Norfund

Annual report

2024

Board of Directors' report

In 2024, Norfund delivered a total return of 8.4 percent in local currency and 19.6 percent in NOK. By the end of the year, the committed portfolio amounted to NOK 43.2 billion, with NOK 7.7 billion committed to new investments during the year. The companies in Norfund's portfolio employed a total of 712,000 people, with 41,400 new jobs created throughout the year. By the end of 2024, the Climate Investment Fund had financed 7.9 GW of renewable capacity, which will avoid 17.6 million tons of CO2e annually when the power plants are operational.

2024 was a year of great uncertainty. Inflation and rising debt costs have affected wallets and state finances. In many of Norfund's markets, economic growth is hampered by conflict, uncertainty, climate change, and power shortages.

In October, the World Bank stated that the goal of eradicating extreme poverty by 2030 is out of reach. Over the past five years, there has been virtually no progress due to several shocks to the global economy, such as the COVID-19 pandemic, high inflation, and increasing conflict and vulnerability. The Bank warns that the period 2020-2030 is likely to be a lost decade in the fight against poverty, which is entrenched in developing countries with weak economic growth.

Entering the year, inflation remained high in many countries, and central banks around the world kept interest rates up. Since then, inflation has significantly reduced in most Western countries, and interest rates are on their way down. In their World Economic Outlook from October 2024, the IMF estimates inflation for developing countries as a group to be around 4.2 percent, which is nearly double that in the eurozone. Countries in Sub-Saharan Africa continue to have high inflation, with an average of 12.2 percent. The World Bank warns in its International Debt Report 2024 that the cost of servicing public debt in the poorest countries (IDA countries) has risen to the highest level since 2002, estimated at 1.2 percent of GDP.

The global economy had stable but historically weak growth in 2024, estimated at around 3.2 percent by the IMF. The IMF estimates that the economy in developing countries grew by 4.2 percent in 2024. However, growth is very unevenly distributed. In Asia, large developing countries such as India, Indonesia, and the Philippines all had strong growth, while in Africa, the large economies of Nigeria and South Africa both grew slower than the global growth of 3.2 percent. The World Bank points out that growth in most developing countries is not sufficient to catch up on the lost progress since 2020, especially for the least developed countries and countries in conflict.

A strong dollar, macroeconomic instability, and increasing debt burdens increased the risk for investors in many of Norfund's markets. A strong US dollar made loans more expensive and weakened local currencies. A rising debt burden made it challenging to maintain growth and attract foreign investments. UNCTAD points out that investments in sectors related to achieving the Sustainable Development Goals fell by as much as 11 percent in 2024, and that investments in food systems, infrastructure, and water and sanitation in 2024 remained at a lower level compared with 2015 when the goals were adopted.

In a challenging 2024, there was also positive progress. Central banks and governments have, in most of Norfund's markets, succeeded in controlling galloping inflation. Several countries implemented reforms aimed at increasing private investments, such as in Ethiopia, where authorities have taken steps to open up to international investments to increase companies' access to capital. For many African countries, the entrepreneurial spirits of a growing young population a promising source of economic growth and attention far beyond the African continent. One area where this is already happening is in music, where Afrobeats, with artists like Burna Boy and Ayra Starr, have gained global attention through streaming platforms and social media. The African CEO Forum estimates that creative industries in Africa can create up to 20 million jobs and contribute export revenues equivalent to 4 percent of Africa's GDP by 2030.

Around 3 billion people had the opportunity to go to the polls in 2024, more than ever before. For many countries, the elections have brought about new vitality and rejuvenation. In Senegal, Bassirou Diomaye Faye was elected president, becoming the youngest elected leader in Africa, while in Sri Lanka, old political elites that have led the country into economic chaos were ousted in favor of an outsider. There have also been cases of elections leading to increasing national tensions and polarization, such as in Mozambique, where BMI Research estimates that the economy shrank by as much as 4.9 percent due to unrest following the election in October.

An increasingly larger part of global aid is being diverted away from long-term development and poverty alleviation in favor of dealing with the consequences of war and conflict and combating climate change. This means that relatively fewer funds are available for aid to job creation and poverty alleviation. The development is further reinforced by aid freezes in the USA and the announcement of new cuts in aid budgets in several European countries.

The EU's Copernicus program reports that 2024 was the first year with sustained temperatures 1.5 degrees Celsius above pre-industrial levels. According to researchers, this means it is very likely that the Paris Agreement's ambition to limit warming to 1.5 degrees Celsius will be breached. At COP29 in Baku, a new climate financing goal of 300 billion USD was adopted to combat climate change. The goal is to triple climate finance, and corresponds to 150 percent of the total aid from OECD countries in 2023, and will be dependent on mobilizing substantial private capital in order to achieve the goal.

Transfers from the national budget to Norfund's development mandate have been stable in nominal terms (NOK) for several years, and in the period 2019-2024. Norfund's share of the aid budget has thus decreased from 5.2 percent to 3.1 percent (excluding transfers to the Climate Investment Fund). The weakening of the NOK exchange rate against the USD from 2019 to 2024 has further weakened the value of transfers to Norfund by about 20 percent measured in Norfund's investment currency.

Despite a challenging backdrop, Norfund increased its total investments for the two mandates to 7.7 billion kroner in 2024, up from 6.5 billion kroner in 2023. In 2024, Norfund received 1.7 billion kroner over the state budget for the development mandate and 1 billion kroner for the Climate Investment Fund, as well as 250 million kroner for the newly established Investment Fund for Ukraine. A higher commitment level is possible thanks to available capital from the sale of SN Power (completed in 2021), a recycling of capital through the sale of investments and loan repayments.

About Norfund

Norfund's mandates and strategy

Norfund was established in 1997 as Norway's most important tool for promoting investments in developing countries. The fund's purpose is to contribute with equity and other risk capital, as well as provide loans and guarantees for the development of sustainable business activities in developing countries. The aim is to establish viable and profitable businesses that would not otherwise be initiated due to high risk.

Norfund is a responsible owner that adapts its ownership to the sector, instrument, and risk. For some investments (e.g., equity investments with a significant minority share), the fund will have an active role, while for others (e.g., loans to banks), it is natural to be less active. However, Norfund is always a responsible owner that sets high ethical standards. Norfund aims to sell its stake when the fund is no longer necessary for the investment, so that the capital can be recycled and put to work in new investments.

Since 2022, Norfund, has also been responsible for managing the Climate Investment Fund, which builds on Norfund's long experience with investments in renewable energy. In December 2024, Norfund was also tasked with managing the Investment Fund for Ukraine as a separate mandate.

For the **development mandate**, Norfund aims to create jobs and improve living conditions by investing in businesses that contribute to sustainable development. Norfund has four investment areas: Financial Inclusion, Renewable Energy, Green Infrastructure, and Scalable Enterprises. Each of the four investment areas has ambitions that directly and measurably contribute to achieving the UN's Sustainable Development Goals. Under the development mandate, Norfund prioritizes investments in countries with limited access to capital, particularly the least developed countries (LDCs) and Sub-Saharan

Africa, in addition to equity as the preferred instrument. The Ministry of Foreign Affairs decided in 2022 that approximately 60 percent of capital contributions from the state budget over time should be invested in renewable energy.

For the **climate mandate** (Climate Investment Fund), the goal is to promote the transition to net-zero emissions in emerging markets. Under the climate mandate, Norfund mainly invests in the production and development of renewable energy, as well as areas closely related to this. Norfund prioritizes equity investments for this mandate as well. The climate mandate is primarily aimed at middle-income countries where the opportunities to reduce or avoid greenhouse gas emissions are significant.

The **Ukraine mandate** (Investment Fund for Ukraine) was established in December 2024 and aims to contribute to the development of sustainable business activities and job creation in Ukraine. The fund will support investments that would not otherwise be carried out due to the high risk in Ukraine. The fund will contribute to mobilizing private capital by having private investors invest alongside the fund or be inspired by the fund. Since its inception, Norfund has been working to identify potential investments, and the ambition is to commit the first investments during 2025.

Financing

Norfund is financed through annual capital contributions from the state, as well as profits from investment activities. In 2024, capital contributions from the state amounted to 1,678 million kroner under the development mandate (including 25 million kroner allocated to the Frontier Facility, 1,000 million kroner under the climate mandate, and 250 million kroner for the Ukraine mandate (allocated in December 2024). In addition to capital contributions, Norfund received 10 million under the "Business Support" grant scheme.

Returns in the form of interest and dividends from investments, loan repayments, and the realization of previous investments constitute an increasing share of the fund's available investment capital, allowing Norfund to invest far more than the capital provided over the state budget and thus contribute to even greater impact on development and climate.

Additionality

Most countries where Norfund invests are perceived as less attractive to international investors because the risk is considered too high. Norfund's expertise, willingness, and ability to manage risk are therefore important for providing capital to these countries and succeeding with investments. Norfund aims to be additional in all investments. The fund is financially additional by providing capital that businesses would otherwise find difficult to access due to capital scarcity and high risk. Norfund is value-additional by providing value beyond capital by being an active owner, strengthening the sustainability of the business, and contributing to business improvements. Norfund is a minority investor and thus also helps to mobilize capital from other investors both in Norway and internationally. Norfund's expected additionality is assessed before each investment and reported to the OECD's Development Committee and on Norfund's website.

The OECD requires that all investments made by development finance institutions must be additional. In 2024, Norfund underwent an "ODA eligibility assessment" conducted by the secretariat of the OECD's Development Assistance Committee. Norfund achieved a full score in this assessment, which means that our systems and reports comply with all requirements.

External evaluation of renewable energy investments

In 2024, Norfund was subject to an external evaluation conducted by KPMG Norway on behalf of the Department for Evaluation of Norwegian Development Cooperation. The evaluation covered investments in renewable energy under Norfund's development mandate from 2015-2023, and under the Climate Investment Fund from 2022-2023.

The report shows that Norfund's investments have contributed to increased electricity production, better access to renewable energy, and avoided greenhouse gas emissions in developing countries. In the years covered by the evaluation, Norfund has contributed to financing more than 11 GW of new renewable capacity and to over 7 million households gaining access to electricity. An important finding is also that Norfund's requirements for profitability and economic sustainability in investments, along with efficient operations in its own organization, are important contributions to the good results.

Norfund will in 2025 assess how the recommendations in the evaluation report are best followed up and keep the Ministry of Foreign Affairs informed through the regular ownership dialogue.

Norfund's total portfolio in 2024

In 2024, the portfolio (development mandate and climate mandate) delivered a return measured by IRR (internal rate of return) of 8.4 percent in local currency and 19.6 percent in NOK. The Norwegian krone weakened by 10.7 percent against the USD during the year, which is reflected in the IRR figures in Norwegian kroner. Since its inception, the portfolio has an IRR of 5.2 percent in local currency and 8.7 percent measured in Norwegian kroner.

As of 31.12.2024, Norfund's committed portfolio totaled 43.2 billion kroner. During 2024, the fund committed 7.7 billion kroner. The results for the Development Mandate and Climate Mandate are described in more detail below.

Development Mandate - portfolio in 2024

In 2024, the development mandate delivered a return measured by IRR of 8.3 percent measured in investment currency and 19.7 percent measured in NOK. Since its inception, the portfolio has had an IRR of 5.1 percent measured in investment currency and 8.6 percent measured in NOK. At the end of 2024, the committed portfolio was 37.6 billion kroner.

Norfund committed 6 billion kroner under the development mandate in 2024, distributed across 23 new and 19 follow-up investments. The commitments for the year were broadly distributed among the investment areas, with 2.6 billion kroner to Financial Inclusion, 1.6 billion kroner to Renewable Energy, and 1.6 billion to Growth-Oriented Businesses. Green Infrastructure committed 234 million kroner.

