

Markets

Foreign exchange reserves

Management of the foreign exchange reserves

2025 Q2

5 September 2025

Contents

Main points 2025 Q2	2
Management of the foreign exchange reserves	3
Composition	3
Foreign exchange reserves	4
Fixed income investments	6
Equity investments	8
Petroleum buffer portfolio	9
Financial risk	10
Commitments to the IMF	11
Commitments to the IMF	12
Annex	14

Main points

2025 Q2

NOK 786.7bn

Market value of the foreign exchange reserves

Foreign currency equivalent to

NOK 7.3bn

was sold in the market to fund dividends to the government

3.0%

Return on the foreign exchange reserves in international currency terms

2.2%

Return on the foreign exchange reserves in NOK terms

9.7%

Return on equity investments in international currency terms

1.3%

Return on fixed income investments in international currency terms

Management of the foreign exchange reserves

The foreign exchange reserves are to be sufficiently liquid to be available for use in foreign exchange market transactions as part of the conduct of monetary policy or with a view to promoting financial stability and to meet Norges Bank's international commitments. The aim of the management of foreign exchange reserves is the highest possible return within the applicable limits.

Composition

The reserves are divided into an equity portfolio, a fixed income portfolio and a petroleum buffer portfolio. The foreign exchange reserves may be invested in cash deposits, Treasury bills, government bonds and equities listed on a regulated and recognised exchange.

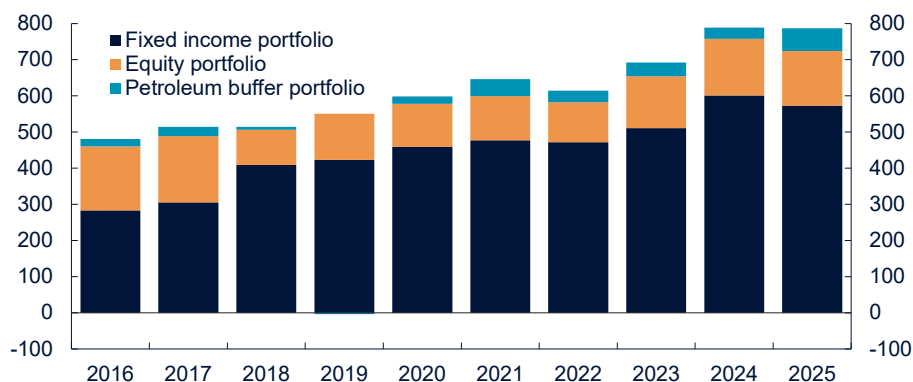
The fixed income portfolio's benchmark index is a market-weighted index of all nominal government bonds with a residual maturity of between one month and 10 years issued in local currency by China, France, Germany, Japan, the UK and the US.

The equity portfolio's benchmark index is a market-weighted, tax-adjusted global equity index for medium and large-sized companies limited to nine currencies. The strategic equity allocation of the total equity and fixed income portfolio is 20%.

The petroleum buffer portfolio is intended to receive foreign currency from the State's Direct Financial Interest in petroleum activities (SDFI) and transfers from the Government Pension Fund Global (GPFG), as well as to smooth the government's need for converting foreign currency and NOK. The petroleum buffer portfolio is invested in short-term fixed income instruments. No benchmark index has been set for the petroleum buffer portfolio.

Chart 1 Composition of the foreign exchange reserves

Market value of each portfolio at year-end and 2025 Q2. 2016—2025. In billions of NOK



Foreign exchange reserves

The market value of the foreign exchange reserves was NOK 786.7bn at the end of 2025 Q2, an increase of NOK 1.2bn in Q2.

The return in international currency terms increased the value of the equity and fixed income portfolio by NOK 21.3bn, while a stronger krone reduced the value by NOK 5.9bn. Net transfers amounted to NOK -7.2bn.

The value of the petroleum buffer portfolio increased by NOK 7.0bn. In NOK terms, the return amounted to -1.1bn, while net transfers totalled -6.0bn.

Norges Bank's Executive Board has decided to sell foreign exchange to fund the transfer of dividends to the government for the 2024 financial year.¹ In 2025 Q2, foreign exchange equivalent to NOK 126m was sold daily to fund this transfer, which amounted to NOK 7.3bn. Of this, 80% of funding was from the fixed income portfolio and 20% from the equity portfolio.

