



NORWEGIAN GOVERNMENT DEBT

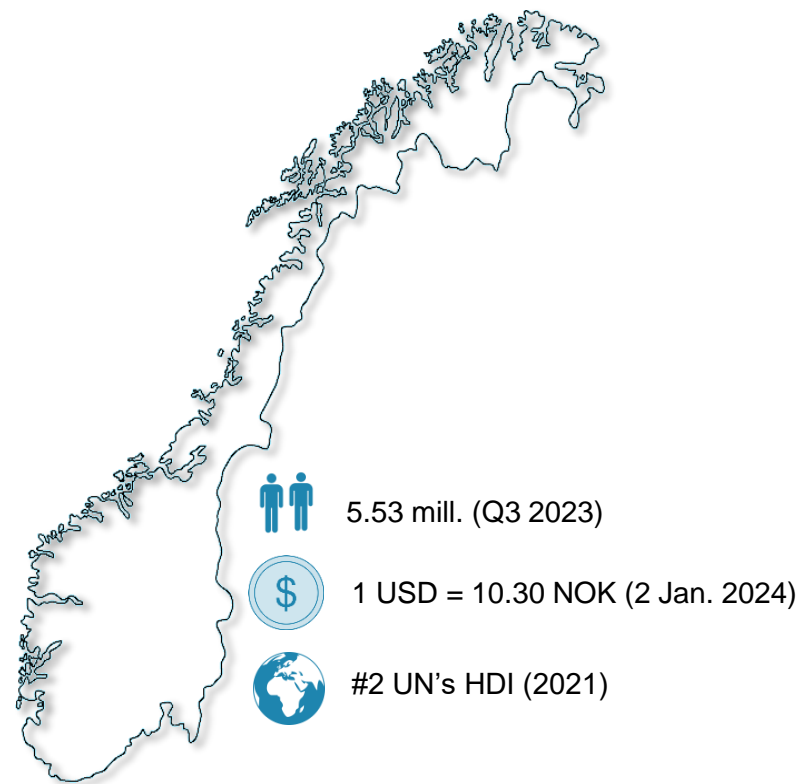
JANUARY 2024

KINGDOM OF NORWAY

An introduction to the Norwegian economy

	2022	2023 (proj)	2024 (proj)
GDP growth (mainland Norway)	3.7%	1.0%	0.1%
Household consumption growth	6.3%	-0.9%	0.2%
Unemployment rate (registered)	1.8%	1.8%	2.1%
Annual wage growth	4.3%	5.5%	5.0%
Core inflation (CPI-ATE)	3.9%	6.2%	4.8%
Key policy rate	2.75% (eoy)	4.50% (eoy)	4.29% (avg. Q4)

Source: Norges Bank Monetary Policy Report 4/2023



Kingdom of Norway – Sovereign ratings

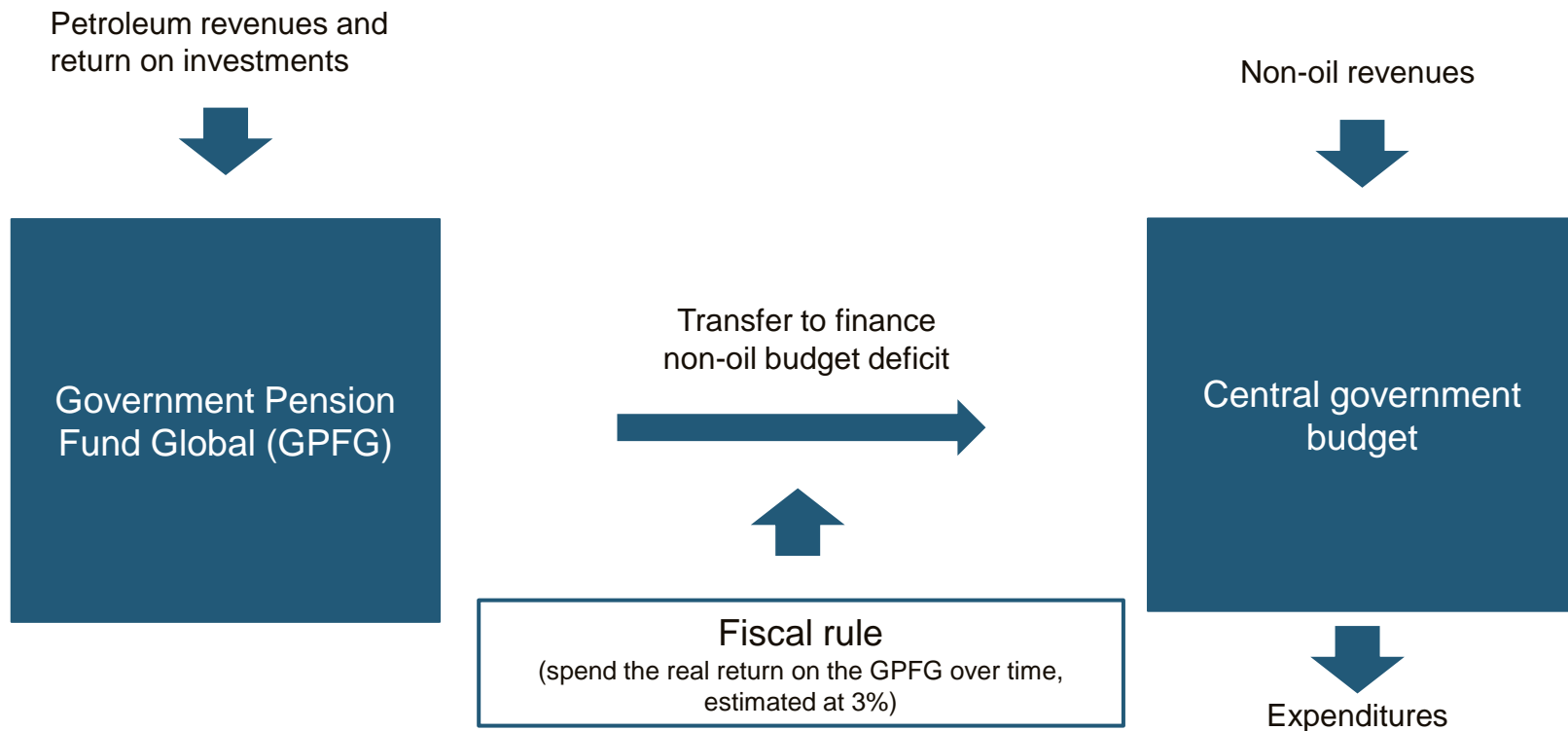
	Long term	Outlook	Since
Moody's	Aaa	Stable	11 Aug 1995
Standard and Poor's*	AAA	Stable	27 Jul 1992
Fitch*	AAA	Stable	14 Dec 2005
DBRS Morningstar*	AAA	Stable	4 Jul 2014
Scope Ratings*	AAA	Stable	18 Aug 2017

*Unsolicited rating

Fiscal rule

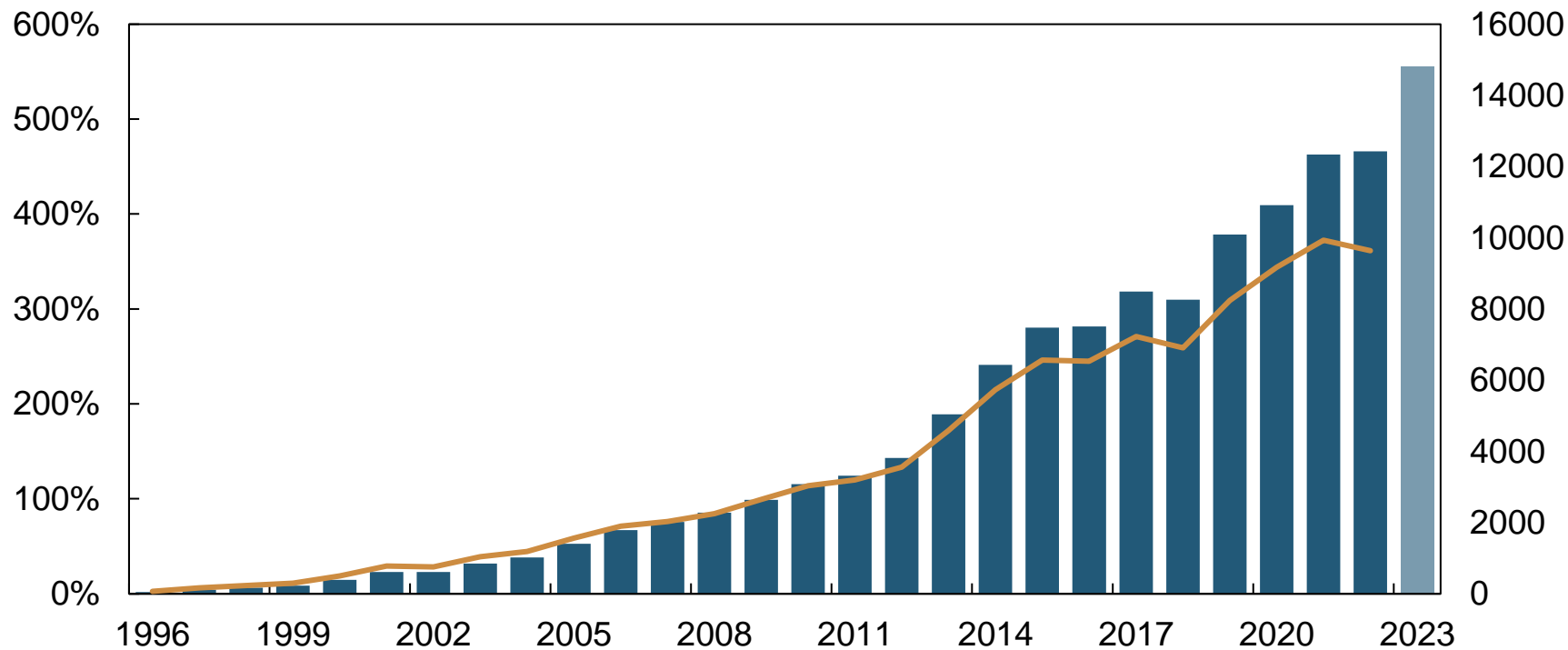
- Fiscal policy shall be geared towards a gradual and sustainable increase in petroleum revenue spending
- Over time, the structural, non-oil budget deficit shall correspond to the real return on the Government Pension Fund Global (GPFG), estimated at 3% (until 2017 estimated at 4%)
- This rule should not be applied mechanically, however, and considerable emphasis should be placed on stabilising economic fluctuations
- In the Revised National Budget for 2023, the structural, non-oil deficit is estimated to be 3.0% of the value of the GPFG in 2023
- In the National Budget for 2024, the structural, non-oil deficit is estimated to be 2.7% of the value of the GPFG in 2024