The committed portfolio in LDCs (least developed countries) accounted for 34 percent of the portfolio at the end of 2024, while Sub-Saharan Africa accounted for 64 percent. Equity accounted for 73 percent of the portfolio at year-end. The target for renewable energy ended at 68 percent at the end of 2023. Norfund's portfolio is thus in line with the targets set by the board that the portfolio should have at least 33 percent in LDCs and 50 percent in Sub-Saharan Africa, 70 percent in equity, as well as the statutory target that approximately 60 percent of capital contributions to Norfund over time should be invested in renewable energy .

Norfund prioritizes investment areas where there is an opportunity to contribute to significant development effects. Each investment area has a theory of change that shows how Norfund's capital and expertise contribute to development effects and the achievement of the UN's Sustainable Development Goals. For the development mandate, these are SDG 1 (No Poverty), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), and 9 (Industry, Innovation, and Infrastructure).

Norfund annually collects data on development effects from portfolio companies (both direct investments and indirectly through platforms and funds). At the end of 2024, there were a total of 712,000 jobs in the companies Norfund is invested in, of which 699,000 jobs were in companies under the development mandate. About three-quarters of these jobs are permanent. A full 64 percent of the jobs are in Africa, and 27 percent are in LDCs.

To be able to say something about development over time, data from companies that have reported for two consecutive years are analyzed. Net (the balance between lost and new jobs), 41,400 jobs were created in companies Norfund is invested in. Of these, 39,800 jobs were created in companies under the development mandate.

Payment of taxes and fees is an important contribution to the countries Norfund invests in. In 2024, companies in the development mandate's portfolio paid a total of 41.2 billion kroner in taxes and fees, of which 30 billion in Africa. Furthermore, 64 billion in wages were paid in the companies Norfund is invested in, also mainly in Africa.

Quantified ambitions have been set for each investment area that reflect accumulated organic growth (i.e., development in the companies after Norfund became an investor) on sector-relevant parameters. The ambitions are set for the entire strategy period (2023-2026) and not for individual years.

Halfway through the strategy period, investments in Renewable Energy under the development mandate are approaching the goal of increased financed capacity but are significantly below the target for households that have gained access to electricity. In Financial Inclusion, investments are well on their way to reaching the goal of an increased customer base but are still some way off the goal of increasing outstanding loan volume. Direct investments in Growth-Oriented Businesses have already met both goals for the strategy period, while indirect investments through funds are well-positioned to reach the goal of increased company revenues but are somewhat behind the expected level for job creation. The data reported is not attributed, meaning it shows the total effect of the portfolio companies and does not take into account Norfund's ownership share. More detailed information about Norfund's development effects is available in the annual report.

Frontier Facility - portfolio in 2024

Frontier Facility is a facility managed by Norfund for project development and risk mitigation and is intended to take higher risks compared to Norfund's ordinary mandates. The facility receives earmarked funds over the state budget. Through the scheme, Norfund contributes to project development and risk mitigation at an early stage. The portfolio consists of ten projects, with a total commitment of 183 million kroner.

In 2024, Frontier Facility published its first status report, which evaluated goal achievement from 2019 to 2023 on the indicators provided by the Ministry of Foreign Affairs. The results from the status report show that Frontier Facility has had good goal achievement and mobilized private capital by initiating investments that would not otherwise have happened, as well as reducing risk for private actors in challenging markets. The facility has invested in early-stage project development and risk mitigation measures within Norfund's investment areas.

Climate Investment Fund - portfolio in 2024

In 2024, the Climate Investment Fund (climate mandate) delivered a calculated return measured by IRR of 9.3 percent in investment currency and 18.2 percent in NOK. Since its inception, the portfolio has had an IRR of 14.4 percent in investment currency and 19.0 percent in NOK. The return figures must be seen in light of the fact that the fund is relatively new with still few investments and no realizations.

At the end of 2024, the committed portfolio was 5.6 billion kroner. In 2024, the fund made its first investment in Indonesia through the company Xurya, which provides renewable energy solutions directly to businesses. Norfund also launched a new platform for investments in power grids in India together with IndiGrid and British BII. There is a great need for investments in transmission in India to handle the growth in renewable variable power such as wind and solar power. The majority of the fund is invested in India and South Africa, and work is therefore underway to expand the portfolio geographically.

Also, for the climate mandate, Norfund's investments directly contribute to the UN's Sustainable Development Goals. These are SDG 13 (Climate Action), 7 (Affordable and Clean Energy), and 8 (Decent Work and Economic Growth). For 2024, Norfund's new commitments contributed to financing 1,250 MW of renewable energy and to estimated ex-ante avoided greenhouse gas emissions of 2.9 million tons annually. This is lower than previous years due to several investments in transmission, which do not count towards the ambitions.

The Climate Investment Fund is on track to exceed the goals set for the fund's first strategy period (2022-2026) of 9 GW of renewable energy financed and 14 million tons of avoided greenhouse gas emissions annually. At the end of 2024, the fund has contributed to financing 7.9

GW of renewable capacity, which will contribute to avoiding 17.6 million tons of CO2e annually when the power plants are operational.

In 2024, the greenfield projects that KIF has helped finance produced 3,421 GWh, resulting in 3.4 million tons of avoided CO2e emissions. Capacity under construction or already installed is increasing rapidly from year to year and was 4,643 MW at the end of 2024.

Investment Fund for Ukraine - portfolio in 2024

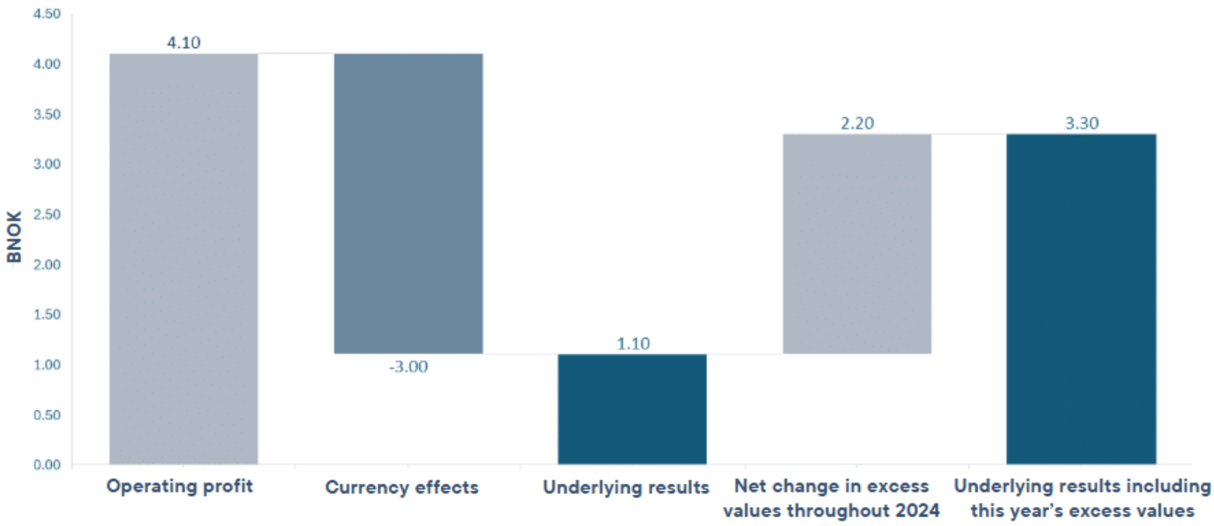
Norfund was assigned the task of managing the new Investment Fund for Ukraine in December 2024, and no investments were made in the fund in 2024. Norfund has been working to build a pipeline of potential investments. The fund aims to make its first investments in 2025.

Statement on the annual accounts

Norfund ended the year with operating revenues of 2,086 million kroner and a positive result after tax of 4,099 million kroner. The result is significantly affected by currency effects due to a weaker Norwegian krone against our primary currency USD. Currency effects in the result amounted to 2,995 million kroner, compared to 472 million kroner in 2023. The currency effects are mainly due to value adjustments of our investment portfolio and our liquidity placements in foreign currency, as well as effects from realized gains and losses.

The historically weak krone gives investments and cash holdings a higher value measured in NOK and shows the strong impact exchange rate fluctuations have on revenues and annual accounts. This effect will be reversed if we have a corresponding strengthening of the Norwegian krone. Nevertheless, for the Board, it is the IRR (return) in investment currency that is the relevant metric as this more accurately reflects Norfund's underlying results.

Excluding exchange rate effects, the result for 2024 is 1,104 million NOK, a reduction of 320 million NOK compared to 2023. Result effects for each year come directly from revenues and costs, as well as from value changes in existing investments and the realization of investments. The negative change in underlying results in 2024 (compared to 2023) is mainly driven by increased write-downs, as well as lower realized gains and losses, somewhat offset by increased income from dividends and interest.



This illustration shows how Norfund's underlying annual results would look if unrealized value increases on investments were included.

Interest income from operations has increased from 1,080 million NOK in 2023 to 1,356 million NOK in 2024. Interest income consists of interest income from the loan portfolio and liquidity placements, which include a bond portfolio in foreign currency. The growth in interest income can mainly be explained by an increase in the loan portfolio by 17 percent during the year from 8,147 million NOK to 9,537 million NOK, as well as a weakened Norwegian krone against the US dollar by 11.6 percent compared to 2023. The accounts show realized gains from the portfolio totaling 109 million NOK, of which 45 million NOK are realized positive exchange rate effects. Realized underlying gains excluding exchange rate effects are mainly from Arrend (43 million NOK) and Basecamp (15 million NOK). Furthermore, the company received 578 million NOK in dividends, with the most significant being Agua Imara (179 million NOK), Arise B.V. (140 million NOK), and Klinchenberg (115 million NOK).

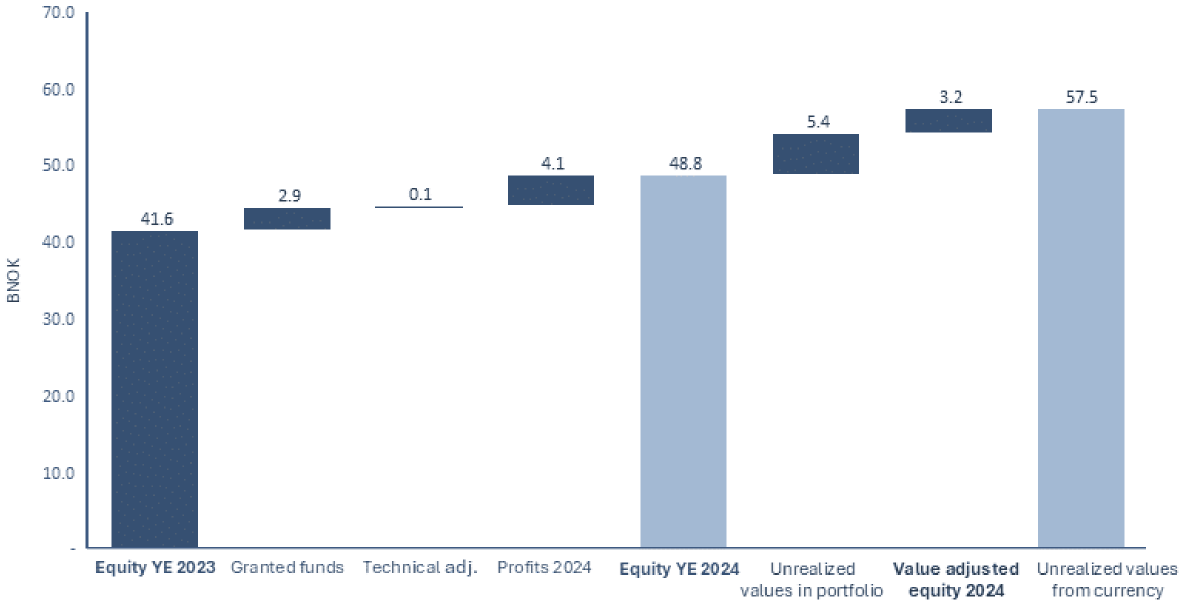
Salary costs have increased by 13 percent compared to 2023, to 246 million NOK. Both investment and staff functions were further strengthened throughout the year. This also leads to increases in other cost areas, but overall, within expectations. Operating costs measured as a percentage of committed portfolio remain stable at 1 percent, consistent with the goal that these should be below the average for comparable development finance institutions.