CHART 2 Change in market value

In billions of NOK. 2025 Q2. Positive values indicate purchase/inflow of foreign exchange while negative values indicate sale/outflow.

Market value (opening)		785.0	
Fixed income portfolio	Return in international currency terms	+7.6	
	Movements in the NOK exchange rate	-2.6	
	Net transfers/foreign exchange trades	-5.7	
Equity portfolio	Return in international currency terms	+13.7	
	Movements in the NOK exchange rate	-3.3	
	Net transfers/foreign exchange trades	-1.5	
Petroleum buffer portfolio	Return in NOK terms	-1.1	
	Net transfers/foreign exchange trades	-6.6	
Market value (closing)		786.7	

NOK 786.7

in market value, up NOK 1.2bn from 2025 Q1

International currency

The foreign exchange reserves are held for the purpose of crisis management. Movements in the krone exchange rate will affect Norges Bank's equity but not the Bank's ability to meet commitments in foreign currency. The petroleum buffer portfolio, which is not held for the purpose of crisis management, is excluded from the measurement of return in international currency terms.

¹For more information, visit Norges Bank's website. [Norges Bank to purchase NOK and sell foreign currency to fund transfers to the government](#)

TABLE 1 Market value of the foreign exchange reserves

In billions of NOK. 2025 Q2

	2025 Q2				2025			
	Fixed income investments	Equity investments	Petroleum buffer portfolio	Foreign exchange reserves	Fixed income investments	Equity investments	Petroleum buffer portfolio	Foreign exchange reserves
Market value (opening)	574.0	142.5	69.1	785.5	601.1	157.1	30.8	789.0
Market value (closing)	573.2	151.4	62.0	786.7	573.2	151.4	62.0	786.7
Change in market value	-0.7	9.0	-7.0	1.2	-27.9	-5.6	31.2	-2.3
Return in NOK terms	5.0	10.4	-1.1	14.3	-20.6	-3.7	-4.0	-28.3
Net transfers and foreign exchange trades*	-5.7	-1.5	-6.0	-13.1	-7.3	-2.0	35.2	25.9

*Positive values indicate net purchase/inflow of foreign exchange, while negative values indicate net sales/outflow

TABLE 2 Details of fixed income and equity investments

2025 Q2

	2025 Q2			2025		
	Fixed income investments	Equity investments	Total	Fixed income investments	Equity investments	Total

In billions of NOK

Return in NOK terms	5.0	10.4	15.4	-20.6	-3.7	-24.3
Return in international currency terms	7.6	13.7	21.3	14.5	9.3	23.7
Movements in the krone exchange rate	-2.6	-3.3	-5.9	-35.1	-12.9	-48.0

Percent

Return in international currency terms	1.3	9.7	3.0	2.5	6.6	3.3
Return in NOK terms	0.9	7.4	2.2	-3.4	-2.3	-3.2

Basis points

Relative return in NOK terms (bps)	-0.7	2.1		-0.3	4.4	
Expected relative volatility in NOK terms (annualised)	0.8	3.7				

Fixed income investments

The market value of the fixed income investments was NOK 573.2bn at the end of 2025 Q2, a decline of NOK 0.7bn from the previous quarter. The return in international currency terms increased the value by NOK 7.6bn, equivalent to 1.3%. A stronger krone decreased the value by NOK 2.6bn. Net inflows to the fixed income portfolio amounted to NOK -5.7bn, reflecting transactions with the IMF and foreign exchange trades to fund the transfer of dividends to the government.

NOK 573.2

in market value, down NOK 0.7bn from the previous quarter

1.3%

Return in international currency terms

As mentioned, Norges Bank's Executive Board decided to sell foreign exchange to fund the transfer of dividends to the government for the 2024 financial year. Eighty percent of the funding was from the fixed income portfolio, equivalent to NOK 5.8bn in 2025 Q2.