The Petroleum fund mechanism



A solid fiscal position

Market value of the GPFG in billions of NOK and as share of Mainland GDP. 1996 – 2023 Q3



Sources: Norges Bank Investment Management and Statistics Norway

GOVERNMENT DEBT FRAMEWORK

Government debt management in Norway

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

Government debt framework

Government borrowing in Norway

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

Government bond market

- 517 billion NOK outstanding (End-2023)
- Issued a new 10-year bond every year since 2014
- New bonds issued through syndication
- Reopenings using mainly auction (uniform price)

Government securities

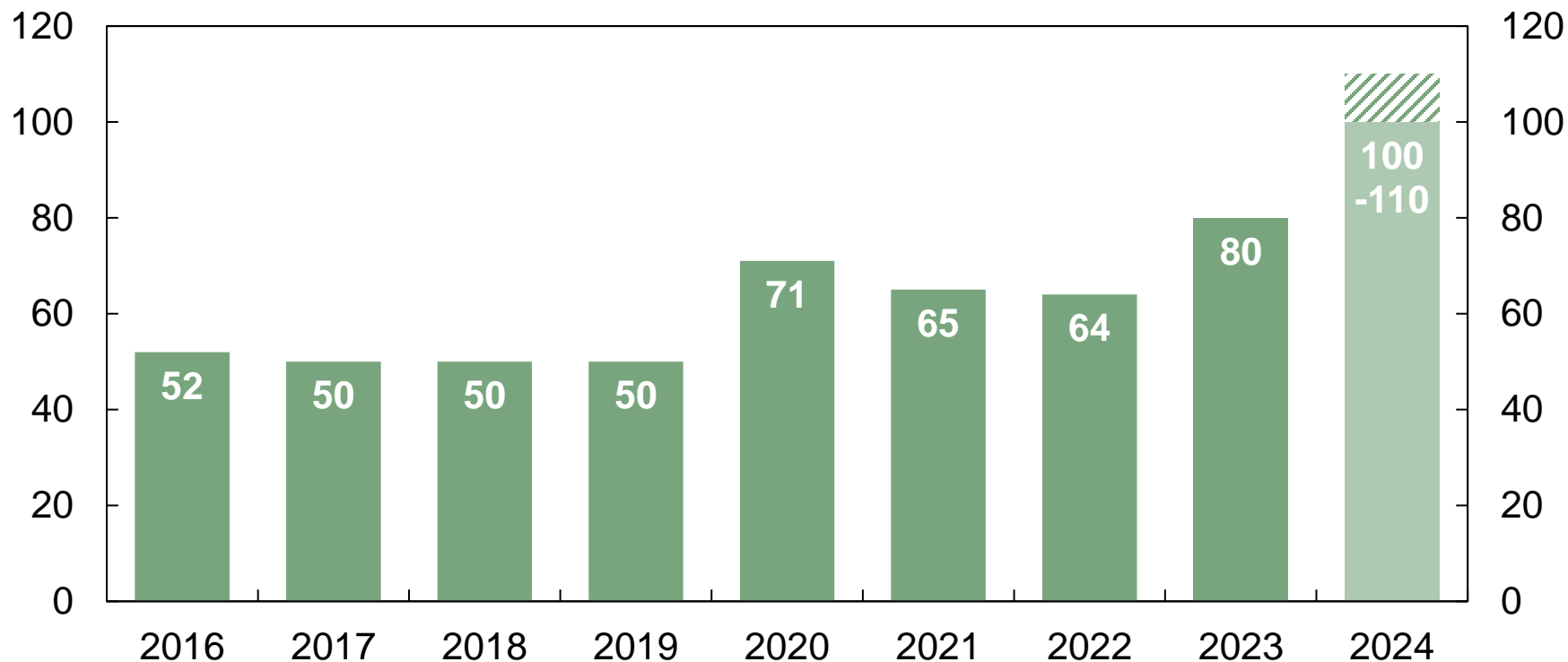
- Bills and bonds
- Issuance in NOK only
- Annual borrowing programme with auction calendar