Realised loss and value changes for investments and receivables in 2024 ended at positive 1,929 million NOK compared to positive 167 million NOK in 2023. This consists of realised losses including exchange rate effects of negative 226 million NOK in 2024 and value changes totalling positive 2,155 million NOK.

Value changes consist of write-downs, reversals of write-downs, and exchange rate effects related to investments in loans, shares, and funds, liquidity placements, and receivables in the annual accounts. Total exchange rate effects related to value changes in 2024 were positive 2,609 million NOK compared to positive 514 million NOK in 2023.

Total write-downs for investments and receivables in 2024 excluding exchange rate effects were negative 454 million NOK compared to negative 227 million NOK in 2023. The write-downs are partly due to some companies in the portfolio being burdened by volatile commodity prices and delays in global value chains, among other things as a result of conflicts in the Middle East and the war in Ukraine. The same applies to the situation in Myanmar where conditions continue to be challenging, and some larger value reductions are made here. There is also a risk related to currency in Africa in general and Mozambique in particular through limited access to USD, which poses a challenge when it comes to loan repayments.

Norfund's total balance as of the end of 2024 was 49,119 million NOK. The balance increased by 7,077 million NOK from 31.12.2023, of which earned result added to equity amounted to 4,099 million NOK and the year's capital contribution from the state budget amounted to 2,928 million NOK. Adjusted equity based on estimated market values for Norfund's portfolio was as of 31.12.2024 at 57,460 million NOK.



This illustration shows Norfund's adjusted equity, where unrealized value increases on our investments are added.

At the end of 2024, Norfund had outstanding, unpaid commitments totaling 9,606 million NOK. The cash balance was at the same time 6,457 million NOK in addition to liquidity placements of 8,357 million NOK. Of the liquidity holdings, 2,000 million NOK is earmarked for the Climate Investment Fund, which will be invested in the period 2025-26. As a result of a growing capital base, it was decided in 2024 to strengthen liquidity management. This was done through increased staffing and the decision to establish a separate treasury mandate. The board considers liquidity to be good and confirms that the prerequisites for continued operations are in place. In the board's opinion, the annual accounts for 2024 provide a true and fair view of Norfund's financial position.

Organization, environment, and responsible business tax

Corporate governance

The general assembly is Norfund's highest authority. Governance is exercised through general meeting decisions, including the establishment and amendment of Norfund's articles of association. In 2024, an extraordinary general meeting was held in connection with the establishment of the Investment Fund for Ukraine and the determination of compensation for the newly established compensation committee. The Ministry of Foreign Affairs receives quarterly reports, and regular contact meetings are held throughout the year.

Norfund's board is elected by the general assembly. Two members are elected by and among the fund's employees. The board consists of nine members. The Risk and Audit Committee (RRU) consists of the committee chair and two members elected from the board's members. In 2024, the board established a Compensation Committee consisting of three members. In 2024, the board had a total of seven board meetings and six meetings in the RRU. Norfund has taken out liability insurance with AIG that covers the board's members and externally appointed board members in portfolio companies.

Norfund has a framework of governance documents that covers everything from the Norfund Act, the articles of association, and overarching frameworks adopted by the board to administration-adopted guidelines for important subject areas and routines and procedures for carrying out and following up on investment activities. The structure and guidelines are regularly updated and adapted to Norfund's operations. The Investment Committee reviews investment proposals and contributes to quality assurance. In 2024, the committee consisted of nine people, three of whom are external. The Credit Committee reviews and approves loans to financial institutions and consists of five members, (including one external member). Both committees review individual investments between USD 4 million and USD 20 million, and the investments are approved by the managing director. Both committees must also give their recommendation on investments over USD 20 million, but these are approved by the board. Smaller investment decisions are also raised with the board when necessary, for example, if there are elements with particularly high risk or reputational sensitivity. Investments up to USD 4 million are reviewed and approved by the administration.

Data, risk management, and internal control

Taking risks is at the core of Norfund's mandate. What risks Norfund has and how these are managed are described in Norfund's risk appetite statement, adopted by the board. The statement describes two risk categories. The first concerns where and in what Norfund invests (such as markets, instruments, and currency risk). These risks are managed through Norfund's market insight, local presence, and portfolio diversification. The second category is risk related to how the company selects investment partners and how Norfund carries out investments and operates the organization (e.g. partner and corruption risk, environmental and social conditions, and HSE). The risks can be minimised by designing and implementing appropriate systems and regular training, contractual terms, internal control, and compliance.

The Enterprise Risk Management framework is a tool used by management and the board to identify, understand, and manage key operational risks. The administration's proposal for the top ten risk areas is discussed with the risk and audit committee before being presented to the board. Proposals for areas for external internal audit are compared with the risk overview, and the committee gives a recommendation that is reviewed and decided by the board.

Norfund monitors portfolio exposure and country risk exposure. The board has set risk thresholds for exposure to individual countries and groups of countries, which are followed. In 2024, this particularly applied to the climate mandate, which has significant exposure to India and South Africa.

Norfund has zero tolerance for corruption and financial irregularities and has established systems to prevent, detect, report, and handle misconduct cases. In 2024, 15 "Business Integrity Incidents" were reported, of which 12 incidents concerned allegations of financial misconduct in the portfolio. The cases are followed up in accordance with established procedures. One of the cases was of such a nature that it was reported further to the Ministry of Foreign Affairs.

Organization and efficient operations

Norfund has seen significant growth in recent years in terms of increased investment volume, a growing portfolio, and more employees. The external evaluation of Norfund's investments in renewable energy conducted in 2024 found that Norfund operates very efficiently compared to other European development finance institutions. For 2024, Norfund's operating costs amount to 1 percent of the committed portfolio, in line with the goal that this should be below the average for comparable institutions within development finance. The board regularly evaluates resources and cost levels to ensure a robust organization adapted to Norfund's mandate and risk profile.

Increased complexity as a result of the organisation's growth is a risk. Norfund works systematically with culture to ensure that the organisation develops in a way that allows Norfund's mission to be carried out in the best possible way. The board regularly evaluates resources and cost levels to ensure a robust organization adapted to Norfund's mandate and risk profile.

At the end of 2024, Norfund had 157 employees, of whom 149 are permanent positions, and with 30 nationalities represented. About two-thirds of the company's employees work directly with investments, while one-third are attached to staff functions. In addition to the office in Oslo, Norfund has five regional offices in our markets. Strong regional offices with experienced teams working closely on the company's markets are crucial for the success of Norfund's investment strategy.

In 2024, recruitment of new permanent positions primarily strengthened the staff areas and the investment area of Renewable Energy. About 30 percent of the new hires in 2024 belong to one of the regional offices in line with the ambition that the organisation's growth should happen in our markets.

The gender balance is good with 51 percent female and 49 percent male employees. Within both the company's top management and the extended management group, the proportion of women is 43 percent. In 2024, 27 new employees started, including 8 on temporary contracts. Measured in permanent positions, Norfund's turnover in 2024 was 4.1 percent.

Norfund had a sick leave rate of 3 percent in 2024, which is the threshold value Norfund internally has set for sick leave. The board does not find it necessary to implement special measures related to the working environment.

Norfund annually maps salary levels with a particular focus on gender-related salary differences according to the principle of equal pay for equal work. The findings indicate that there is no systematic difference in salary between genders, as can be read more about in the activity and reporting obligation. Norfund should be competitive, but not a leader in terms of salary. Guidelines for executive pay, the executive pay report, and the explanation of work on gender equality and work against discrimination (ARP) are available on Norfund's website.

Responsible business

Corporate social responsibility is a starting point for Norfund's operations both for its own operations and portfolio companies. The cross-cutting considerations in Norwegian development policy - human rights, gender equality, anti-corruption, climate, and the environment - are all included in this work. Norfund is a responsible owner that contributes to companies' value creation. In 2024, the board adopted an updated E&S sustainability policy for our work in the area of environment and social conditions (E&S), climate, and gender equality.

Norfund works systematically with environmental and social conditions through the investment process. IFC's (International Finance Corporation) standards for environmental and social conditions are used in this work and are adapted to investments in developing countries. By using these standards, Norfund meets the expectations of responsible business in the government white paper on ownership policy, Meld. St. 6 (2022–2023). Norfund's work is in line with the state's expectation to carry out due diligence in accordance with recognized methods.

A statement on Norfund's due diligence in accordance with the requirements of the Transparency Act is available on Norfund's website.

Norfund has significantly strengthened its work on climate in 2024 and adopted a strategy for climate transition and the shift to net zero. The ambitions and measures reflect that climate can affect each company's ability to succeed, owners' expectations, and that Norfund is an investor in developing countries with different challenges and opportunities than those found in more developed markets. Norfund aligns all new investments with the Paris Agreement over time, assesses climate risk for all new investments, and reports on climate risk according to the TCFD framework.

Regarding emissions from the portfolio (Scope 3, category 15), Norfund works with portfolio companies to increase competence and reporting ability, thereby improving the quality of emissions data. This will eventually contribute to more companies being able to map and reduce their own emissions and enable reporting on emissions in the portfolio.

Norfund also has emissions from its own operations. Norfund is certified as an

Environmental Lighthouse and uses this framework to improve internal environmental work. Direct greenhouse gas emissions from Norfund's operations were 1140 tonnes in 2024, with the majority originating from air travel.

Good working conditions are a requirement for all businesses in Norfund's portfolio. Norfund monitors health, environment, and safety (HSE) in all investments with a particular focus on training and compliance with HSE routines. Reporting of serious incidents, accidents, and deaths is a requirement in investment agreements. In 2024, Norfund regrettably experienced 8 work-related deaths in companies where Norfund is directly invested. Such incidents are reported to the board and in special cases also further to the Ministry of Foreign Affairs. Norfund follows up on such deaths to ensure they are investigated, safety routines are adjusted if necessary, and that the bereaved receive the compensation they are entitled to.

Norfund has clear guidelines for responsible tax comparable to other European development finance institutions. Overall, the use of third countries is relatively high, partly due to significant investments in regional funds and structures where the use of third countries is considered necessary. With assessments of both structure and domicile against Norfund's tax guidelines, the use of third countries is considered justifiable.

Norfund has a grant scheme financed by the Ministry of Foreign Affairs. The scheme has existed since 2000 but has had significantly reduced funding in recent years. Norfund received 11 million NOK in 2024, down from 32 million NOK in 2021. The purpose of the scheme is to strengthen the development effects of investments. Norfund supports, for example, capacity building and training in climate adaptation and emissions reduction, gender equality measures, and measures to strengthen how companies work with E&S. In 2024, 21 new projects received grants, and 15.8 million NOK went to this portfolio, which consisted of 59 active projects.

In 2024, work continued to strengthen gender equality in individual investments, through tailored programmes for the individual company, as well as through the Female Future programme and The Boardroom Africa, both of which offer leadership development. In collaboration with other development finance institutions, Norfund has rolled out a training programme to combat gender-based violence and harassment (GBVH). Much of this work depends on funding through the grant scheme, which has limited funds. In addition, Norfund participates in 2X Global, an international collaboration on gender equality.