CHART 3 Return on fixed income investments

Percent. In international currency terms

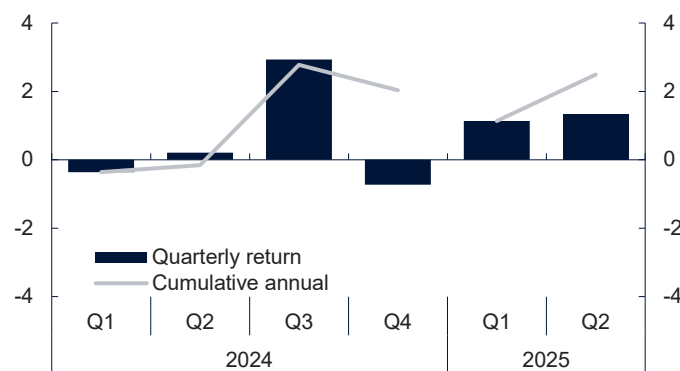


CHART 4 Relative return on fixed income investments

Basis points. In NOK terms



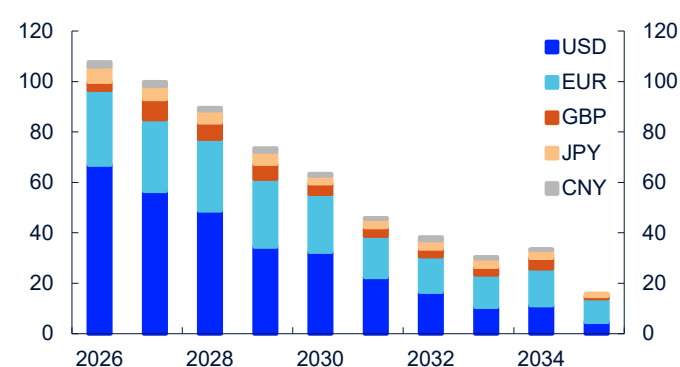
TABLE 3 Fixed income investments by currency

Market value in billions of NOK. 30 June 2025

	Market value	Share	Duration	Yield
Total	573.2	100.0	3.5	3.1
CNY	11.2	2.0	3.7	1.5
EUR	194.8	34.0	3.9	2.3
GBP	40.1	7.0	3.8	3.9
JPY	40.0	7.0	4.1	0.9
USD	287.1	50.1	3.1	3.9

CHART 5 Principal and coupon due per year

In billions of NOK



US Short-term US government bond yields fell by up to 20 basis points in 2025 Q2, while yields with longer maturities ended higher at end-Q2. The Federal Reserve kept its policy rate unchanged in Q2 and signalled that it has time to assess inflation and labour market developments before making a decision on whether to lower rates in 2025. Investments denominated in USD earned a return of 1.4% in Q2.

1.4%

Return on USD investments in 2025 Q2

Europe In Europe, government bond yields fell across the entire yield curve, with the most pronounced decline in the shortest yields. The ECB lowered its deposit facility rate twice during the quarter, to 2.0%. The ECB reaffirmed that the economic outlook was highly uncertain and that its decisions ahead would to a large extent be based on developments in economic data and inflation. Investments denominated in EUR earned a return of 1.3% in Q2.

1.3%

Return on EUR investments in 2025 Q2

UK Short-term UK government bond yields fell by over 30 basis points in 2025 Q2, while the decline was somewhat less pronounced for yields with longer maturities, approximately 15 basis points. The Bank of England lowered Bank Rate by 0.25 percentage point to 4.25% and signalled a continued gradual and cautious approach to easing monetary policy. Investments denominated in GBP earned a return of 2.1% in Q2.

2.1%

Return on GBP investments in 2025 Q2

Japan Japanese government bond yields with maturities of up to 10 years fell by up to 12 basis points. The Bank of Japan kept its policy rate unchanged but signalled that it would slow the pace of reduction in its government bond purchasing. Investments denominated in JPY earned a return of 0.7% in 2025 Q2.

0.7%

Return on JPY investments in 2025 Q2

China Chinese government bond yields fell along the entire yield curve in 2025 Q2, with the most pronounced decline in long-term yields. As expected, the Peoples Bank of China reduced its policy rate by 10 basis points to 1.3% in Q2. Investments denominated in CPY earned a return of 1.1% in Q2.

1.1%

Return on CNY investments in 2025 Q2

Equity investments

The market value of the equity portfolio was NOK 151.4bn at the end of 2025 Q2, an increase of NOK 9.0bn since the end of Q1. The return in international currency terms increased the market value by NOK 13.7bn, while a stronger krone reduced the value by NOK 3.3bn.