Primary dealer arrangement

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

Issuance of government bonds

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

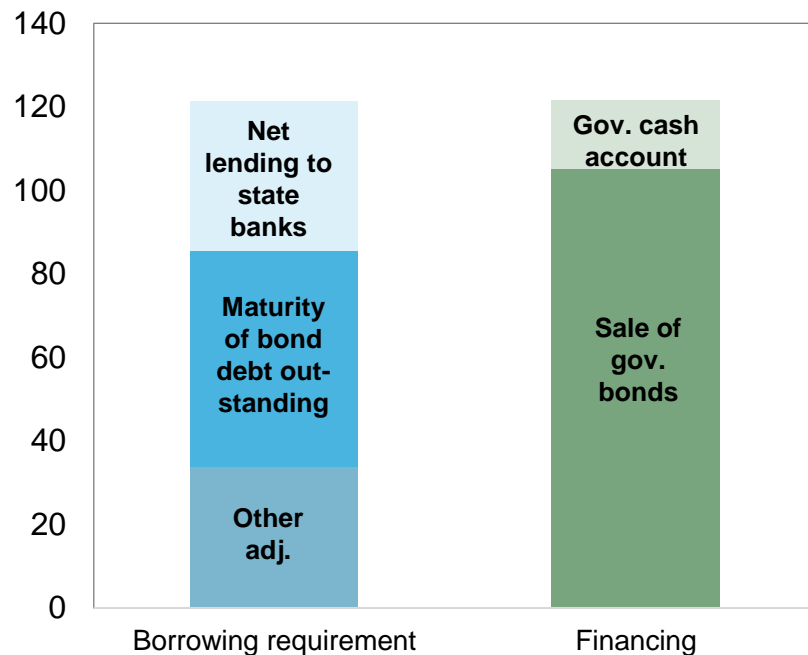


Source: Norges Bank

Borrowing requirement in 2024

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

Borrowing requirement and financing 2024



The strategy for 2024 in brief

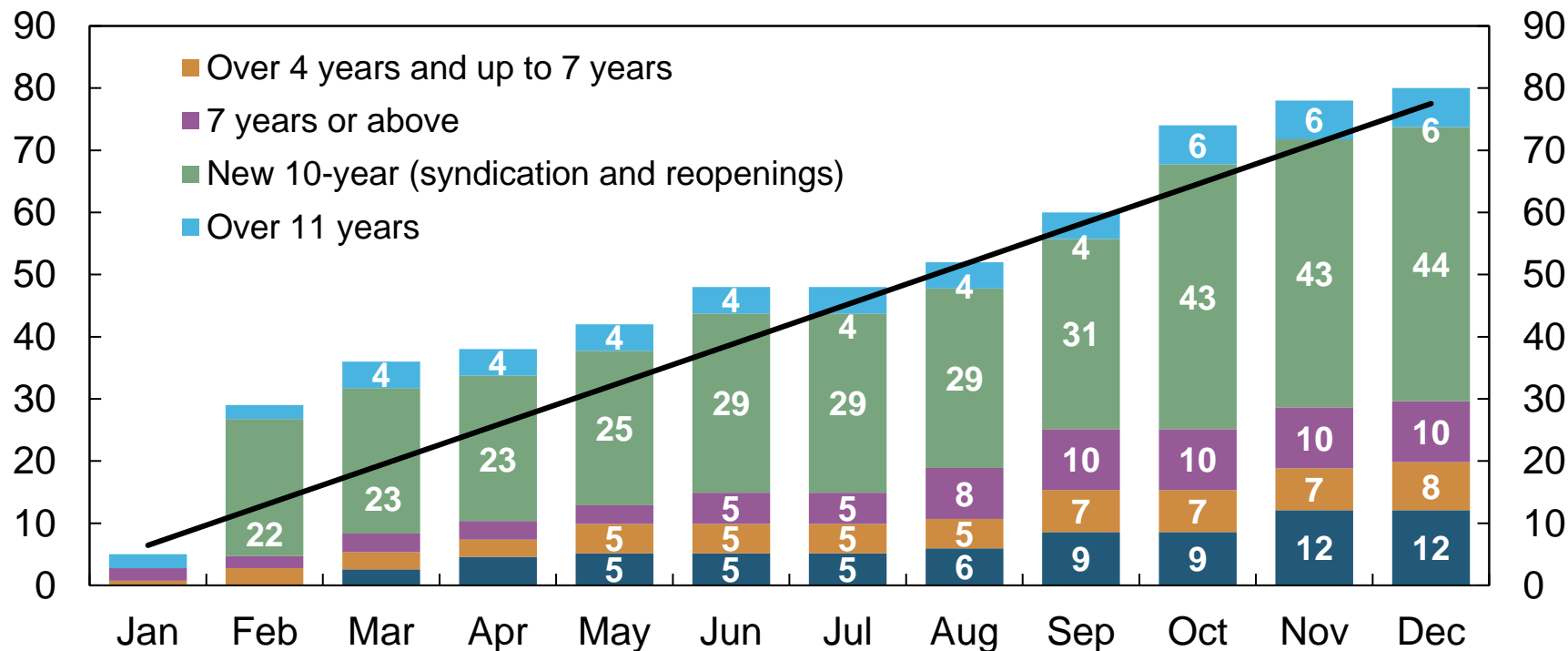
Published 15 December 2023

Government Debt Management will

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

Bond issuance split by maturity in 2023

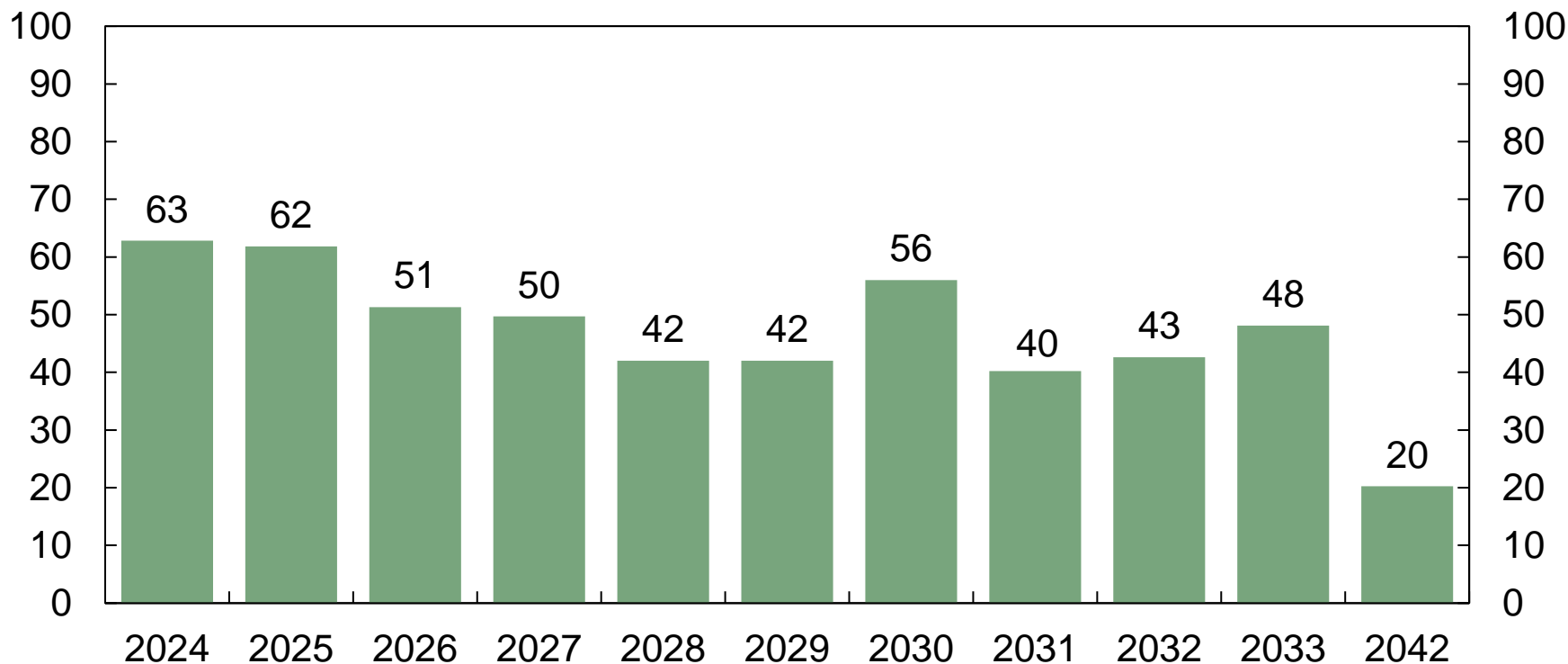
In billions of NOK



Source: Norges Bank

Maturity profile of government bonds

Principal. Including the government's own holdings. In billions of NOK. By end-2023



Source: Norges Bank

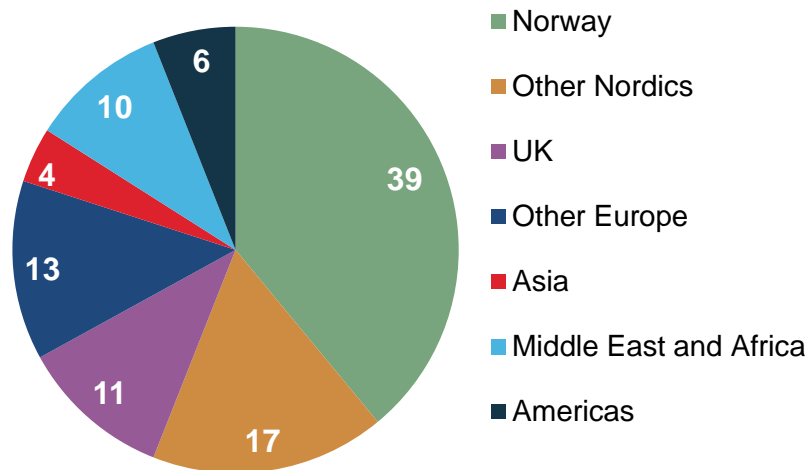
SYNDICATIONS

New 10-year government bond issued in February 2023

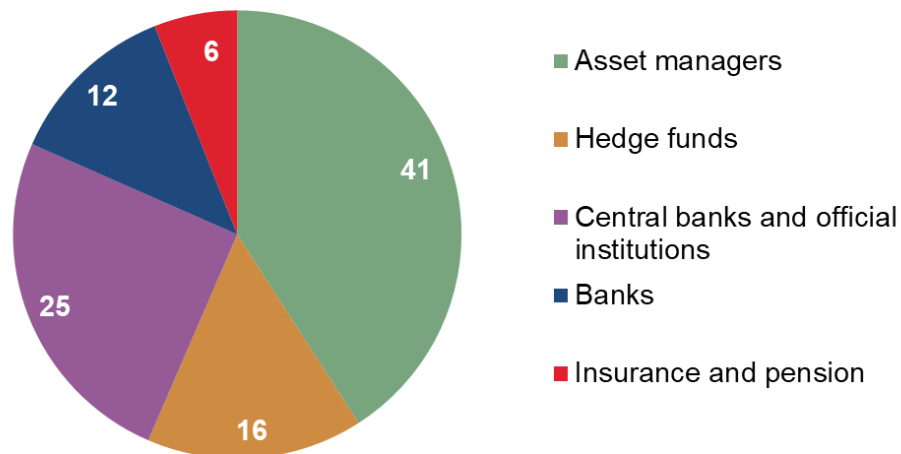
- The Kingdom of Norway issued NOK 22bn to the market of a new bond maturing on 15 August 2033
- The bond attracted an order book in excess of 68bn (excluding Joint Lead Managers) from close to 70 investors
- Joint bookrunners were Danske Bank, DNB Markets, Nordea and SEB
- NGB 08/2033 was priced at MS flat implying a reoffer yield for investor of 3.160%. The bond pays an annual coupon of 3.00%