Norfund has regular dialogue and cooperation with civil society organizations and other partners. In 2024, Norfund had thematic meetings on climate, E&S, and gender equality, in addition to the annual dialogue meeting with all interested parties around the launch of the business report in June. Civil society is also a target group at the annual Norfund conference, which has themes of dilemmas and challenges in Norfund's work.

Looking ahead

The increased geopolitical tensions have marked the beginning of 2025, and international rules-based cooperation is under a historical pressure. There is great uncertainty about the role the US, which has historically been by far the largest aid actor, will play going forward, while aid budgets in many European countries are being cut in favour of military build-up. For the remaining aid, there is an increasing expectation that it will serve national self-interests as much as it will help fight poverty and climate change. Going forward, there will be increased pressure to clearly document the effect and results of aid, as well as to use scarce aid funds in a way that triggers other, particularly private financing sources.

In a world where the law of the strongest prevails, we can assume that weaker actors are at risk of losing. Norfund expects that our markets and investments will feel the geopolitical backdrop in 2025 in new ways. Most estimates indicate that increasing tensions and trade wars will negatively impact Norfund's markets. The IMF estimates global economic growth of 3.3 percent in 2025, just up from the estimated growth in 2024. Projections for emerging economies are about one percentage point higher, but with significant differences between countries and regions. Asia has the most positive outlook, driven by strong expected growth in large economies (6.5 percent growth in India). In Latin America and the Caribbean, the outlook is much worse, with an estimated growth of 2.2 percent. Growth in Sub-Saharan Africa is estimated at 4.2 percent, which is also the estimated average for emerging economies. However, it is worth noting that the two largest economies in Sub-Saharan Africa, Nigeria and South Africa, are both expected to grow much slower.

The financing gap to achieve the sustainable development goals continues to grow, and the OECD estimates the gap to be USD 6400 billion by 2030 if the world continues on its current course. In July, world leaders will meet for a new "Financing for Development" conference in Seville, Spain, to discuss how to bridge the gap. Private sector investments must play a key role if we are to succeed, both because aid and public financial flows are far from enough to cover the investment needs, but also to contribute to solutions and tax revenues that can help bridge the gap.

2025 is the year the UN's climate panel has estimated that greenhouse gas emissions must peak if the world is to keep the global temperature increase within the targets of the Paris Agreement of 1.5-2°C. There are significant investment needs if we are to succeed in reducing emissions and transitioning in line with the targets, and we will be dependent on mobilising private actors to reach the climate financing goal from COP29 of USD 300 billion.

Common to the financing gap for the Sustainable Development Goals and the climate financing goal are the high expectations for mobilising private capital. To succeed with the ambitions, it is necessary to scale up measures with documented effect, such as private sector investments. Such investments are still less than 2 percent of total aid from OECD countries. Norfund's most important contribution will be to continue to be a responsible, long-term investor and take risks where others cannot or will not.

A challenging global landscape creates difficulties for Norfund but also shows the need for a patient and counter-cyclical investor like us. When capital flows out of developing countries, Norfund's role becomes even more important. High unemployment in many markets requires viable, profitable businesses that can create jobs and a healthy financial sector that can finance these. And these jobs must be created within the limits of what nature and climate can tolerate.

In 2025, Norfund has an ambition to commit NOK 10 billion and have a total portfolio of approximately NOK 50.4 billion by the end of the year. Norfund can invest far more than the NOK 2.9 billion that has been allocated to Norfund over the aid budget, as profitable investments allow the capital to be recycled. However, it is expected that this capacity will be reduced going forward as the funds from the sale of SN Power are fully invested, and continued capital inflow becomes even more important.

Norfund cannot succeed alone. Therefore, cooperation with partners – portfolio companies, co-investors, owners, and other stakeholders – is crucial. The board is grateful for the trust Norfund received in 2024 and will do its best to deliver also in 2025.

The board considers Norfund well-equipped to deliver on the strategy and goals that have been set and thanks the management and employees for important work in a challenging year. Diversity and strong presence in our regions contribute to us being well-prepared for the future. Norfund will continue to be an important player in order to succeed with ambitious policies for development and climate, and to contribute to create jobs and improve living conditions, and supporting the transition to net-zero emissions in developing countries.

Oslo, 26 March 2025

Olaug Johanne Svarva

Jan Tellef Thorleifsson

Martin Skancke

Jarle Kjell Roth

Pablo Alberto Barrera Lopez

Åslaug Marie Haga

Anne Jorun Aas

Brit Kristin Sæbø Rugland

Karoline Teien Blystad

Vegard Benterud

Board Chair

CEO

Board member

Board member

Board member

Board member

Board member

Board member

Board member

Board member

Norfund

Annual Report 2024

Disclaimer
Norfund submits its official Annual Report in Norwegian.
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Income statement

Amounts in thousands NOK	Note	2024	2023
Interest income	2,8,9	1,355,503	1,080,424
Dividends received	2	578,105	370,154
Realized gains	2,3,8	108,784	467,731
Other operating income	2	43,916	37,120
Total operating income		**2,086,308**	**1,955,429**
Operating expenses			
Value changes investments and receivables	2,4,8	2,155,084	287,840
Realized losses	2,3,4	-226,131	-121,313
Total realized losses and value change		**1,928,954**	**166,527**
Payroll expenses	2,5	-246,094	-218,575
Depreciation fixed assets	2,6	-5,247	-2,745
Other operating expenses	2,7,8	-178,190	-152,742
Total operating expenses		**-429,531**	**-374,063**
Operating results		**3,585,731**	**1,747,892**
Other interest income		335,121	245,830
Other financial income		255,413	75,833
Other financial expenses		-76,818	-173,195
Net financial items	**2,8**	**513,716**	**148,468**
Profit before tax		**4,099,447**	**1,896,360**
Taxes	2,9	-712	-474
Profit for the year		**4,098,735**	**1,895,886**
Allocations			
Transferred to/from surplus fund	10	4,088,817	1,895,886
Transferred to/from reserve capital	10	9,918	0
Total allocations		**4,098,735**	**1,895,886**

Balance sheet

Amounts in thousands NOK	Note	2024	2023
ASSETS			
Non-current assets			
Fixed assets			
Equipment and vehicles, fittings and fixtures, etc.	6	15,470	16,623
Total fixed assets		**15,470**	**16,623**
Financial fixed assets			
Pension plan assets	5	28,431	26,620
Total financial fixed assets		**28,431**	**26,620**
Total non-current assets		**43,900**	**43,243**
Current assets			
Receivables			
Other receivables	11	2,736,212	2,362,800
Total receivables		**2,736,212**	**2,362,800**
Investments			
Loans to investment projects	2,12	9,537,386	8,146,847
Investments in equities and funds	2,12	21,987,220	18,428,121
Liquidity placements	13	8,356,880	8,081,447
Total investments		**39,881,486**	**34,656,415**
Bank deposits, cash and cash equivalents			
Bank deposits, cash and cash equivalents	14	6,457,254	4,979,289
Total bank deposits		**6,457,254**	**4,979,289**
Total current assets		**49,074,952**	**41,998,504**
Total assets		**49,118,852**	**42,041,747**

Balance sheet

Amounts in thousands NOK	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Called and fully paid capital			
Primary capital		21,908,581	19,793,717
Reserve capital		7,801,445	6,840,790
Total called and fully paid capital	10	**29,710,026**	**26,634,507**
Retained earnings			
Surplus fund	10	19,116,097	15,014,835
Total retained earnings		**19,116,097**	**15,014,835**
Total equity		**48,826,124**	**41,649,341**
Liabilities			
Provision for obligations			
Pension obligations	5	47,541	58,935
Total provision for liabilities		**47,541**	**58,935**
Current liabilities			
Accounts payable		17,296	15,269
Taxes	9	420	298
Unpaid government charges and special taxes		17,869	18,156
Grants from the Ministry of Foreign Affairs	15	47,197	175,505
Other current liabilities	16	162,405	124,243
Total current liabilities		**245,187**	**333,471**
Total liabilities		**292,728**	**392,406**
Total equity and liabilities		**49,118,852**	**42,041,747**

Oslo, 26.mars 2025

Cash flow statement

(Figures in 1000s of NOK)

Cash flows from operations	Note	2024	2023
Profit before tax		4,099,447	1,896,360
Taxes paid		-589	-177
Ordinary depreciation	2,6	5,247	2,745
Gain/loss (-) on sales		125,964	-467,210
Reversal of write-downs (-) / write-down investment projects		585,494	460,316
Differences in expensed pensions and receipts/disbursements, pension plan		-758	2,429
Effect of exchange rate changes		-2,239,847	-305,924
Disbursements for purchase of fixed assets	2,6	-4,520	-14,218
Change in other accruals		-417,955	-107,304
Net disbursements of grant capital	15	-15,782	-22,650
Net cash flow from operations		2,136,700	1,444,367
Cash flows from investment activities			
Proceeds of sales/reflows from shares/holdings		459,105	812,790
Disbursements – acquisition of shares/interests in other enterprises		-3,628,407	-4,088,352
Disbursements – investment loans		-2,906,955	-3,360,092
Receipts - repayment of principal, investment loans		1,912,632	1,607,258
Changes liquidity placements	13	566,738	356,052
Net cash flow from investments		-3,596,887	-4,672,343
Cash flows from financing activities			
Receipts - grant resources carried as current liabilities	15	10,000	29,500
Increase in/repayment of equity	10	2,928,152	2,678,152
Net cash flow from financing activities		2,938,152	2,707,652
Net change in cash and cash equivalents		1,477,965	-520,324
Bank deposits, cash and cash equivalents at 01.01		4,979,289	5,499,614
Bank deposits, cash and cash equivalents at 31.12	14	6,457,254	4,979,289
Liquidity placements 31.12	13	8,356,880	8,081,447
Total liquidity (bank and liquidity placements) 31.12		14,814,134	13,060,735

Accounting principles

The cash flow statement is compiled using the indirect method. Cash and cash equivalents consist of cash and bank deposits. In addition Norfund has other liquidity placements which consist of fixed term deposits (1 to 6 months), loans to banks of surplus liquidity and a bond portfolio.

General information

Norfund is the Norwegian Investment Fund for Developing Countries. Its head office is located at Klingenberggata 4 in Oslo.

Norfund's purpose is to create jobs, improve living conditions and support the transition to net zero climate gas emissions by investing in enterprises that promote sustainable development. Norfund's overarching mandate is defined in the Norfund Act of 1997. The Act stipulates that Norfund's purpose is to contribute equity and other risk capital, extend loans and provide guarantees for the development of sustainable business and industry in developing countries. The aim is to establish viable, profitable activities that would not otherwise be initiated because of the high risk involved.

Norfund may also perform other management tasks assigned to it by the Norwegian Ministry of Foreign Affairs (the Foreign Office – FO); see Section 1 fourth paragraph of the Norfund Act. Norfund is allocated resources for its activities through grants from the state. Resources are additionally allocated through surplus capital. Norfund is to invest in its own name in appropriate financial instruments such as equity, loans, guarantees etc.

As of 2024, Norfund has two additional mandates:

With effect from 2022, Norfund manages the Climate Investment Fund for Renewable Energy in Developing Countries (the CIF) on behalf of the Foreign Office, pursuant to instructions for management. Norfund's object is to contribute to reducing or avoiding greenhouse gas emissions by investing in renewable energy in developing countries. Independent accounts are also prepared for the CIF.

On behalf of the Foreign Office, Norfund also manages the Investment Fund for Ukraine (since 2024). The object of this fund is to contribute to the development of sustainable business and industry and job creation in Ukraine.

Norfund additionally enhances development effects through the Frontier Facility (FF) scheme. The scheme was established in 2019 through an agreement with the Foreign Office on project development and risk capital. The scheme is intended to enable Norfund to make risk capital available to the most demanding markets, particularly in vulnerable states and the least developed countries (LDCs), where access to early phase risk capital is limited.