NOK 151.4bn

in market value, up NOK 9.0bn from 2025 Q1

As mentioned, Norges Bank’s Executive Board decided to sell foreign exchange to fund the transfer of dividends to the government for the 2024 financial year. Twenty percent of the funding was from the equity portfolio, equivalent to NOK 1.5bn in 2025 Q2.

9.7%

Return in international currency terms

The return on the equity portfolio in international currency terms was 9.7%. North American equities posted a return of 9.7%, European equities posted 9.4% and Asian equities 9.3%.

Equities in the technology sector posted the strongest return in 2025 Q2, at 21.3%, amounting to the largest contribution to the return on the portfolio, at 5.9 percentage points. Healthcare sector equities posted the weakest return in Q2, at -6.1%.

TABLE 4 Equity investments and deviations from the benchmark index by sector and currency

Market value in billions of NOK. 30 June 2025

Sector	Market value	Share	Currency	Market value	Share
Basic materials	4	2%	AUD	3	2%
Durable goods	22	15%	CAD	4	3%
Consumer goods	7	4%	CHF	4	3%
Energy	4	3%	DKK	1	1%
Financials	23	15%	EUR	14	9%
Healthcare	15	10%	GBP	5	3%
Industrials	20	13%	JPY	10	7%
Real estate	3	2%	SEK	1	1%
Technology	48	31%	USD	110	72%
Telecommunications	4	2%			
Utilities	4	2%			

Chart 6 Return on equity investments

Percent. In international currency terms

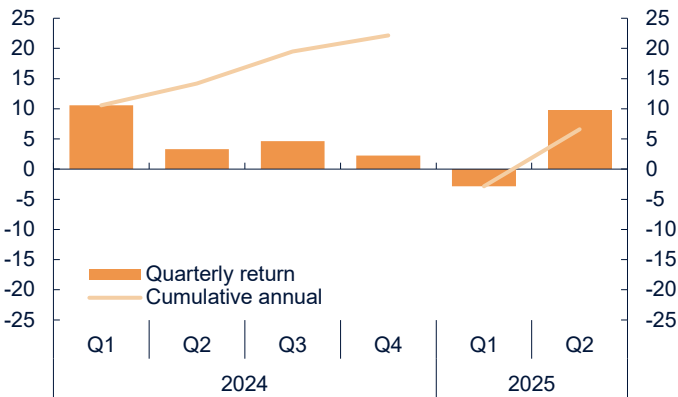


Chart 7 Relative return on equity investments

Basis points. In NOK terms



Petroleum buffer portfolio

The market value of the petroleum buffer portfolio was NOK 62.0bn at the end of 2025 Q2, a decrease of NOK 7.0bn from Q1. During Q2, NOK 71.2bn worth of foreign exchange was purchased from the State's Direct Financial Interest (SDFI), and NOK 82.0bn worth of foreign exchange was transferred to the GPFG. At the same time, the petroleum buffer portfolio purchased NOK 4.8bn worth of foreign exchange in the market.^{2, 3} The return on the portfolio amounted to NOK -1.1bn, primarily owing to a stronger krone.

TABLE 5 Cash flow and return on the petroleum buffer portfolio

In billions of NOK. 2025 Q2. Positive values indicate net purchase/inflow of foreign exchange, while negative values indicate net sales/outflow

	2025 Q2	2025 Q1	2025
Net transfer	-6.0	41.2	35.2
Foreign exchange purchases from the SDFI	71.2	99.1	170.3
Foreign exchange trades / transfers from other portfolios	4.8	19.9	24.7
Transfers GPFG	-82.0	-77.8	-159.8
Return in NOK	-1.1	-2.9	-4.0

Transferred foreign exchange to the GPFG equivalent to

NOK 82.0bn

Purchased foreign exchange from the SDFI equivalent to

NOK 71.2bn

Purchased foreign exchange equivalent to

NOK 4.8bn

² These cash flows are a part of the petroleum fund mechanism. More information on the mechanism can be found on Norges Bank's website: [Norges Bank's foreign exchange transactions on behalf of the government](#)

³ Norges Bank carries out foreign exchange transactions on behalf of the government and to fund the transfer of dividends to the government. The transactions are executed in the market as a daily net amount. Remaining amounts are transferred daily between the portfolios in the foreign exchange reserves.

