
	Total other	18.3	Total other	19.4				
	Emerging	10.6	Emerging	10.2				
	China	3.1	China	3.1				
	Taiwan	2.5	India	2.2				
	India	2.5	Taiwan	2.1				
	Brazil	0.5	Brazil	0.6				
	South Africa	0.3	Mexico	0.4				
	Total other	1.7	Total other	1.9				
Total equities					72.01	70.88	12 778 524	11 174 263
Fixed income	Developed	99.7	Developed	99.8				
	US dollar	52.6	US dollar	51.2				
	Euro	27.8	Euro	28.2				
	Japanese yen	6.4	Japanese yen	6.9				
	British pound	5.0	British pound	5.0				
	Canadian dollar	3.8	Canadian dollar	3.9				
	Total other	4.2	Total other	4.6				
	Emerging²	0.3	Emerging²	0.2				
Total fixed income					26.15	27.10	4 639 427	4 271 746
Unlisted real estate	US	48.3	US	48.6				
	UK	19.1	UK	18.7				
	France	15.8	France	15.7				
	Germany	5.1	Germany	5.3				
	Switzerland	3.4	Switzerland	3.6				
	Total other	8.2	Total other	8.0				
Total unlisted real estate					1.73	1.91	307 238	301 128
Total unlisted infrastructure					0.11	0.11	19 723	17 660
Market value investment portfolio³							17 744 911	15 764 797

¹ Market value in percent per country and currency includes derivatives and cash.

² The share of individual emerging market currencies in fixed income is insignificant.

³ Market value investment portfolio is exclusive of Management fee payable/receivable and Deferred tax.

At the end of the first half, the equity portfolio's share of the fund was 72.0 percent, compared to 70.9 percent at year-end 2023. The bond portfolio's share of the fund was 26.1 percent, compared to 27.1 percent at year-end. The unlisted real estate portfolio's share of the fund was 1.7 percent, compared to 1.9 percent at year-end. The share of unlisted infrastructure in the fund was 0.1 percent, the same as at year-end.

Volatility

Risk models are used to quantify the risk of value changes associated with all or parts of the portfolio. One of the risk measures is expected volatility. Volatility is a standard risk measure based on the statistical concept of standard deviation. Expected volatility is defined as one standard deviation. Tables 9.2 and 9.3 present risk both in terms of the portfolio's absolute risk and relative risk. All the fund's investments are included in the calculations of expected relative volatility and are measured against the fund's benchmark index consisting of global equity and bond indices. The fund's management mandate specifies that expected relative volatility shall not exceed 1.25 percentage points.

Table 9.2 Portfolio risk, expected volatility, percent

Expected volatility, actual portfolio								
	30.06.2024	Min 2024	Max 2024	Average 2024	31.12.2023	Min 2023	Max 2023	Average 2023
Portfolio	10.6	10.2	10.7	10.5	10.3	8.7	10.8	9.7
Equities	12.9	12.4	13.0	12.7	12.5	11.3	15.0	12.4
Fixed income	10.9	10.7	10.9	10.8	10.8	9.8	11.2	10.4
Unlisted real estate	12.8	12.7	13.3	12.9	12.9	11.8	12.9	12.4
Unlisted infrastructure	35.5	34.4	54.0	45.6	34.0	14.9	40.0	32.1

Table 9.3 Relative risk measured against the fund's benchmark index, expected relative volatility, basis points

Expected relative volatility								
	30.06.2024	Min 2024	Max 2024	Average 2024	31.12.2023	Min 2023	Max 2023	Average 2023
Portfolio	36	34	37	35	34	33	41	36

Risk measured as expected volatility indicates an expected annual fluctuation in the value of the fund of 10.6 percent, or approximately NOK 1 890 billion at the end of the first half, compared to 10.3 percent at year-end 2023. Expected volatility for the equity portfolio was 12.9 percent at the end of the first half, up from 12.5 percent at year-end, while expected volatility for the bond portfolio was 10.9 percent, compared to 10.8 percent at year-end.

The fund's expected relative volatility was 36 basis points at the end of the first half, compared to 34 basis points at year-end 2023.