Balance sheet and profit and loss items associated with the CIF and FF are presented separately in the notes where relevant. Transactions concerning the CIF and FF are largely subject to the same accounting principles as Norfund generally. The Foreign Office has earmarked reserve capital that is to be used for the FF. Interest, fees, return and unused resources that revert to Norfund are to be used to top up the scheme. Profit and loss items associated with the scheme are recorded directly against Norfund's reserve capital and are not shown as part of the surplus fund.

Note 1 – Accounting policies

This note describes accounting principles, fundamental estimates and discretionary assessments that apply to the financial statements as a whole. Other accounting principles, fundamental estimates and discretionary assessments are described in the respective tables and notes.

1. Basis for preparation

In accordance with Section 25 of the Norfund Act, Norfund's financial statements are presented in compliance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

The investment portfolio is valued at the lower of cost of acquisition and fair value on balance sheet date. This is because the purpose with the investments is to dispose of all or part of each investment, normally after 3–10 years. Norfund has investments that are acquired solely for temporary ownership and held pending sale. For this reason, and pursuant to the first sentence, first paragraph, of Section 3-8 of the Accounting Act, consolidated accounts are not prepared. The provision states that subsidiaries acquired for temporary ownership and held pending sale shall be omitted from consolidation.

The income statement is presented in the manner that provides the most relevant information concerning financial earnings.

The financial statements are prepared with the closing of accounts as of 31 December. They are presented in Norwegian kroner and unless stated otherwise, rounded to the nearest thousand. Rounding differences may occur.

2. Changes in accounting principles, including new and amended standards and interpretations during the period

The accounting principles employed are consistent with those employed in the previous financial year. No new or amended standards or interpretations that took effect for the financial year beginning 1 January 2024 have materially affected the financial statements.

Adopted standards, changes in existing standards and interpretations issued and taking effect from 2024 or later are expected to be immaterial or not relevant for financial reporting at the time of implementation.

3. Financial assets and liabilities - Recognition and exclusion - General

Financial assets and liabilities are recognized on the balance sheet when Norfund becomes a party to the contractual terms of the instrument. Financial assets are excluded when the contractual rights to the cash flows expire, or when the financial assets and the majority of risk factors and of advantages associated with ownership of the assets are transferred. See notes 12 and 13 for investments in loans, equities, funds and liquidity placements.

Financial assets are excluded when they are terminated, i.e. when the obligations specified in the contracts have been fulfilled, cancelled or expired. Acquisition or disposal of a financial asset pursuant to a contract with settlement in line with normal market conditions is recorded at the time of making the agreement.

4. Financial assets and liabilities - Classification and measurement - General

Financial assets are classified on the basis of the business model underlying the management of the assets, and on the characteristics of the contractual cash flows.

Norfund's investment portfolio is managed in accordance with the investment mandate laid down by the Foreign Office and investment strategies laid down by Norfund's executive management. These mandates and strategies, including risk management strategies, mean that all financial assets are managed and followed up on the basis of fair value.

Norfund's financial assets, in the form of equity investments and bonds, are measured as the lower of historical cost or fair value, in accordance with the provisions of the Norwegian Accounting Act. Other financial assets, in the form of loans, are carried at amortized cost. Amortized cost involves carrying balance sheet items according to originally agreed cash flows, adjusted for write-downs. Amortized cost will not always yield values that are consistent with the market's evaluation of the same financial instruments. This may be due to different perceptions of market conditions, risk factors and return requirements.

5. Investment companies

Investments through subsidiaries or associated companies are established exclusively as part of the management of Norfund's mandates. A company is controlled when Norfund is exposed to, or has rights to, variable return on its loan to the company, and has the possibility of influencing this return through its power over the company.

Subsidiaries that are acquired solely for temporary ownership and held pending sale are omitted from consolidation; see the first sentence, first paragraph, of section 3-8 of the Accounting Act.

A discretionary assessment has been conducted of whether Norfund is to be regarded as an investment company in an accounting sense. This is not intended as an evaluation of Norfund's legal position. The conclusion of an overall assessment is that Norfund fulfils the criteria in the definition. The assessment is based on the following factors:

a) Norfund receives funds from the Norwegian state, which is a related party and its sole owner, and delivers professional investment services in the form of management to the Norwegian state,
b) Norfund is obligated by the Norwegian state to invest solely for the development of sustainable commercial activities in developing countries,
c) Norfund measures and evaluates return on portfolio investment on the basis of fair value (although the lower value principle forms the basis for accounting treatment,
d) Norfund does not have an explicit strategy that stipulates a specific date for exiting the individual investment, but investments are assessed continuously and acquisition and disposal evaluations carried out.

5.1 Equity investments in subsidiaries and other companies are treated as current assets.
Norfund treats its equity investments in other companies as current assets. In other words, the equity method is not used, even though Norfund's holdings provide it with considerable influence. This is because the purpose with the investments is to dispose of all or part of each investment, normally after 3–10 years. According to generally accepted accounting practice, such investments are temporary by their very nature and should therefore be included under current assets.

6. Related parties

Norfund is a separate legal entity which is wholly owned by the Norwegian state through the Foreign Office. See general information. All transactions take place on market terms.

For information on transactions with governing bodies and senior executives, see Note 5 Personnel and pension costs.

Norfund's related parties also include companies in which Norfund has direct investments. Norfund has some transactions of an administrative nature with the following companies of this type: Norfinance AS, KNI India AS and KLP Norfund Investments AS. All transactions are according to separate agreements and pricing is based on the arm's length principle.

7. Estimates and uncertainty

Determining estimates and probabilities entails using judgement based on experience and best estimate of future developments. Given Norfund's investment strategy and geographical investment areas, there is a high degree of uncertainty associated with expectations regarding future developments. Specific areas that include extensive estimation and judgement are valuation of equity investments and loans, write-down on equity investments and provision for losses on loans to investment projects.

Note 2 - Investment area information

Norfund's operations fall into five investment areas: Funds, Financial Inclusion, Renewable Energy, Green Infrastructure and Agribusiness and Manufacturing. The Climate Investment Fund is additionally presented in a separate column. The table below provides an overview of the results in each area. The costs of shared functions have largely been allocated according to the number of employees, and are recorded as part of other operating expenses.

(Figures in 1000s of NOK)	Norfund total	Development mandate: Funds	Financial Inclusion	Renewable Energy	Green Infrastructure	Agribusiness & Manufacturing	Administration etc.***	Climate Investment Fund
Operating income								
Interest income	1,355,503	430	532,986	179,131	1,153	120,654	465,664	55,484
Dividends received	578,105	7,373	261,588	293,517	0	7,264	0	8,363
Realized gains	108,784	24,229	58,314	4,004	66	21,849	323	0
Other operating income	43,916	19	20,671	10,598	520	2,140	7,880	2,087
Total operating income	**2,086,308**	**32,051**	**873,559**	**487,250**	**1,740**	**151,907**	**473,867**	**65,935**
Operating expenses								
Value changes investments and receivables	2,155,084	-64,624	467,704	150,786	-6,670	236,559	1,337,150	34,179
Realized losses	-226,131	-6,814	-13,367	-15,582	0	-185,873	-4,495	0
Total realized losses and value change	**1,928,954**	**-71,438**	**454,337**	**135,204**	**-6,670**	**50,686**	**1,332,655**	**34,179**
Payroll expenses	-246,094	-10,513	-40,010	-52,652	-7,326	-38,358	-97,136	-100
Depreciation fixed assets	-5,247	0	0	0	0	0	-5,247	0
Other operating expenses*	-178,190	-4,962	-19,439	-36,296	-3,327	-18,854	-51,751	-43,561
Total other operating expenses	**-429,531**	**-15,476**	**-59,449**	**-88,948**	**-10,652**	**-57,211**	**-154,134**	**-43,661**
Operating results	**3,585,731**	**-54,863**	**1,268,447**	**533,506**	**-15,582**	**145,382**	**1,652,388**	**56,454**
Net financial items**	513,716	-60	11,958	207	0	-22,820	524,554	-124
Profit before tax	**4,099,447**	**-54,923**	**1,280,405**	**533,713**	**-15,582**	**122,562**	**2,176,942**	**56,329**
Taxes	-712	0	0	0	0	-113	-599	0
Profit for the year	**4,098,735**	**-54,923**	**1,280,405**	**533,713**	**-15,582**	**122,449**	**2,176,344**	**56,329**

* Indirect costs have been allocated in proportion to the Climate Investment Fund's share of Norfund's total investments.
**Financial items include exchange rate effects on bank deposits and current liabilities in forex.
*** The column Administration etc. also includes the liquidity portfolio, as administration is not attributed to a particular investment area.

Exchange rate effects (in 1000s of NOK)	**Norfund total**
Realized gains	44,622
Realized losses	165,140
Value changes overall investments	2,366,747
Valuation differences "Other receivables"	242,609
Net financial items	175,917
Total currency effects	**2,995,035**
Profit for the year excluding currency effects	**1,103,700**

Balance sheet (investments and loans) net carrying values*

(in 1000s of NOK)	Norfund total	Development mandate: Funds	Financial Inclusion	Renewable Energy	Green Infrastructure	Agribusiness & Manufacturing	Climate Investment Fund
Investments	33,632,592	4,392,234	11,696,563	10,050,267	107,998	3,870,261	3,515,269
Accumulated loan loss provision	-2,107,986	-738,611	-603,192	-417,209	-10,710	-329,607	-8,656
Total investments per area	**31,524,606**	**3,653,623**	**11,093,370**	**9,633,057**	**97,288**	**3,540,654**	**3,506,613**

* Excludes liquidity placements

Investment area information by geographical region:

(in 1000s of NOK)	Africa	Asia	America	Unspecified	Total
Loans to investments	3,922,956	1,179,263	3,375,597	281,386	8,759,202
Equity investments	12,183,761	2,564,335	1,264,461	3,246,233	19,258,790
Loans to investment in the Climate Investment Fund	411,067	367,116	0	0	778,184
Equity investment in the Climate Investment Fund	369,057	2,145,430	0	213,942	2,728,430
Total balance sheet	**16,886,842**	**6,256,145**	**4,640,058**	**3,741,561**	**31,524,606**
Interest income	505,142	105,674	346,640	398,047	1,355,503
Dividends received	329,168	11,296	58999.73643	178,641	578,105
Realized gains	40,222	5,942	59,123	3,497	108,784
Other operating income	17,483	6,977	12,130	7,325	43,916
Total operating income	**892,016**	**129,889**	**476,893**	**587,510**	**2,086,308**
Value changes investments and receivables	527,053	111,320	324,665	1,192,046	2,155,084
Realized losses	-196,021	-6,917	-18,991	-4,202	-226,131

Note 3 - Exited investments

In 2024 Norfund exited from three funds and seven equity investments. These yielded the following internal rate of return (IRR*):

IRR (NOK) during Norfund's time as owner:	%	Cost price NOK million	Comment
ARREND Central America	20.3%	23	*Only partly exited in 2024, IRR calculated on the basis of total investment*
Cambodia-Laos Development Fund	4.9%	7	
Basecamp Explorer	4.8%	36	
Scatec ASYV	-0.1%	4	
Agrivision	-7.0%	162	
AfriCap Microfinance Investment Co	-8.8%	9	
Lake Harvest Group	-13.3%	162	
Sunshine	-14.9%	15	
Kandeo Fund	-73.8%	4	
African Century Nampula	-83.4%	5	

* IRR represents the annual return that yields net present value of cash flows from investments equal to zero. Cash flows consist of investments, repayments, allocations and fees on exiting.