Financial risk

The foreign exchange reserves are invested in foreign currency, while Norges Bank's liabilities are mainly denominated in NOK. This means that movements in the krone exchange rate will have a considerable impact on Norges Bank's earnings in NOK terms. A stronger krone will reduce the krone value of the foreign exchange reserves, while a weaker krone will increase the krone value. For the purpose of crisis management, however, the krone value of the foreign exchange reserves will be of secondary importance. Excluding changes in the krone value, the financial risk associated with the foreign exchange reserves comprises market, credit and counterparty risk.

The foreign exchange reserves' market risk is determined by the composition of investments and movements in equity prices, interest rates and credit spreads. For equity and fixed income investments, expected absolute volatility at the end of 2025 Q2, excluding exchange rate movements, was 15.3% and 2.2%, respectively. Both equity and fixed income portfolios are managed to track the benchmark closely. At the end of Q2, expected relative volatility for equity and fixed income investments was 0.04 and 0.01 percentage point, respectively.

Credit and counterparty risk is defined as the risk of losses if issuers or counterparties default on payment obligations. The credit risk on bond and Treasury bill investments in the foreign exchange reserves is low. The lowest credit ratings from the three largest rating agencies, Fitch, Moody's and Standard & Poor's, are equivalent to AAA for Germany, AA+ for the US, AA- for France and the UK, and A for China and Japan. In April, Fitch downgraded its rating for China from A+ to A.

Expected relative volatility

In accordance with the Executive Board's principles for the foreign exchange reserves, the maximum expected relative volatility is set at 50 basis points for the fixed income and equity portfolios, respectively. This implies that the return of the portfolio relative to the benchmark index is expected to lie within the range of ± 50 basis points in two out of three years.

CHART 8 Expected absolute volatility

Percent. Excluding exchange rate movements. At month-end between June 2023 and June 2025

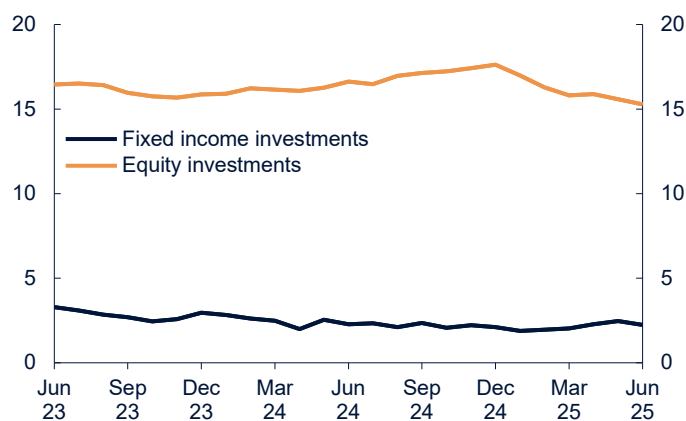
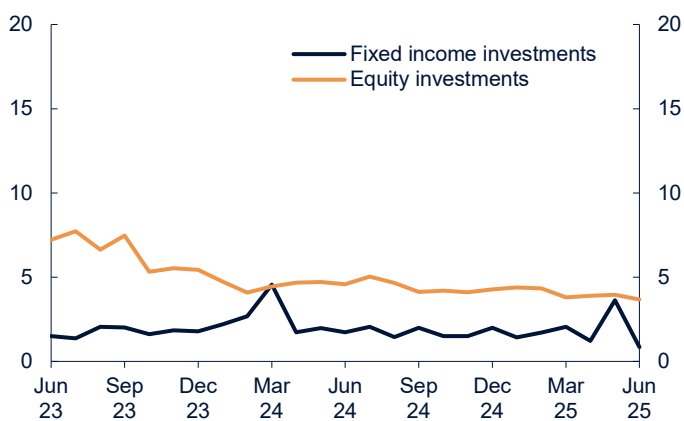


CHART 9 Expected relative volatility

Basis points. Including exchange rate movements. At month-end between June 2023 and June 2025



Commitments to the IMF

Pursuant to the Central Bank Act, Norges Bank shall administer the rights and obligations incumbent on Norway as a consequence of its membership of the International Monetary Fund (IMF). This membership entails a standing commitment to furnish foreign exchange for IMF loans to member countries.