Expected shortfall is a tail risk measure that quantifies the expected loss of a portfolio in extreme market situations. Expected shortfall measured on relative returns provides an estimate of the annual expected relative underperformance versus the benchmark index for a given confidence level. Using historical simulations, relative returns of the current portfolio compared to the benchmark index are calculated on a weekly basis over a sampling period from January 2007 until the end of the last 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 in such a way that the annual expected shortfall measured against the benchmark index does not exceed 3.75 percentage points. At the end of the first half, expected shortfall was 1.13 percentage points, compared to 1.08 percentage points at year-end 2023.

Credit risk

Credit risk is the risk of losses resulting from issuers of bonds defaulting on their payment obligations. Credit risk for the bond portfolio is monitored, among other things, through the use of credit ratings. Fixed-income instruments in the portfolio's benchmark index are all rated investment grade by one of the major credit rating agencies.

Table 9.4 Bond portfolio specified by credit rating

Amounts in NOK million, 30.06.2024	AAA	AA	A	BBB	Lower rating	Total
Government bonds	586 396	1 638 593	332 971	109 140	47 586	2 714 685
Government-related bonds	211 969	168 723	34 756	23 046	3 419	441 912
Inflation-linked bonds	48 177	215 057	14 665	17 767	-	295 665
Corporate bonds	9 709	83 859	542 417	499 599	14 639	1 150 223
Securitised bonds	271 220	38 386	1 695	114	-	311 415
Total bonds¹	1 127 471	2 144 618	926 504	649 665	65 644	4 913 900

Amounts in NOK million, 31.12.2023	AAA	AA	A	BBB	Lower rating	Total
Government bonds	612 472	1 456 325	406 747	80 433	36 233	2 592 210
Government-related bonds	198 601	149 019	34 615	22 373	2 369	406 977
Inflation-linked bonds	48 794	193 647	24 943	15 752	-	283 137
Corporate bonds	8 977	66 905	460 349	455 568	10 487	1 002 288
Securitised bonds	239 362	41 931	1 812	-	-	283 106
Total bonds¹	1 108 207	1 907 827	928 467	574 127	49 090	4 567 718

¹ At the end of the first half of 2024, bonds received as collateral amounting to NOK 3.4 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 bond portfolio increased by NOK 346 billion compared to year-end 2023, to NOK 4 914 billion at the end of the first half. The share of bond holdings with credit rating AA increased to 43.6 percent at the end of the first half, from 41.8 percent at the end of 2023. The increase in the AA category was mainly due to an increased allocation to American, French and UK government bonds. Bonds in the credit rating categories AAA and A decreased slightly in the period, while category BBB increased to 13.2 percent, from 12.6 percent at year-end. The share of bond holdings in the Lower rating category increased to 1.3 percent at the end of the first half, from 1.1 percent at year-end. This is mainly due to an increase in holdings of Brazilian and South African government bonds. Overall, the credit quality in the bond portfolio is somewhat weaker than at year-end.

Counterparty risk

Counterparty risk is the risk of loss due to counterparty bankruptcy or other events leading to counterparties defaulting.

Table 9.5 Counterparty risk by type of position

Amounts in NOK million	Risk exposure	
	30.06.2024	31.12.2023
Derivatives including foreign exchange contracts	112 726	102 476
Securities lending	73 080	66 750
Unsecured bank deposits ¹	26 444	20 188
Repurchase and reverse repurchase agreements	5 942	19 798
Settlement risk towards brokers and long-settlement transactions	4 436	2 798
Total	222 629	212 011

¹ Includes bank deposits in non-consolidated subsidiaries.

Total counterparty risk exposure increased to NOK 222.6 billion at the end of the first half, from NOK 212.0 billion at year-end 2023. The increase is mainly due to increased risk exposure from derivatives and foreign exchange contracts, securities lending and unsecured bank deposits. The risk exposure from repurchase and reverse repurchase agreements was reduced as a result of lower activity in these instruments. The risk exposure from securities lending increased by 9.5 percent compared to year-end, while counterparty risk exposure from repurchase and reverse repurchase agreements was reduced by 70 percent in the same period. The risk exposure from derivatives including foreign exchange contracts increased by 10 percent compared to year-end, to NOK 112.7 billion. Derivatives and foreign exchange contracts accounted for 51 percent of the total risk exposure at the end of the first half. One third of this exposure was to a clearing house.