Note 4 - Realized losses and value changes

Value changes include the effect on earnings of updated valuations (write-down and reversal of previous write-downs) and currency effects associated with Norfund investments and receivables. Norfund's profit has been substantially affected by currency effects due to a weaker Norwegian krone against Norfund's primary currency, USD. In the table below, all currency effects associated with the various investments and other receivables are presented. Other receivables are mainly associated with vendor credit (see Note 11).

Value changes (in 1000s of NOK)	**2024**	**2023**
Total change in value investments	1,915,244	226,431
Total change in value other receivables	239,841	61,410
Total value changes	**2,155,084**	**287,840**
Value change investments excl. forex	-451,503	-225,373
Value change other receivables excl. forex	-2,768	-1,199
Total change in value excl. forex	**-454,271**	**-226,572**
Currency effects investments	2,366,747	451,803
Currency effects “Other receivables”	242,609	62,609
Total change in value due to currency effects	**2,609,356**	**514,412**

Realized losses (in 1000s of NOK)	**2024**	**2023**
Realized loss on investments excl. forex	-391,271	-121,101
Realized currency effects	165,140	-213
Total realized lossincl. forex	**-226,131**	**-121,313**
Total value changes and realized losses	**1,928,954**	**166,527**

Note 5 - Personnel and pension costs

Statement on the setting of salaries and other remuneration for senior employees
In setting salaries and other remuneration for senior employees, Norfund complies with “Government guidelines for executive salaries in companies in which the state has an ownership interest”, laid down by the Norwegian Ministry of Trade, Industry and Fisheries on 12 December 2022. These form the basis for the preparation of the Board of Directors’ statement for 2024.

Guidelines for Norfund on the setting of salaries and other remuneration in 2024
The following guidelines apply to the setting of salaries for senior Norfund employees up to the ordinary General Meeting in 2025:

The remuneration system is designed to attract and retain competent personnel. In setting salaries, emphasis is placed on the individual’s contribution to fulfilling Norfund's mandate.
Norfund wishes to promote moderation in executive salaries. The aim in setting salaries is that senior Norfund employees should have pay conditions that are competitive, but not at the top end of the scale, to ensure that Norfund secures and retains sufficient expertise.

Norfund considers that other government funds such as the National Insurance Scheme Fund, EksFin (Export Finance Norway) and Investinor form relevant benchmarks.

Setting of salaries
The Board sets the salary of the managing director. The managing director sets the salaries of the corporate heads of department who report to him, after executive salary conditions have been endorsed by the Board. This group consists of senior employees. Norfund’s pay conditions for senior employees consist of fixed salary, pension and insurance schemes and other benefits that cover newspapers, electronic communications etc. The fixed salary is subject to regulation in line with pay developments in the financial sector, represented by reference figures from Finance Norway, the results of the main settlement and for the companies Norfund has defined as its peers, and an assessment of the individual’s performance and goal achievement. The managing director sets annual goals for the individual member of the management team and the Board sets goals for the managing director.

Senior employees have three months notice of termination. The CEO has an agreement for pay after termination of employment equivalent to 6 months’ salary. This arrangement is in line with the guidelines for salary and other remuneration.

Pension and insurance conditions
Norfund has both a defined contribution plan and a defined benefit plan. In 2018 Norfund closed its defined benefit pension scheme to new employees, and the transition to the new scheme was voluntary for existing employees. Employees who have been taken on since then are only offered the defined contribution plan.

Norfund has both funded and unfunded pensions and payment obligations in the defined benefit pension plan. All essential funded and unfunded plans are included in the company's actuarial settlement. As at 31.12.2024 the defined benefit scheme has a total of 25 active members. The defined benefit scheme entitles the individual to defined future benefits and depends primarily on the number of years of service, pay level on reaching retirement age and the size of National Insurance benefits. Agreements entered into prior to 2018 exceed the current guidelines for senior executive salaries, as the previous scheme entailed a full service period of 30 years and pension payments of 70% of salaries up to 12 G The pension scheme satisfies the requirements of the Act on Mandatory Occupational Pensions. In the unfunded scheme, rights are earned in excess of 12 G. This scheme was closed to new members in 2012. The scheme, which is funded from operations, consists of 66% of pay in excess of 12G with a retirement age of 67 and a full service period of 30 years in the calculation base. If the service period is calculated as being less than 30 years, the pension is reduced proportionately. On termination of employment or on reaching retirement age, employees receive a settlement for the value of the amount saved. As at 31.12.2024, the unfunded scheme has 3 active members.

In the defined contribution scheme, 7% of salary is set aside from pay from 0–7.0 G, and 20% from salaries of 7.1–12 G. The costs of both schemes are included in the calculation of pension expenses. As at 31.12.2024, 86 employees are covered by the defined contribution plan.

Senior Norfund employees are covered by insurance schemes that apply to all Norfund employees.

Wages, salaries and other payroll expenses

(in 1000s of NOK)	2024	2023
Wages and salaries	170,975	150,561
Employer's social security contribution	30,977	27,965
Pension expenses	24,357	23,008
Other benefits	19,785	17,042
Total wages, salaries and other payroll expenses	**246,094**	**218,575**

Remuneration for the management team 2024	Title	Salary	Bonuses*	Insurance and other payments in kind	Pension	Total
Jan Tellef Thorleifsson	CEO	3,299,051	0	22,945	239,428	**3,561,425**
Ylva Lindberg	EVP Strategy & Analysis	2,149,706	0	31,511	245,502	**2,426,719**
Fride Andrea Hærem	EVP CFO	2,148,375	0	27,243	248,468	**2,424,086**
Thomas Fjeld Heltne	EVP Legal Department	2,147,534	0	26,629	236,106	**2,410,269**
Erik Sandersen	EVP Financial Institutions	2,360,432	0	33,383	538,973	**2,932,788**
Mark Davis	EVP Renewable Energy	2,458,796	0	33,383	1,263,324	**3,755,503**
Ellen C. Rasmussen	Scalable Enterprises	2,360,291	0	22,945	247,868	**2,631,104**

Remuneration for the management team 2023	Title	Salary	Bonuses*	Insurance and other payments in kind	Pension	Total
Jan Tellef Thorleifsson	CEO	3,191,303	0	20,067	225,387	**3,436,757**
Ylva Lindberg	EVP Strategy & Analysis	2,019,038	0	87,867	230,055	**2,336,959**
Fride Andrea Hærem	EVP CFO	2,019,038	0	29,411	234,095	**2,282,544**
Thomas Fjeld Heltne	EVP Legal Department	2,019,038	0	22,403	221,709	**2,263,149**
Erik Sandersen	EVP Financial Institutions	2,122,312	0	63,450	517,607	**2,703,369**
Mark Davis	EVP Renewable Energy	2,309,012	0	46,347	1,317,000	**3,672,359**
Ellen C. Rasmussen	Scalable Enterprises	2,122,302	0	39,923	233,716	**2,395,940**

A separate Executive Pay Statement has been prepared which contains more details on pay for senior employees.

Remuneration to Norfund's Board of Directors
Norfund's Board of Directors consisted in 2024 of the Chair and eight Board members, two of whom were elected by the employees.
In 2024 the General Meeting set remuneration for the Chair at NOK 324 000 (NOK 308 000 in 2023), while remuneration for the Board members was fixed at NOK 162 000. Representatives elected by the employees do not receive compensation. In 2024 the General Meeting set remuneration for the chair of the Risk and Audit Committee at NOK 88 000 and for the members of the committee at NOK 76 000.

Bonuses
The company has no share or option schemes for its employees, and there are no plans for such schemes. Senior executives do not have a right to a bonus.
Of the other employees, 106 of a total of 138 employees with a right to a bonus received a bonus for 2024. The highest total bonus award in 2024 was NOK 100 000.
The bonus scheme accounted for 2.6% of Norfund's payroll expenses, a total of NOK 4 416 000. Bonuses are awarded to employees who have presented outstanding performances and behaviour, either individually or as a team.

Number of permanent employees
The company has 157 employees at the end of 2024 (144 in 2023), of whom 149 in permanent positions (134 in 2023). The number of full-time equivalents at year-end was 150 (139).

Pensions at regional offices
In addition to the pension plans for employees in Norway described above, local employees at Norfund's regional offices in South Africa, Ghana, Thailand, Kenya and Costa Rica have defined contribution pension plans. Norfund therefore has no obligations other than what has been paid through the year. In 2024, NOK 5 796 000 (NOK 2 322 000 in 2023) was expensed in connection with these schemes.

Financial assumptions defined benefit pension

	2024	2023
Discount rate	3.90%	3.10%
Expected return on plan assets	3.90%	3.10%
Salary adjustment	4.00%	3.50%
Pension adjustment	3.75%	3.25%
Adjustment of the basic amount (G) in the National Insurance System	3.75%	3.25%
Turnover	9.00%	9.00%
Employer's social security contribution	19.10%	19.10%

Calculated net pension expenses

(in 1000s of NOK)	2024	2023
Net present value of pensions earned in the period	10,037	9,997
Capital cost of previously earned pensions	5,272	4,678
Expected return on plan assets	-3,828	-3,371
Administrative costs	93	92
Accrued employer's social security contribution[1]	2,211	2,177
Net pension expenses for the year incl. employer's contribution	**13,784**	**13,573**

[1] Employer's social security contribution is calculated on the amount paid in.

Estimated pension obligations

(in 1000s of NOK)	Funded	Unfunded	2024
Estimated pension obligations	138,962	21,715	160,677
Estimated plan assets [1]	120,760	0	120,760
Net pension obligations 31.12.	18,202	21,715	39,917
Accrued employer's social security contribution[2]	3,477	4,148	7,624
Net pension obligations 31.12.	**21,679**	**25,863**	**47,541**

[1] Estimated plan assets consist of paid premiums invested in Nordea Life & Pension.

[2] Accrued employer's social security contribution is based on net pension liability.

Reconciliation Opening balance – Closing balance

(in 1000s of NOK)	2024	2023
Carrying amount net pension obligations 01.01 incl. employer's social security contribution	58,935	59,951
Net pension expenses for the year incl. employers social security contribution	13,784	13,573
Actuarial gain/loss charged directly to equity	-12,452	2,419
Pensions paid, early retirement / unfunded, incl. employer's social security contribution	-2,701	-1,492
Payments into the pension plan etc., incl. employer's social security contribution	-10,025	-15,517
Carrying value net pension obligations 31.12 incl. employer's social security contribution	**47,541**	**58,935**

Investment of plan assets

Nordea Life's asset mix*	30/09/24	30/09/23
Property	11.2 %	12.5 %
Equities	11.9 %	11.5 %
Bonds at amortized cost	72.8 %	72.3 %
Short-term bonds/certificates	4.0 %	3.6 %
Other	0.1 %	0.1 %
Total financial assets	**100.0%**	**100.0%**

* Known values as at calculation date

Norfund has made payments into a separate fund intended to meet future obligations related to the unfunded scheme, the carrying value of which was NOK 28.4 million at 31.12.2024.

Accounting principles

"Pay" covers all types of remuneration to own employees and is expensed as it is earned. Ordinary pay may be both fixed pay and hourly pay and is recorded as and when it is earned or disbursed. Holiday pay is earned on the basis of ordinary pay and is normally disbursed in the holiday months the following year. Bonuses are paid on the basis of criteria for the current year as explained above. Employer's social security contribution is calculated and expensed for all pay-related expenses and is normally paid in arrears every second month. Norfund also pays current social taxes as they are incurred for employees at regional offices.

Pension obligations are calculated on a straight-line earnings basis, taking into account assumptions regarding years of service, discount rate, future return on plan assets, future changes in pay, pensions and National Insurance benefits, and actuarial assumptions regarding mortality, voluntary retirement etc. The chosen principle is the IAS 19R option of Norwegian Accounting Standard 6 (NRS 6), with unamortized actuarial losses over equity.