Loan resource commitments under the quota, the New Arrangements to Borrow (NAB), bilateral agreements and the Poverty Reduction and Growth Trust (PRGT) totalled SDR 10 823m at 30 June 2025. At the end of 2025 Q2, the IMF had drawn SDR 1 540m and the total remaining amount that can be drawn under these arrangements is SDR 9 559m. The quota subscription, which determines a country's standing in the IMF, applies to all member countries, but participation in the funding of the IMF's borrowing arrangements is voluntary. The size and liquidity of the foreign exchange reserves are assessed to be sufficient to meet Norges Bank's international commitments.

Total commitments
SDR 10.8bn

Amount drawn
SDR 1.5bn

Special Drawing Rights

The IMF's special drawing rights (SDR) are an instrument the IMF can use to allocate international liquidity. The value of the SDR is based on a basket of five currencies: USD, EUR, JPY, GBP and CNY.

At 30 June 2025, 1 SDR = NOK 13.87

TABLE 6 Details of IMF's lending programmes. In thousands of SDRs

	Amount agreed	Amount drawn	Amount remaining	Change in amount drawn in 2025 Q2	Change in amount drawn in 2025
Total	10 823 080	1 540 610	9 559 433	17 401	-13 218
Quota	3 754 700	959 818	2 794 882	25 080	-5 539
NAB	3 933 380	0	3 933 380	0	0
Bilateral agreements	2 585 000	0	2 585 000	0	0
PRGT*	550 000	580 792	246 171	-7 679	-7 679

* The agreed amounts under the PRGT only include the 2020 and 2022 arrangements. The 2016 arrangement can no longer be drawn on. The same applies for the total remaining amount that can be drawn. Amount drawn includes all arrangements.

TABLE 7 Details of SDR holdings. In thousands of SDRs

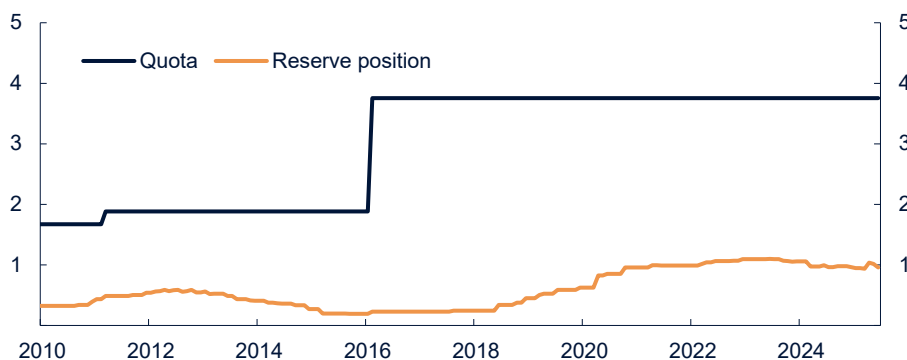
	SDR allocations	SDR holdings	Remaining voluntary purchases	Change in holdings in 2025 Q2	Change in holdings in 2025
SDR-holdings	5 161 781	5 439 360	2 303 311	-33 969	-28 074

Commitments to the IMF

Quota subscriptions are the IMF's primary source of funding and primarily reflect the member country's relative size in the global economy. Norway's quota subscription is SDR 3 755m. The amount drawn (reserve position) was reduced by SDR 25m in 2025 Q2.