New 10-year government bond issued in February 2023

Allocation by region
Percent



Allocation by investor type
Percent



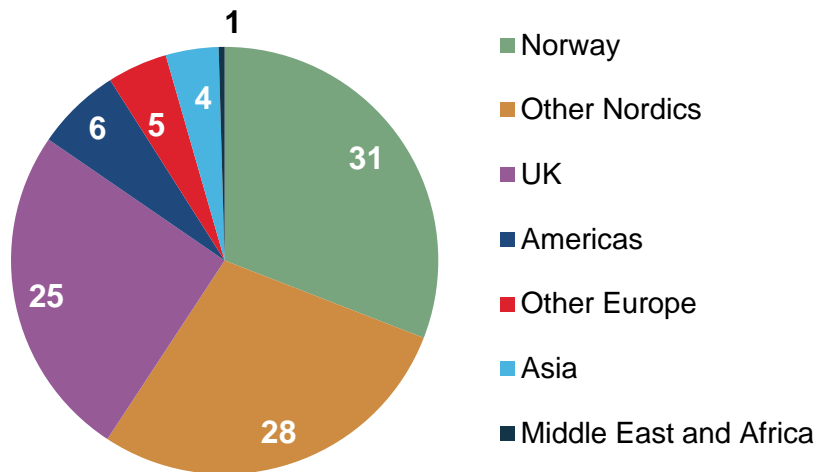
Source: Norges Bank

Tap issue of the 10-year government bond in October 2023

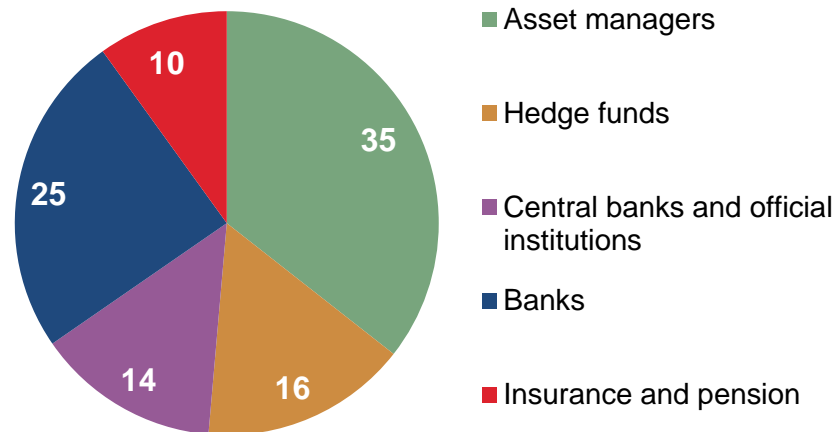
- The Kingdom of Norway issued NOK 10bn to the market of the bond maturing on 15 August 2033
- The bond attracted an order book in excess of 55bn (excluding Joint Lead Managers) from close to 50 investors
- Joint bookrunners were Danske Bank, DNB Markets, Nordea and SEB
- NGB 08/2033 was priced at MS-15 implying a reoffer yield for investor of 4.053%. The bond pays an annual coupon of 3.00%