Plan assets are stated at fair market value. Net pension obligation comprises gross pension obligation less the fair value of plan assets. Net pension obligations from underfunded pension plans are included on the balance sheet as a provision, while net plan assets in overfunded schemes are included as long-term interest-free receivables if it is likely that the overfunding can be utilized. Employer's social security contribution is based on net plan assets.

The effect of changes in pension plans with retroactive effect not conditional on future earnings is defined as an actuarial gain or loss and charged directly to the company's equity.

Net pension expenses, which consist of gross pension expenses less estimated return on plan assets, are classified as an ordinary operating expense and presented together with payroll expenses. Employer's social security contribution is calculated on contributions paid to the pension plans.

Note 6 - Fixed assets

(in 1000s of NOK)	Equipment and vehicles, fittings and fixtures, etc.	Works of art	Total
Cost of acquisition at 01.01	40,503	1,463	41,966
+ acquisitions during the period	4,471	49	4,520
Cost of acquisition 31.12	**44,974**	**1,512**	**46,486**
Accumulated ordinary depreciation at 01.01	25,769	0	25,769
+ ordinary depreciation for the period	5,247	0	5,247
Accumulated ordinary depreciation at 31.12	**31,016**	**0**	**31,016**
Carrying value for accounting purposes at 31.12.2024	**13,957**	**1,512**	**15,470**
Depreciation period	*3–5 years*	*Non-depreciable*	

Accounting principles

Fixed assets are recorded at historical cost reduced by commercial depreciation based on the estimated economic life of the asset in question.

Note 7 - Other operating expenses

(in 1000s of NOK)	2024	2023
Seminars, conferences, upgrading of competencies	9,305	8,372
Travel expenses	23,748	24,799
External assistance, projects	73,121	53,590
External assistance, other	23,265	18,376
Rent, Oslo, including joint expenses	13,434	11,411
Rent regional offices	4,940	5,043
Other expenses	30,377	31,151
Total operating expenses	**178,190**	**152,742**

(in 1000s of NOK)	Original operating expenses 2023	Reclassified 2023	Recast operating expenses 2023
Provision for losses on receivables (reclassified to “Value changes investments and receivables”)	1,199	-1,199	0
Other operating expenses from liquidity placements	0	6,044	6,044
Other operating expenses	146,698	0	146,698
Total operating expenses	**147,897**	**4,845**	**152,742**

In 2024 Norfund decided to reclassify the effects on results of liquidity placements from the financial to the operating results. These include service costs, defined in the table above as “Other operating expenses from liquidity placements”. Norfund also decided to classify the provision for losses on receivables from operating expenses to “Value changes investments and receivables”.

Primary rental contracts	Lease period	Annual rental costs
Premises Fridtjof Nansens Plass 4, Oslo	15.11.16 - 31.12.2026	7,144,632
Premises 4th floor Klingenberggaten 4	1.6.23 - 31.12.2027	3,045,292

In addition there are lesser rental agreements for the five regional offices.

Auditor's fee

(in 1000s of NOK)	2024	2023
Statutory audit	1,641	1,373
Other services (including legal services)	928	541
Total	**2,569**	**1,914**

Auditor’s fee is inclusive of VAT.
In addition, business partners of Deloitte AS in other countries delivered other services expensed in the amount of NOK 0.9 million (NOK 1.6 million. in 2023) excl. VAT.

Note 8 - Net financial items

(in 1000s of NOK)	2024	2023
Other interest income	335,121	245,830
Other financial income	255,413	75,833
Other financial expenses	-76,818	-173,195
Net financial items	**513,716**	**148,468**

In 2024 Norfund decided to reclassify interest income earned from liquidity placements (Note 13) and vendor credit (Note 11) from the financial to the operating results.
The reclassification also includes currency effects, value changes, service costs and realized net gains/losses on other short-term placements and vendor credit.

The table above shows figures for 2023, which have been recast in accordance with the change in classification. Reclassified amounts appear on the table in the column “Recast net financial items 2023”. Reclassified effects other than interest income (mentioned above) appear under financial income and expenses. Residual interest income classified under financial items relates to bank deposits in Note 14. Financial income and expenses are related to currency effects of bank deposits in foreign exchange. The reclassification has been made because the management of a liquidity portfolio of a substantial size will be regarded as operating effects in an investment company such as Norfund. Tax at source has also been reclassified as interest income, as described in Note 9.

(in 1000s of NOK)	Original 2023	Reclassified 2023	Adjusted tax 2023	Recast net financial items 2023
Other interest income	657,816	-411,986	0	245,830
Other financial income	558,820	-482,987	0	75,833
Other financial expenses	-143,264	-29,930	0	-173,195
Net financial items (reclassified)	**1,073,371**	**-924,903**	**0**	**148,468**

(in 1000s of NOK)	Original 2023	Reclassified 2023	Adjusted tax 2023	Recast other items 2023
Interest income	679,886	411,986	-11,448	1,080,424
Realized gains	467,210	521	0	467,731
Other operating expenses	-147,897	-4,845	0	-152,742
Value changes investments and receivables	0	517,241	0	517,241
Net operating items (reclassified)	**999,199**	**924,903**	**-11,448**	**1,912,654**

Note 9 – Taxes

Norfund is exempt from tax in Norway; see Section 2-30 (1e) of the Norwegian Taxation Act. Tax expenses relate to tax on the activities of regional offices abroad (corporate income tax).
As at 31.12.2024, NOK 0.4 million had been allocated for paying tax at regional offices.

(in 1000s of NOK)	2024	2023
Corporation tax abroad	712	474

In 2024 Norfund decided to reclassify tax at source on interest income from tax expenses to reduction of underlying income.
The figures for 2023 have been recast in accordance with the new classification. In both 2023 and 2024 tax at source was mainly paid on interest income, and carried as a reduction of interest income
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(in 1000s of NOK)	Original taxes 2023	Reclassified as interest income 2023	Recast taxes 2023
Corporation tax abroad	11,922	-11,448	474

Accounting principles

Norfund is exempt from tax liability for its activities in Norway, but is liable for tax in a number of foreign markets. Tax expense in the income statement comprises tax on income in our regional offices abroad which is not refunded through local tax legislation or agreements. Norfund also pays tax at source on interest from foreign investments. Tax at source on interest is deductible from interest income. This tax is largely recovered at source.

At the same time, tax at source, or deductions for refundable amounts, is recognized as interest income Other income tax, which is not recovered at source, is recognized in the income statement as a tax expense at the same time as the related income or gain. Current tax is recognized as a liability in the balance sheet under other current liabilities until it is settled.

Note 10 - Equity

(in 1000s of NOK)	Primary capital	Reserve capital	Surplus fund	Total equity
Equity as at 31.12.2023	19,793,717	6,840,790	15,014,835	41,649,341
Capital supplied in 2024	2,114,864	813,288	0.0000	2,928,152
Correction previous years' earmarked reserve capital Frontier Facility	0	137,449	0.0000	137,449
Actuarial gains/losses, pensions	0	0	12,446	12,446
Net surplus for the year	0	9,918	4,088,817	4,098,735
Equity at 31.12.2024	**21,908,581**	**7,801,445**	**19,116,097**	**48,826,124**
of which the Climate Investment Fund	*2,250,000*	*750,000*	*3,023,009*	*6,023,009*
of which Frontier Facility	0	245,568	0	*245,568*
of which Ukraine Fund	125,000	125,000	0	*250,000*

Of the capital received in 2024, 75% was allocated to primary capital and 25% to reserve capital, NOK 1 billion of which belongs to Climate Fund investments. In December 2024 Norfund was assigned a mandate to invest in Ukraine through a separate Ukraine Fund. The Norwegian Government granted NOK 250 million to the mandate in 2024. Of the capital supplied to the Ukraine Fund, 50% was allocated to primary capital and 50% to reserve capital.

Frontier Facility (FF)

In 2019 the Storting established a special scheme, the Frontier Facility (formerly the Norwegian Investment Fund for Developing Countries). The scheme enables Norfund to make risk capital available in the most demanding markets. This applies to especially vulnerable states and the least developed countries (LDCs), where access to risk capital is limited. Resources for the FF are transferred to Norfund as an earmarked portion of the reserve capital. The use of this earmarked portion is explained in the table below. Interest, fees, return and unused resources that revert to Norfund are to be used to top up the scheme.

In 2024, the Storting granted NOK 25 million to the scheme. The total received in the period 2019 to 2023 was NOK 210.6 million. At the end of 2024, NOK 52.4 million remained to be allocated, while NOK 124.1 million of allocated capital (committed and approved projects) had not yet been disbursed. The scheme was previously explained in Note 15, and entered as current debt to the Foreign Office. In 2024 it was moved in its entirety to equity. The overview below shows total resources received, invested and paid in.

(in 1000s of NOK)	Earmarked portion of reserve capital for FF	Investments (disbursements)	Receipts (interest/charges /return)	Outstanding amounts
Opening balance 31.12.23	210,649	-66,194	26,820	171,276
Movements 2024	25,000	-21,452	1,234	4,782
Other interest income	0	0	425	0
Reserve capital 31.12.24	**235,649**	**-87,646**	**28,479**	**176,483**

(in 1000s of NOK)	Profit/loss 2024
Other operating income	1,234
Other interest income	425
Realized gains	8,633
Exchange rate adjustment of loans	0
Value change portfolio	-373
Net profit 31.12.24	**9,918**

(in 1000s of NOK)	Reserve capital	Period / year
Earmarked grant recorded reclassified from debt to FO 2023	137,449	2019-2020
Earmarked grant recorded under reserve capital 2023	73,200	2021-2023
Earmarked grant FF 2024	25,000	2024
Earmarked share of reserve capital FF 31.12.24	**235,649**	

With effect from 2024 we have classified earmarked grants to FF as equity. We have reclassified NOK 137.5 million of earmarked grants from the period 2019 to 2020 from debt to FO (Note 15) to reserve capital. The net profit as at 31.12.24 was NOK 9.9 million of which NOK 8.6 million is related to the realized gains of previous years. The cash flow element of effects on results is taken into account in outstanding amounts.

Note 11 - Other receivables

(in 1000s of NOK)	2024	2023
Accrued interest loans	182,645	146,545
Accrued interest liquidity placements and vendor credit	130,816	127,205
Vendor credit	2,360,281	2,042,448
Other assets	62,470	46,603
Total other receivables	**2,736,212**	**2,362,800**

Other receivables consist mainly of interest-bearing vendor credit and accrued interest.
Of vendor credit of NOK 2 360 million, NOK 2 271 (USD 200 million) is associated with Scatec, and is a result of the sale of SN Power. The vendor credit has an interest rate of 3.26% + SOFR up to January 2028. After this the rate increases to 30%. The vendor credit falls due in its entirety in January 2028, with a small repayment of USD 30 million in June 2025.

Accounting principles

Other receivables are carried at the lower of acquisition cost or fair value. A loss allocation is made in the cases where fair value is lower than acquisition cost. Receivables in forex are valued at the exchange rate at the end of the financial year in accordance with Section 5-9 of the Norwegian Accounting Act. Currency effects associated with outstanding vendor credit appear in the accounts under “Value changes investments and receivables”. Interest is recorded as and when it is estimated to be earned and appears as interest income in the income statement. In the event of known losses, recorded interest is reversed. When loans to development projects are classified as problem loans and written down, a decision is taken that interest should not continue to be recorded. When loans are written down, no interest is therefore taken to income.