Note 10 Foreign exchange gains and losses

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. See note 11 Foreign exchange gains and losses in the annual report for 2023 for further information.

The fund's market value in Norwegian kroner is impacted by changes in foreign exchange rates. See table 9.1 in note 9 Investment risk for an overview of the allocation of the GPF's investments by asset class, country and currency. The change in the fund's market value due to changes in foreign exchange rates is presented in table 10.1.

Table 10.1 Specification foreign exchange gain/loss

Amounts in NOK million	1H 2024	1H 2023	2023
Foreign exchange gain/loss - USD/NOK	288 729	436 598	114 262
Foreign exchange gain/loss - EUR/NOK	38 770	254 775	150 575
Foreign exchange gain/loss - JPY/NOK	-72 745	-10 580	-33 765
Foreign exchange gain/loss - GBP/NOK	33 569	105 872	64 611
Foreign exchange gain/loss - CHF/NOK	-6 496	40 695	43 197
Foreign exchange gain/loss - other	32 565	153 072	70 561
Foreign exchange gain/loss	314 393	980 432	409 441

Note 11 Management costs

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 11.1.

Table 11.1 Management fee

Amounts in NOK million	1H 2024		1H 2023		2023	
		Basis points		Basis points		Basis points
Salary, social security and other personnel-related costs	1 050		972		2 045	
Custody costs	243		226		464	
IT services, systems, data and information	410		383		773	
Research, consulting and legal fees	113		128		269	
Other costs	137		141		276	
Allocated costs Norges Bank	115		138		256	
Base fees to external managers	909		719		1 205	
Management fee excluding performance-based fees	2 977	3.3	2 707	3.7	5 289	3.6
Performance-based fees to external managers	1 289		796		1 343	
Management fee	4 267	4.4	3 502	4.6	6 632	4.5

Management costs in subsidiaries

Management costs incurred in wholly owned subsidiaries consist of costs related to the management of the investments in unlisted real estate and unlisted renewable energy infrastructure. These costs are expensed directly in the portfolio result and are not part of the management fee.

Management costs incurred in non-consolidated subsidiaries are presented in the income statement lines Income/expense from unlisted real estate and Income/expense from unlisted infrastructure. Management costs incurred in consolidated subsidiaries are presented in the income statement line Other income/expense. These costs are specified in table 11.2.

Table 11.2 Management costs subsidiaries

Amounts in NOK million	1H 2024		1H 2023		2023	
		Basis points		Basis points		Basis points
Salary, social security and other personnel-related costs	15		17		34	
IT services, systems, data and information	3		3		5	
Research, consulting and legal fees	26		26		52	
Other costs	20		27		58	
Total management costs subsidiaries¹	64	0.1	72	0.1	148	0.1
Of which management costs non-consolidated subsidiaries	38		45		89	
Of which management costs consolidated subsidiaries	27		27		59	

¹ Costs in the first half of 2024 comprised NOK 60 million related to investments in unlisted real estate and NOK 4 million related to investments in unlisted renewable energy infrastructure. For the first half of 2023, NOK 69 million was related to investments in unlisted real estate and NOK 3 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, are limited to NOK 7 100 million. In 2023, the limit was NOK 6 200 million.

At the end of the first half, management costs measured against the upper limit amounted to NOK 3 042 million. This consisted of management costs in Norges Bank, excluding performance-based fees to external managers, of NOK 2 977 million and management costs in subsidiaries of NOK 64 million. Total management costs including performance-based fees to external managers amounted to NOK 4 331 million.

Costs measured as a share of assets under management

Annualised 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.

At the end of the first half, 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 4.5 basis points of assets under management.

Other operating costs in subsidiaries

In addition to the management costs presented in table 11.2, 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 of 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.

Auditor's report

To the Supervisory Council of Norges Bank

Report on review of interim financial information

Introduction

We have reviewed the accompanying condensed balance sheet of the Government Pension Fund Global as of 30 June 2024 and the related condensed income statement, statement of changes in owner's capital and statement of cash flows for the period 1 January 2024 to 30 June 2024. The Executive Board and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Oslo, 9 August 2024
Ernst & Young AS

Kjetil Rimstad

State Authorized Public Accountant (Norway)

This translation from Norwegian has been prepared for information purposes only.