Tap issue of the 10-year government bond in October 2023

Allocation by region
Percent



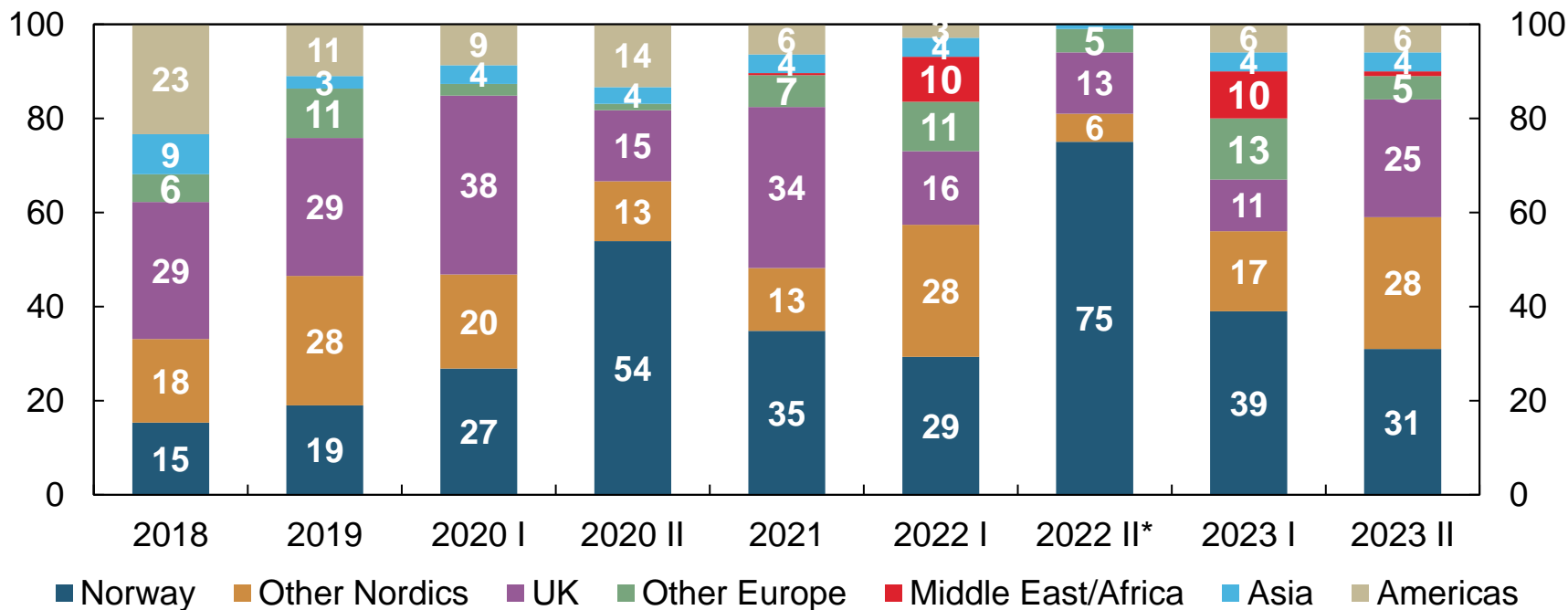
Allocation by investor type
Percent



Source: Norges Bank

Allocation by region in syndications

Percentage of total volume allocated. 2018-2023

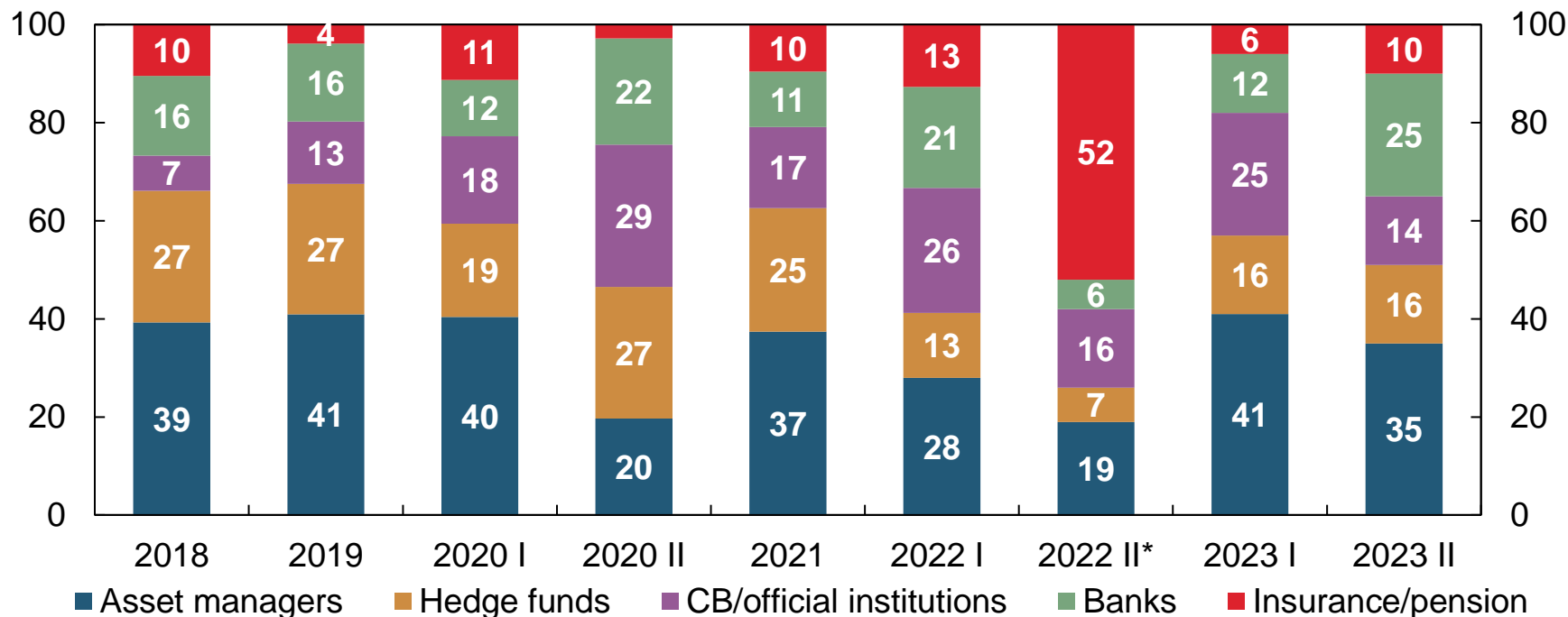


Source: Norges Bank

*2022 II is the 20-year bond

Allocation by investor type in syndications

Percentage of total volume allocated. 2018-2023



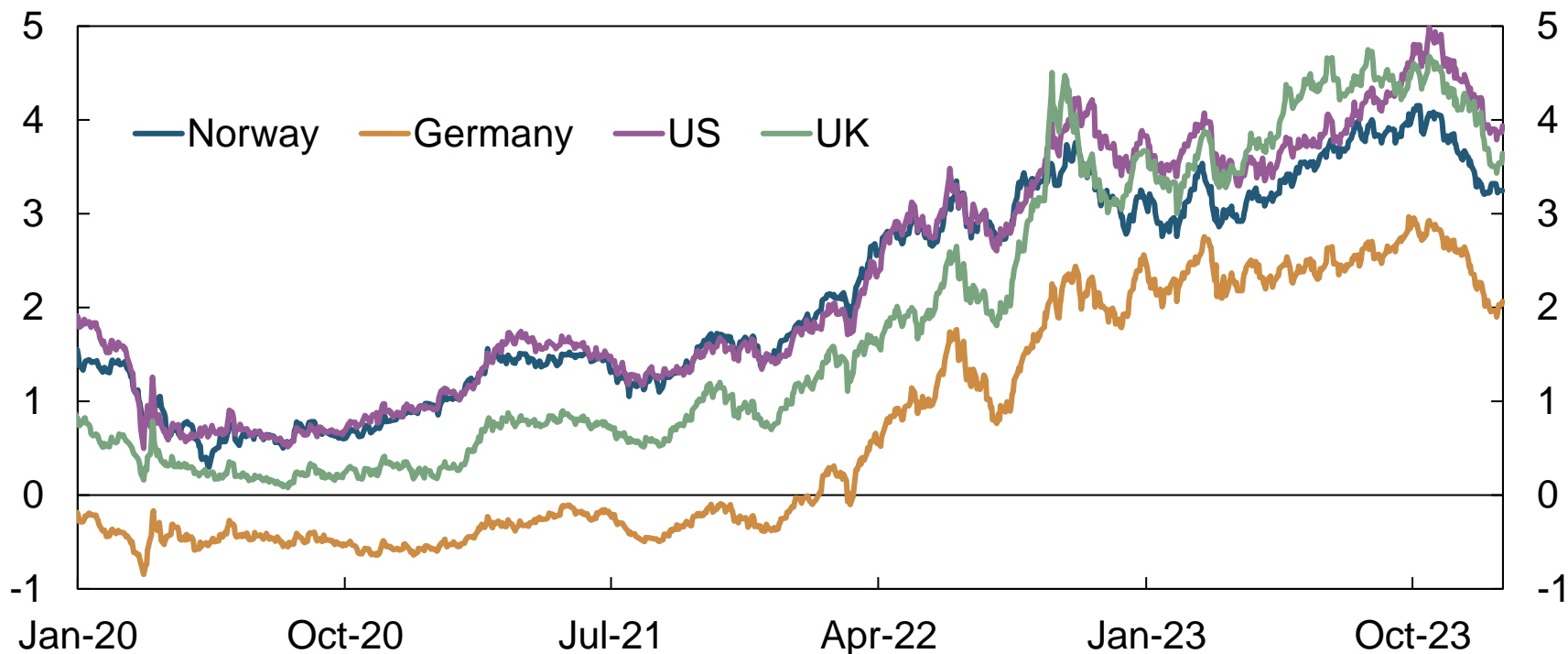
Source: Norges Bank

*2022 II is the 20-year bond

OVERVIEW OF THE NGB MARKET

10-year yields in selected countries

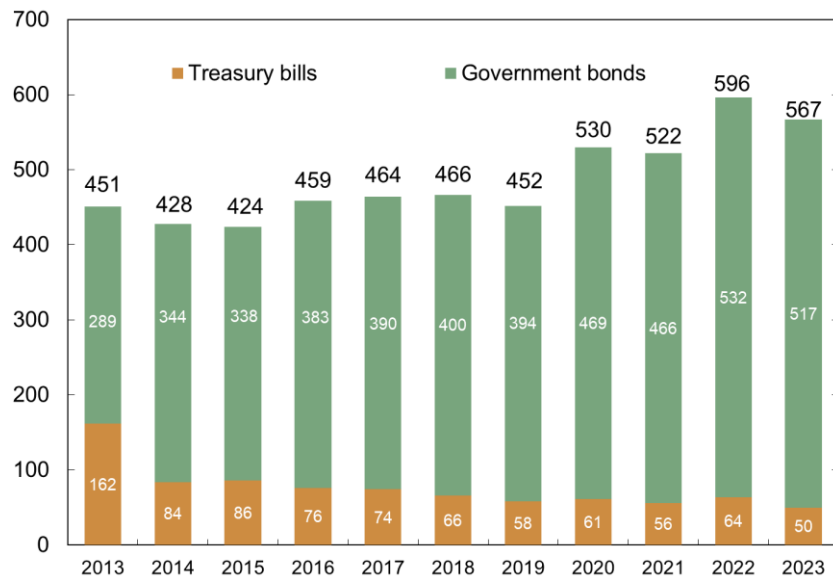
Percent. 2 Jan 2020 – 2 Jan 2024



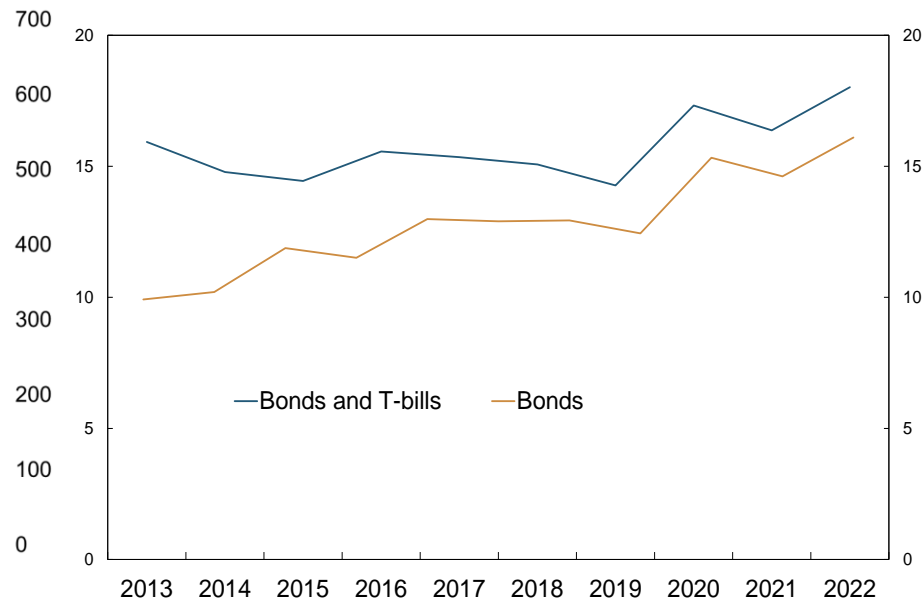
Sources: Norges Bank and Refinitiv Datastream