CHART 10 QUOTA

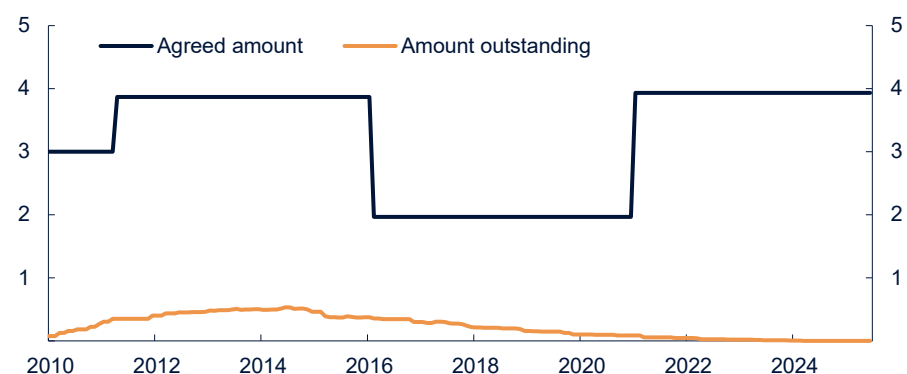
In billions of SDRs



The NAB represents the IMF's second line of defence. Under the NAB, a number of member countries and institutions are committed to lending additional resources to the IMF. The IMF Executive Board must specifically decide to activate the NAB to fund new lending by drawing on the NAB. The government, represented by the Ministry of Finance, is the IMF's contractual counterparty. Commitments under the NAB amounted to SDR 3 933m at the beginning of 2025 Q2. No amounts were drawn from the NAB in Q2.

CHART 11 NAB

In billions of SDRs



Bilateral agreements serve as the IMF's third line of defence after quota subscriptions and the NAB. The current agreement entered into force on 1 January 2021 and has a borrowing facility of SDR 2 585m. In December 2024, the agreement was extended further until the quota increase under the IMF's 16th General Review of Quotas becomes effective or, at the latest, 31 December 2027. At the end of 2025 Q2, no amounts had been drawn on this agreement. Norges Bank is the IMF's contractual counterparty under the bilateral borrowing agreement. Norges Bank's borrowing agreements with the IMF are subject to the approval of the Ministry of Finance (cf Section 3-10, Subsection 2, of the Central Bank Act).

Reserve position

The reserve position is equal to the amount drawn on Norway's quota and corresponds to the difference between the quota and the IMF's krone deposit with Norges Bank.

Interest rate on the arrangements

Norges Bank receives SDR interest payments on the reserve position, the NAB, the PRGT and SDR holdings, and pays the SDR interest rate on SDR allocations. The SDR interest rate is a weighted average of the yields on three-month government securities in the countries/currency areas included in the SDR basket. The floor for the SDR interest rate is 0.05%. For the reserve position, an interest deduction is applied for any burden sharing.

Burden sharing mechanism

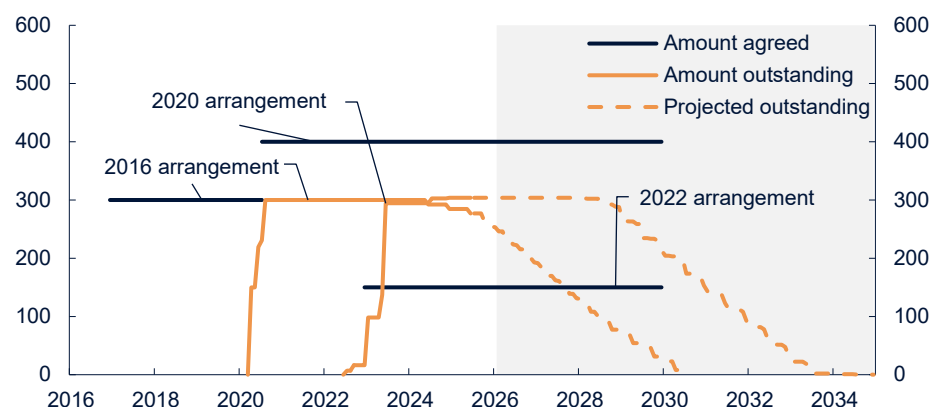
Under the burden sharing mechanism, member debtors and lenders share the cost of settling overdue obligations on outstanding credit to the IMF through an interest rate adjustment.

The basis for the calculation is the reserve position less SDR 60m. The reason for the deduction is that, prior to 1978, only 75% of the quota was included in the calculation.

The PRGT is the IMF's main vehicle for concessional financing for low-income member countries. The Ministry of Finance has signed borrowing arrangements with the PRGT. In 2016, Norway entered a borrowing arrangement for SDR 300m. The facility is fully drawn and under the arrangement, only repayments will be made. In 2020, a borrowing arrangement for SDR 400m was entered into. In December 2022, an additional borrowing arrangement for SDR 150m was entered into. No amount was drawn under any of the agreements in 2025 Q2. Norges Bank is the agent for PRGT loans and administers the commitments.