Government bonds and T-bills outstanding

Outstanding volume
In billions of NOK. 2013 – 2023



Outstanding volume
As a percentage of GDP. 2013 – 2022

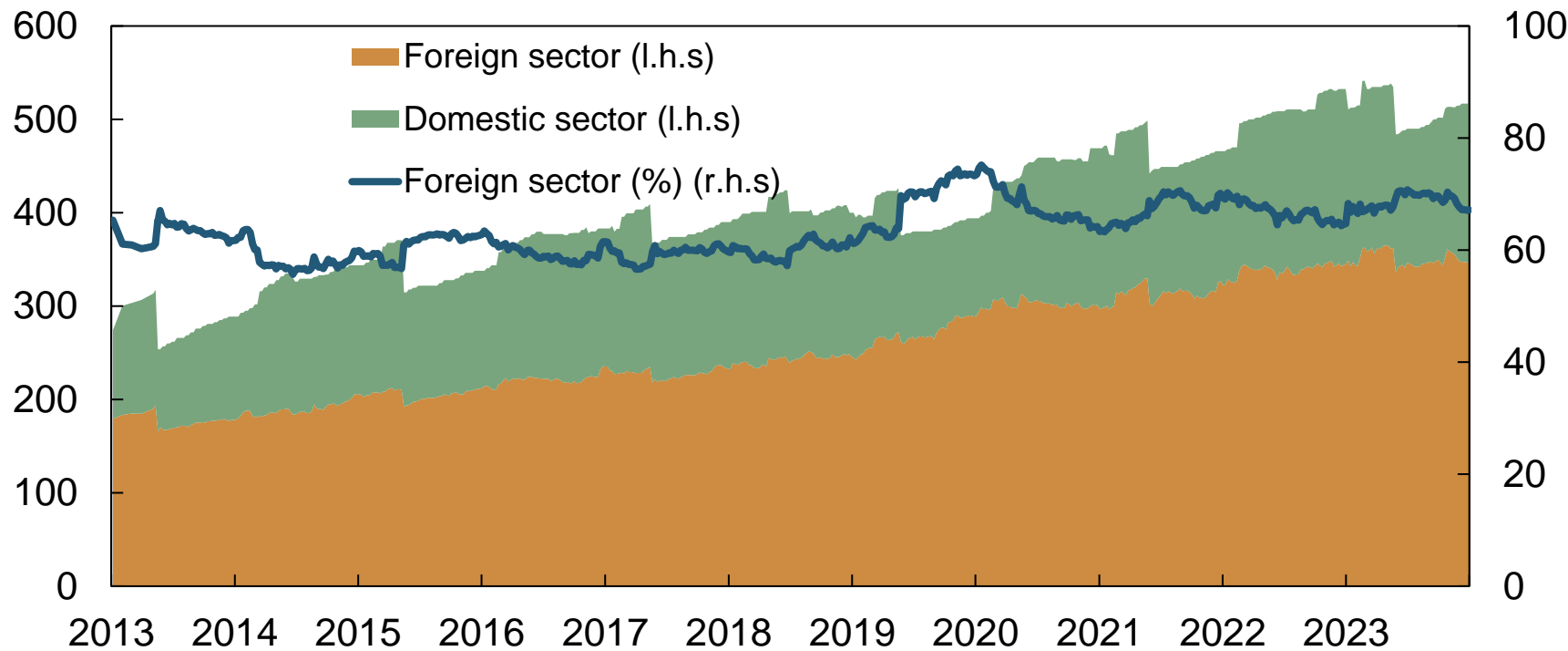


Source: Norges Bank

Sources: Statistics Norway and Norges Bank

Foreign and domestic ownership of government bonds

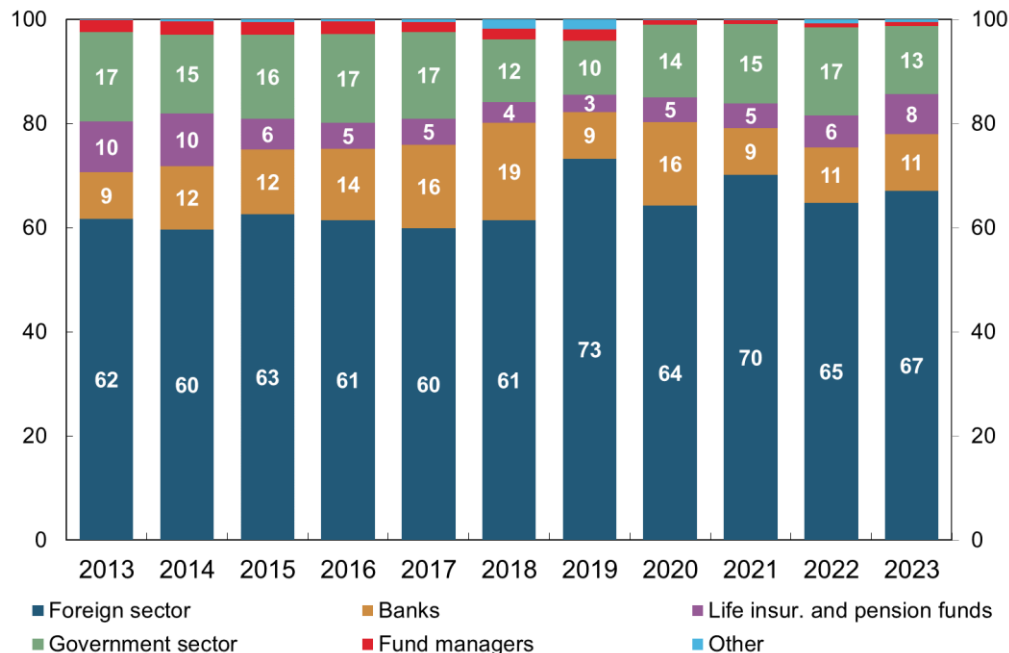
In billions of NOK and as a percentage of total outstanding volume. 2013 –2023



Source: VPS (Norwegian Central Securities Depository)

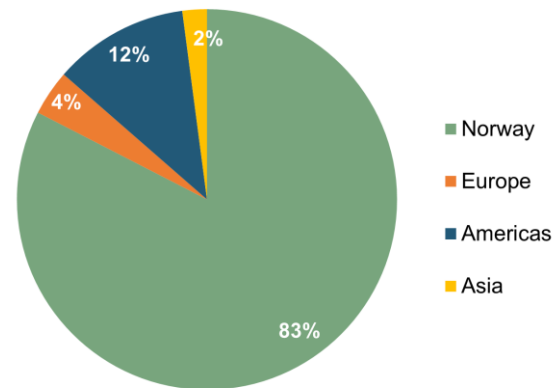
Ownership shares for government bonds

Ownership shares by investor group
Per cent. 2013 –2023



Source: VPS (Norwegian Central Securities Depository)

Allocation in auctions
By region in 2023. Per cent

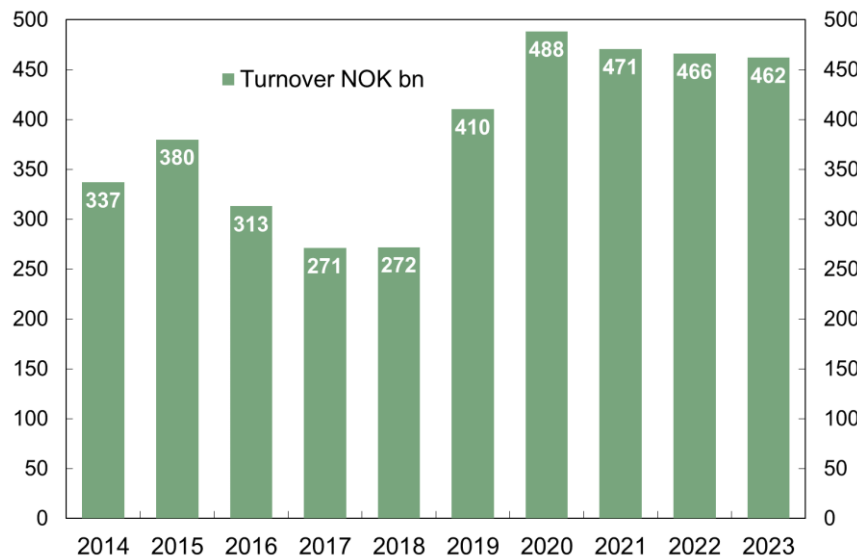


Source: Norges Bank

Liquidity in the government bond market

Turnover Norwegian government bonds

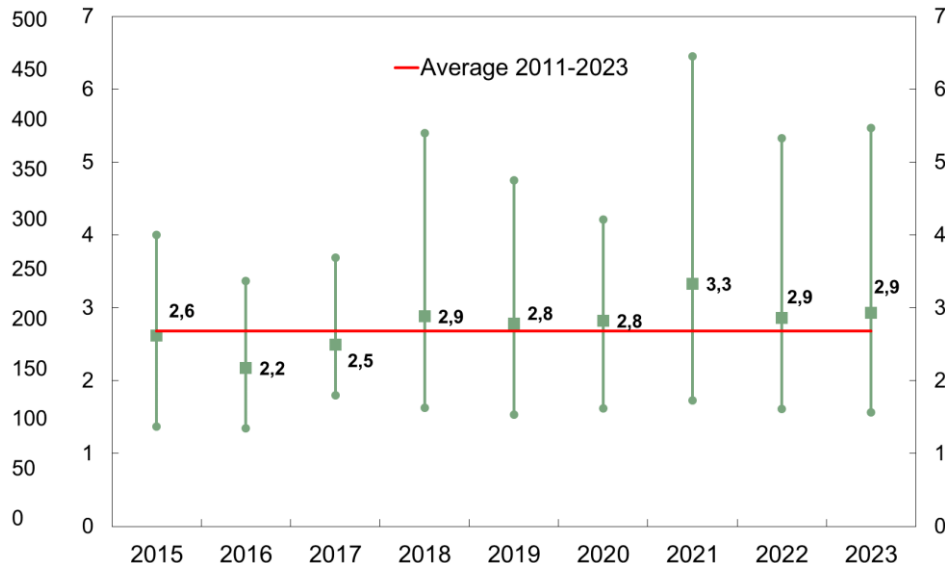
Trades reported to OSE until 2017. Transactions reported by PDs since 2018. 2014 - 2023



Sources: Oslo Stock Exchange and Norges Bank

Government bond auctions

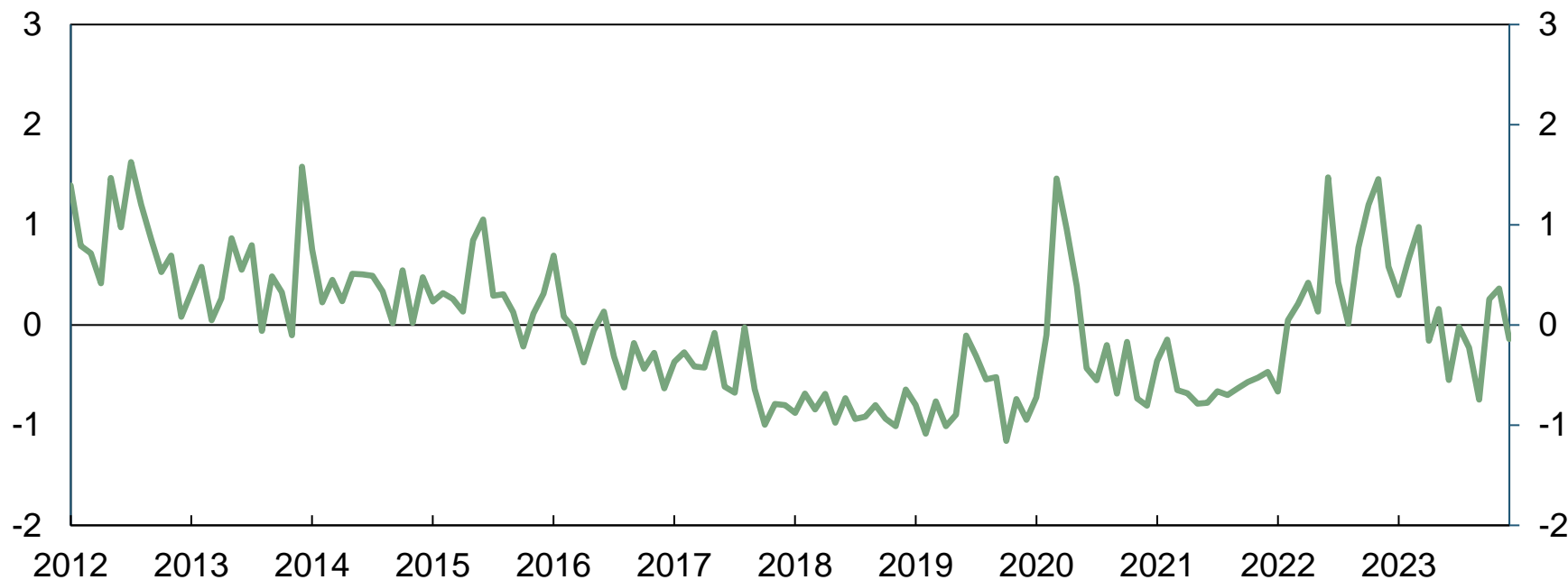
Bid-to-cover. 2015 – 2023



Source: Norges Bank

Liquidity in the government bond market

Norges Bank Liquidity Index. 2012 – 2023



A lower index value indicates improved liquidity and vice versa.

The average index value is equal to zero.

Sources: Oslo Børs, Bloomberg and Norges Bank

TREASURY BILLS

Management of Treasury bills

Framework

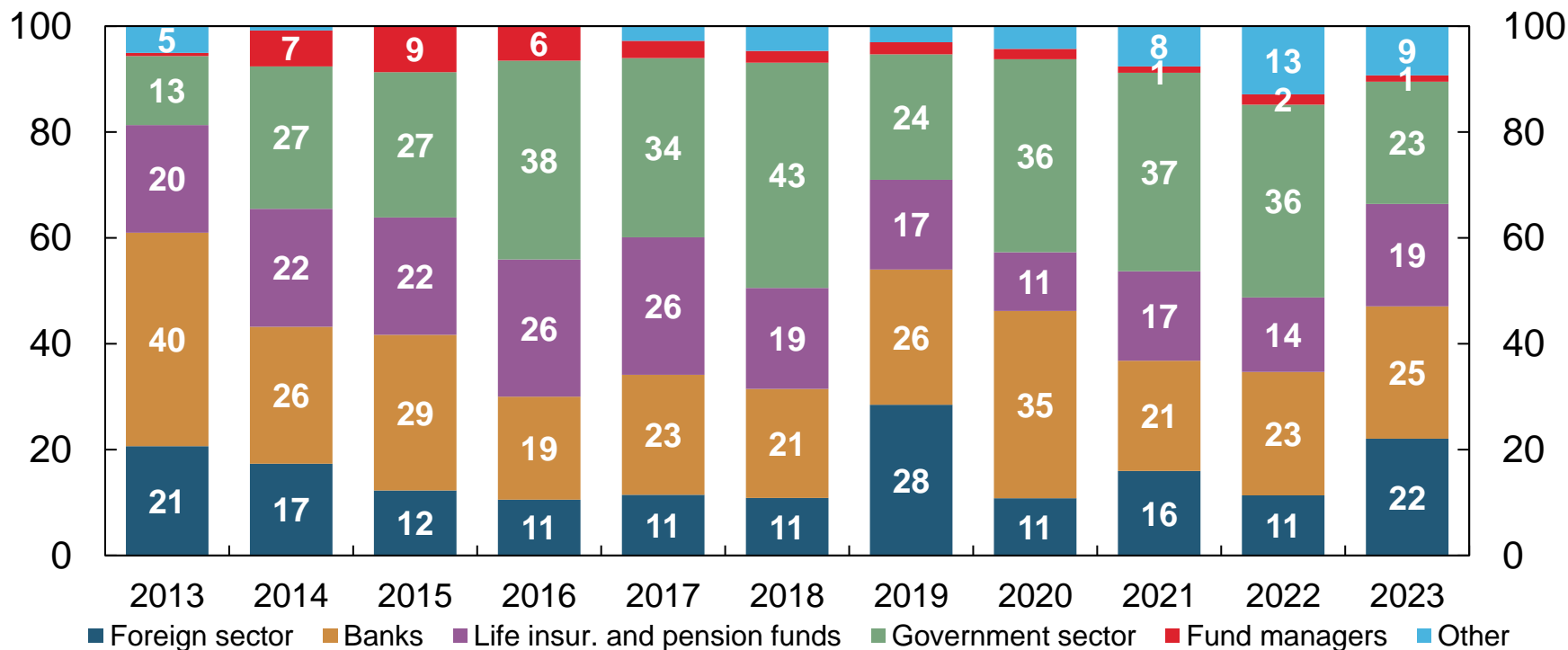
- Uniform price auctions
- Listed on Oslo Børs (Oslo Stock Exchange)
- Primary dealer arrangement
- Four outstanding bills at any given time
- A new 12-month zero coupon bill issued on every IMM date
- Reopenings of existing bills between IMM dates

Strategy for 2024

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

Ownership shares by investor group in Treasury bills

Per cent. End of year. 2013 –2023



Source: VPS (Norwegian Central Securities Depository)

GENERAL INFORMATION



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

PUBLICATIONS



- Annual borrowing programme
- Auction calendar
- Quarterly report
- Quarterly borrowing volume (range)
- Analyses

STATISTICS



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

Contact information and links

Contact information

- www.debtnorway.no
- debtmanagement@norges-bank.no

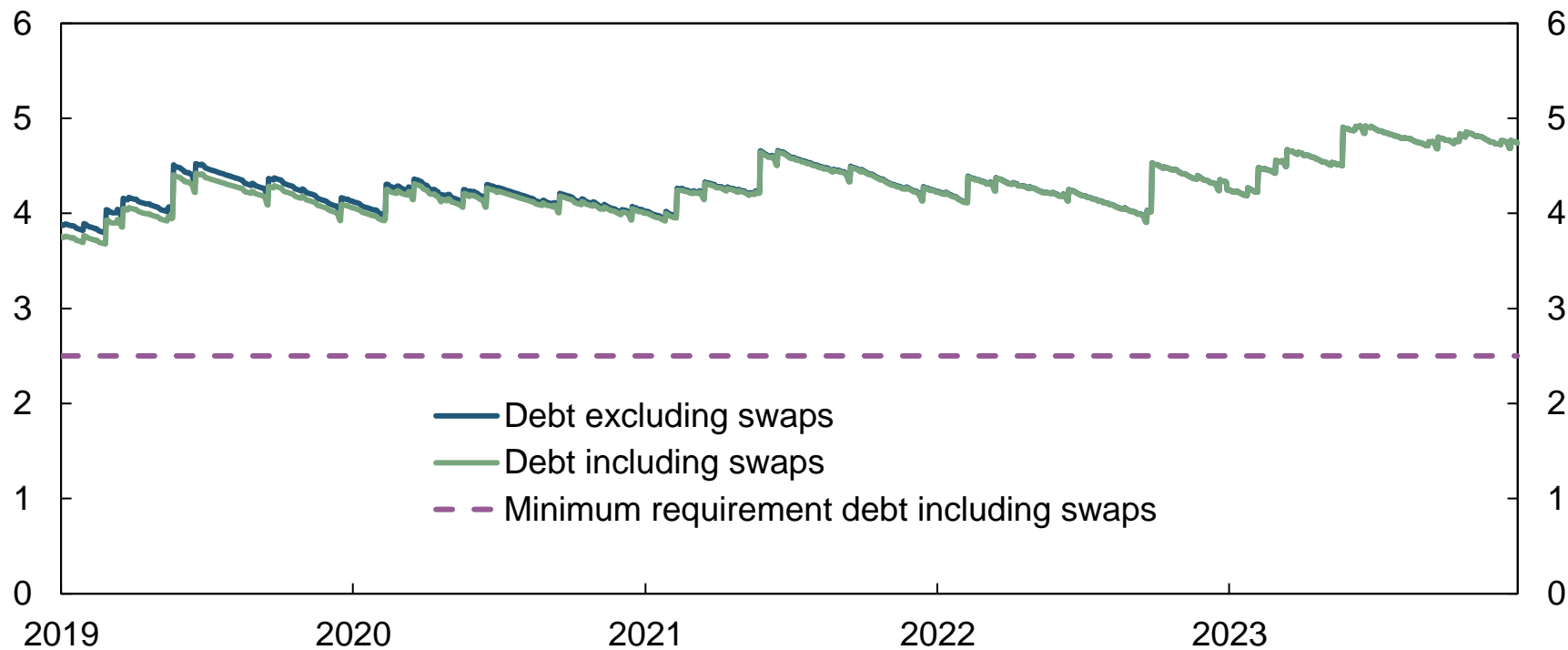
Useful links

- Norges Bank
 - www.norges-bank.no
- Ministry of Finance
 - www.finansdepartementet.no
- NewsWeb
 - www.newsweb.no
- Statistics Norway
 - www.ssb.no