CHART 12 PRGT agreements

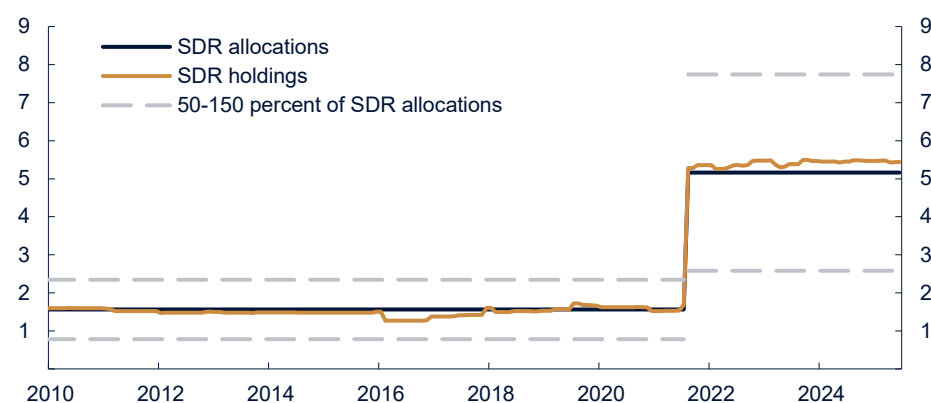
In millions of SDRs



SDR holdings are allocated by the IMF to member countries. Member countries, the IMF and prescribed holders may change their SDR holdings by purchasing from or selling to each other. Some member countries and prescribed holders have entered into agreements with the IMF on participating in SDR trading arrangements intended to support SDR liquidity. In 2009, Norges Bank entered into such an agreement with the IMF on the voluntary purchase and sale of SDRs, as long as holdings remain within 50%–150% of SDR allocations. Thus, Norges Bank's holdings shall be between SDR 2 581m and SDR 7 743m. Purchases of SDRs are charged to the foreign exchange reserves. The agreement also gives Norges Bank the right to sell SDRs. In 2025 Q2, SDR holdings were reduced by SDR 34m. At the end of Q2, Norway's holdings of SDRs amounted to SDR 5 439m.

CHART 13 SDR holdings

In billions of SDRs



Prescribed holders of SDRs

Prescribed holders of SDRs are 20 official entities authorised by the IMF Executive Board to hold SDRs, although they do not receive SDR allocations:

Four currency union central banks

- European Central Bank
- Bank of Central African States
- Central Bank of West African States
- Eastern Caribbean Central Bank

Twelve development institutions

- African Development Bank
- African Development Fund
- Asian Development Bank
- Caribbean Development Bank
- Development Bank of Latin America
- European Bank for Reconstruction and Development
- Inter-American Development Bank
- International Bank for Reconstruction and Development
- International Development Association
- Islamic Development Bank
- Nordic Investment Bank
- International Fund for Agricultural Development

Four intergovernmental monetary institutions

- Arab Monetary Fund
- Bank of International Settlements
- European Investment Bank
- Latin American Reserve Fund

Annex

TABLE I Return on the foreign exchange reserves

Percent. Annualised values in international currency terms. Relative return in NOK terms. 30 June 2025

		Past year	Past three years	Past five years	Past 10 years
Foreign exchange reserves		6.6	5.3	3.1	3.5
Fixed income investments	Portfolio	4.7	2.0	-0.1	0.8
	Benchmark index	4.7	1.9	-0.1	0.8
	Relative return (bps)	1.5	2.9	2.4	1.1
Equity investments	Portfolio	14.1	18.6	15.3	11.6
	Benchmark index	14.0	18.6	15.2	11.5
	Relative return (bps)	9.6	5.6	9.9	10.0

TABLE II Duration and yield on fixed income investments

Past five quarters

	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2
Duration	3.5	3.5	3.5	3.5	3.5
CNY	3.7	3.8	3.6	3.7	3.7
EUR	3.9	3.9	3.9	3.9	3.9
GBP	3.8	3.9	3.7	3.9	3.8
JPY	4.1	3.9	3.9	3.9	4.0
USD	3.1	3.1	3.1	3.2	3.1
Yield	3.1	3.2	3.4	3.1	3.7
CNY	1.5	1.7	1.3	1.8	1.9
EUR	2.3	2.5	2.4	2.4	2.9
GBP	3.9	4.1	4.3	4.0	4.3
JPY	0.9	0.9	0.6	0.4	0.5
USD	3.9	4.0	4.4	3.9	4.8