APPENDIX

Average time to refixing

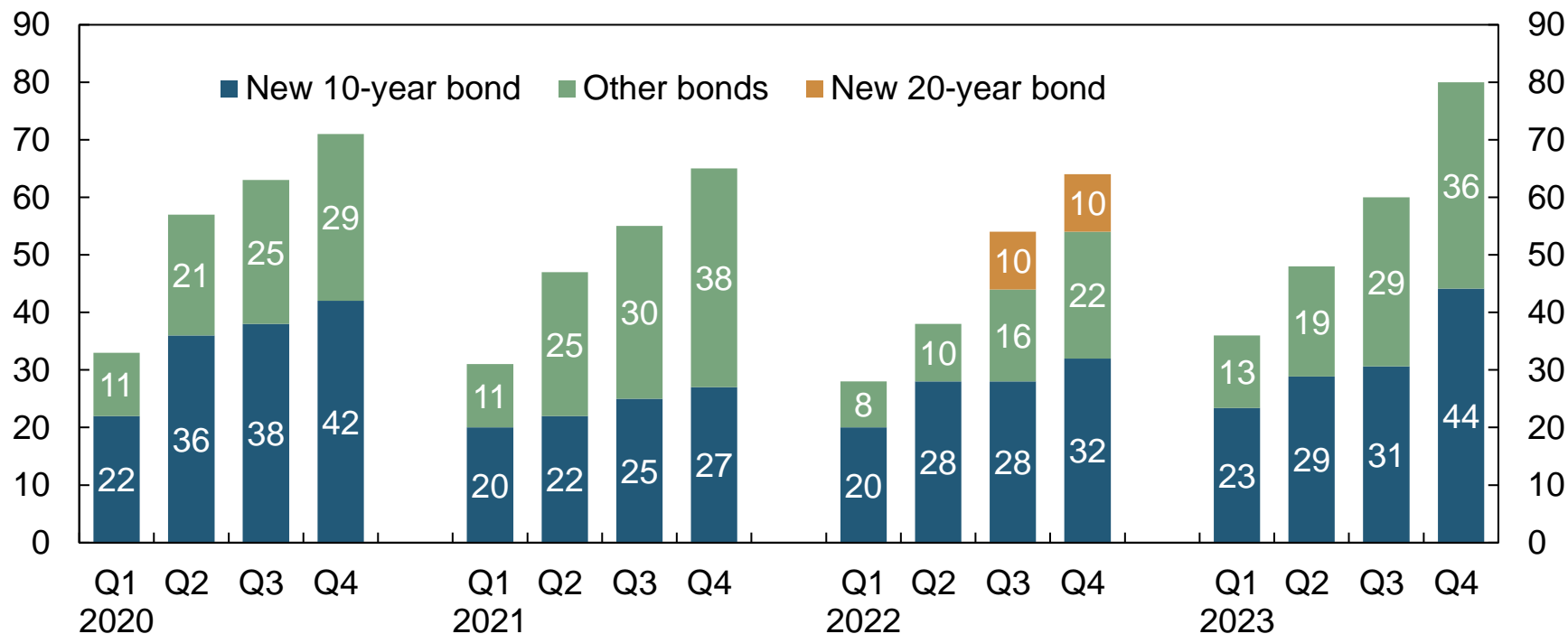
Years. 2018 – January 2024



Source: Norges Bank

Issuance volume of new bonds

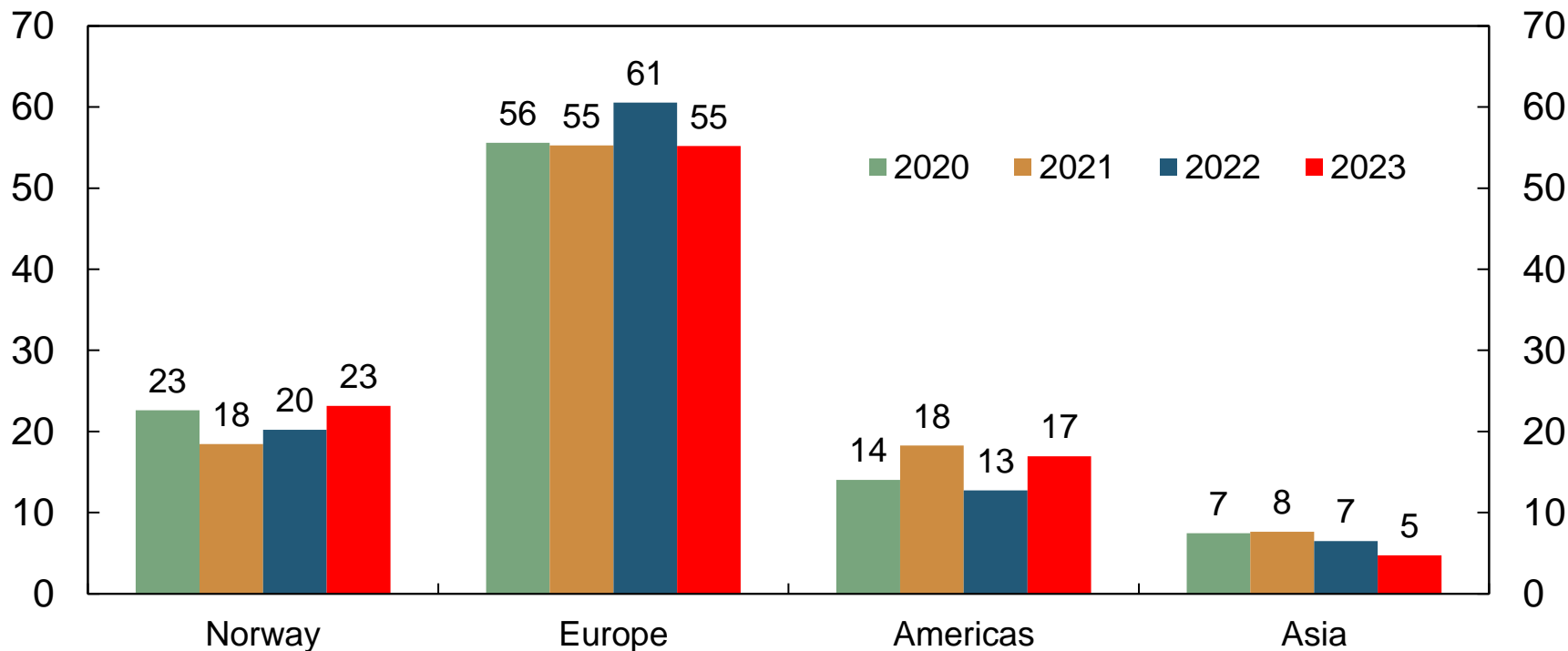
Cumulative. In billions of NOK. 2020 – 2023



Source: Norges Bank

Turnover in the secondary market by region

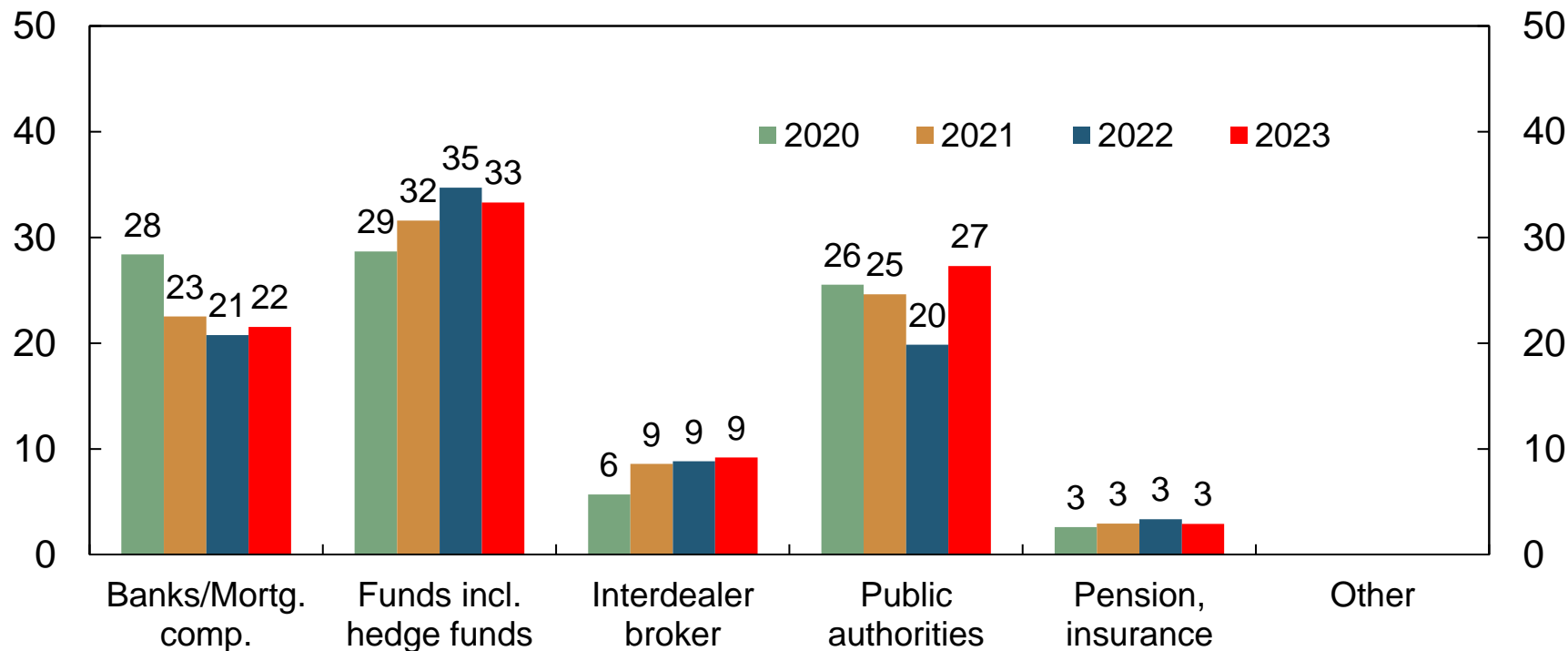
Government bonds. Per cent. 2020 – 2023



Sources: Primary dealers and Norges Bank

Turnover in the secondary market by counterparty

Government bonds. Per cent. 2020 – 2023



Sources: Primary dealers and Norges Bank

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