Note 12 - Investments

Loans to investment projects per investment area (in 1000s of NOK)	Historical cost	Accumulated write-downs	Carrying value
Financial Institutions	5,730,205	-80,189	5,650,016
Green Infrastructure	1,299	0	1,299
Renewable Energy	1,822,362	-159,753	1,662,609
Agribusiness and Manufacturing	1,442,190	-67,512	1,374,678
Funds	46,705	0	46,705
Climate Investment Fund	778,184	0	778,184
Frontier Facility	23,895	0	23,895
Total loans	**9,844,839**	**-307,453**	**9,537,386**

Repayment of loans
In the course of 2024, 19 loans were repaid (16 in 2023) while three were converted into equity.

Write-downs and known loan losses
A loan is assessed for possible non-performance when borrower has not made payments within 60 days of the due date. Examples of circumstances that indicate non-performance or losses are significant financial problems on the part of debtor, restrictions on foreign exchange transfers in countries in which debtor operates, debt settlement proceedings or winding up of a business. Key considerations when assessing whether the client will be able to repay the loan are for example the general market situation, company-specific factors, the risk of bankruptcy and associated collateral. See specification by age below. Depending on the assessed probability of repayment, the individual loan is wholly or partly written down. This applies to both outstanding principal and accumulated interest.

On balance sheet day, Norfund had 8 loans (10 in 2023) which were regarded as non-performing. The total amount of interest and payments due on these was NOK 152 million (NOK 188 million in 2023) and the total amount outstanding was NOK 221 million (NOK 255 million in 2023). Two loans were considered to be wholly or partly lost in 2024, with a total loss of NOK 2 million.

Days past due date	ounts due in NOK millions
0-60*	1
61–120	2
Over 121	149
Total	**152**

Equity investments in funds per investment area (in 1000s of NOK)	Historical cost	Accumulated write-downs	Carrying value
Financial Institutions	1,053,668	-63,766	989,902
Green Infrastructure	95,425	-10,701	84,725
Renewable Energy	447,771	-15,376	432,395
Agribusiness and Manufacturing	841,507	-176,533	664,974
Funds	4,286,144	-713,849	3,572,295
Climate Investment Fund	25,586	-3,586	22,000
Frontier Facility	27,302	-487	26,815
Total invested in funds	**6,777,403**	**-984,298**	**5,793,105**

Equity investments in shares per investment area (in 1000s of NOK)	Historical cost	Accumulated write-downs	Carrying value
Financial Institutions	4,941,005	-487,550	4,453,455
Renewable Energy	7,752,434	-259,880	7,492,555
Agribusiness and Manufacturing	1,644,869	-147,840	1,497,029
Funds	50,879	-24,608	26,271
Climate Investment Fund	2,711,499	-5,070	2,706,429
Frontier Facility	20,221	-1,845	18,376
Total invested in equities	**17,120,907**	**-926,793**	**16,194,114**
Total invested in equities and funds	**23,898,311**	**-1,911,091**	**21,987,220**

Pursuant to Norfund’s Statute 12, Norfund’s injection of capital into a portfolio company shall not exceed 35% of the company’s total equity. Norfund's share of the equity may be higher in special cases, but nonetheless such that the Fund's total equity holding does not exceed 49% of the portfolio company's total equity.

Accumulated write-downs are expected, not yet realized, losses on investments based on the most recent valuation.
As at 31.12.24 Norfund had a total contractual outstanding investment commitment of NOK 9 606 million, based on the closing rate on the balance sheet date.

Accounting principles	*Loans to investment projects*

Recognition and exclusion: Financial assets and liabilities are recognized on the balance sheet when Norfund becomes a party to the contractual terms of the instrument. Financial assets are excluded when the contractual rights to the cash flows expire, or when the financial assets and the majority of risk factors and of advantages associated with ownership of the assets are transferred (Notes 2 and 12). Financial assets are excluded when they are terminated, i.e. when the obligations specified in the contracts have been fulfilled, cancelled or expired. Acquisition or disposal of a financial asset pursuant to a contract with settlement in line with normal market conditions is recorded at the time of making the agreement.

Presentation and measurement (incl. write-downs): Loans to investment projects form part of Norfund's investment portfolio. They are regarded as current assets and carried at amortized cost according to the straight-line allocation method. When estimating necessary write-down of loans, both the current and the anticipated future financial position of borrowers are considered. Valuations and write-downs, if relevant, are made for the individual loans. Group write-downs are not made on the company's loan portfolio. There will be uncertainty associated with valuation of loans and associated collateral. Write-downs for financial assets measured at amortized cost are recognized as a negative value change in the item “Value changes investments and receivables” in the operating results.

Recognition of interest income and other operating income: Interest income on loans is recognized as it is accrued. Measurement of interest income is based on contractual conditions. When loans to development projects are classified as problem loans, a decision is taken as to whether interest should continue to be recorded. When loans are written down, no interest is taken to income. In the event of known losses, recorded interest is reversed. Front-end fees invoiced when a loan is set up are recognized over the life of the loan. If the loan is redeemed, any residual of the fee recorded on the balance sheet is taken to income. Other operating income consists of front-end fees, directors' fees and other project income associated with the investment portfolio.

Realized losses: Losses on loans to investment projects as a result of insolvency, the winding-up of a company and the like, are recognized as known losses and presented under “Realized losses”.

Converting foreign exchange to NOK: The exchange rate at the time of the transaction is used when keeping accounts of transactions in foreign currency. Assets and liabilities in foreign currency are translated into NOK at the exchange rate prevailing at the balance sheet date. In the income statement, the forex factor associated with realized losses is presented under “Realized losses” and the forex element of realized gains is presented under “Realized gains”. The currency effects associated with value changes are presented under “Value investments and receivables” and classified as part of the operating results.

Accounting principles	*Investments in equities and funds*

***Recognition and exclusions*:** Investments in equities and funds are recorded on the balance sheet when Norfund becomes a party to the contractual terms of the instrument. Financial assets are excluded when the contractual rights to the cash flows expire, or when the financial assets and the majority of risk factors and of advantages associated with ownership of the assets are transferred (Notes 2 and 12).

Presentation and measurement (incl. write-downs): Norfund's investments consist almost exclusively of non-listed equities or equities that are traded in non-liquid markets. Placing a value on these therefore implies very considerable uncertainty. Investments in equities and funds (equity investments in companies) are valued at the lower of historical cost or assumed fair value in Norwegian kroner (NOK) on the basis of a concrete evaluation of each investment. Norfund makes individual valuations of all its investments, and adjusts the value according to assumed fair value of the assets. Because of the nature and volume of the investment portfolio, the management calculates estimates, makes discretionary assessments and makes assumptions that affect the carrying values of the investments. Estimates of fair value are calculated continuously and are based on historical experience, known information and other factors that are regarded as probable and relevant on balance sheet date. No group write-downs are made on the company's equity investments.

When investments are exited wholly or in part, the gain/loss is calculated on the basis of the original cost in NOK compared with the exchange rate on the date of the exiting transaction. This means that gain or loss presented in the accounts will be a function of changes in exchange rates and the change in the value of the investment expressed in foreign currency. See also the section on conversion of foreign currency to NOK.

Taking dividends to income: Dividend is recognized on the date when the General Meeting of equivalent decision-making body formally declares a dividend. The item ”Dividends” is presented as part of operating income. Operating income includes gain on sale of shares/ownership interests in other companies, interest on loans made to other companies, directors' fees and other project income.

Changes in the value of investments in funds are calculated for the individual fund as they arise. Disbursements from funds are regarded as repayment of investments or dividend based on the value added to the investments. The calculation is based on the last known valuation. When Norfund receives fund reflows, the share in excess of historic cost is entered against the fair value as dividend. The amount in excess of fair value is regarded as repayment of paid-in capital. If the valuation shows, for example, that Norfund has 20% value added of the historical cost paid, 20% of the reflow from the fund is taken to income as dividend. The remainder is entered against historic cost (equity investment).

***Realized gain / loss*:** Realized gain / loss mainly consists of amounts realized when assets or commitments are excluded. In the event of exclusion, average cost of acquisition is assigned. Realized gain/loss includes transaction costs, which are charged against income as they accrue. Transaction costs are defined as all costs that are directly attributable to the transaction carried out. For investments in equities and bonds these consist of normal broker's commissions and stamp tax.

Gains on disposals of equities/ownership interests in other companies are recognized in the year in which the disposal takes place and presented under “Realized gains”.

Known losses on equity investments as a result of insolvency, the winding up of a company and the like, and losses on sale of equities, are presented under “Realized losses”.

***Converting foreign exchange to NOK*:** The exchange rate at the time of the transaction is used when keeping accounts of transactions in foreign currency. In the income statement, the forex element associated with realized losses is presented under “Realized losses” and the forex element of realized gains is presented under “Realized gains”. The currency effects associated with value changes are presented under “Value changes investments and receivables” and classified as part of the operating results.

Equity instruments are carried at historical cost in original currency and converted to NOK at the exchange rate on the transaction date. The currency effect is carried in the income statement as currency effects.

Unrealized losses on exchange will be recorded if the exchange rate is lower on balance sheet day than on the transaction date. Unrealized loss on exchange is recorded as unrealized currency effects in the income statement and as an adjustment to the value of the equity investment.

Unrealized losses on exchange will be recorded if the exchange rate on balance sheet day is higher than the exchange rate on the transaction date. Unrealized gain on exchange is recorded as an unrealized currency effect in the income statement and as an adjustment of the value of the equity investment with an upper limit of historic cost price according to the lowest value principle. If the upper limit is exceeded, unrealized gain on exchange is not recorded.

Note 13 - Liquidity placements

Norfund's liquidity placements are largely associated with the management of excess liquidity. Various types of instrument are used in this management (time deposits, loans and bonds). The aim is to obtain the highest possible return on surplus liquidity pending investment within Norfund's mandate and at the same time ensure that the resources are liquid.

Liquidity placements

(in 1000s of NOK)	2024	2023
Fixed-term deposits (1 to 6 months)	2,686,493	2,208,569
Lending to banks of surplus liquidity in our markets	1,884,034	1,380,564
Bonds	3,786,354	4,492,314
Liquidity placements	**8,356,880**	**8,081,447**

As a consequence of the exit from SN Power in 2021, substantial liquidity became available and was placed in temporary investments: Norfund has given loans to three banks with an average interest rate of 1.5% + SOFR and a term of 5 years, with linear repayment after the first year. Bank deposits in USD have also been made.

In addition, in July 2021 Allianz was commissioned to manage USD 500 million. The portfolio consists of highly liquid covered bonds and has a weighted credit rate of AA+. The average residual maturity of the portfolio is 2.1 years. The portfolio is largely invested in development banks, i.e. within the same line of business as Norfund itself. Up to 40% can be invested in other sectors, nonetheless, but the bonds must then meet the requirements of being green and sustainable or having a social impact. Norges Bank's Investment Management's exclusion list is also applied. From 2022 to 2024, Norfund transferred resources from redeemed bonds totalling USD 175 million from the portfolio to Norfund's ordinary operations account. At the beginning of the year, 41% of the portfolio was invested in euros (EUR) and 5% in sterling (GBP), but hedged against USD. At the end of 2024, all investments in GBP had been redeemed and the remaining portfolio invested in EUR (estimated share of fair value converted into USD).

Three-month rolling futures contracts have been used for currency hedging. As at year-end, 1 232 forward contracts had been entered in order to hedge 48% of the portfolio in EUR. This means that Allianz has hedged the whole portfolio against USD. The value of the portfolio was falling from 2021 to 2022 because of expectations of higher key interest rates. Since 2023 the value change has been positive. Norfund intends to hold the portfolio until maturity, so that the average annual return is estimated at 1.5% for the life of the portfolio.

The other table shows change in book value through redemption of bonds in the portfolio. There was a positive change (increase of NOK 180 million) in the value of the bond portfolio from 2023 to 2024.

Bonds	Instrument currency	Acquisition in instr. currency (historical cost)	Fair value in instr. currency	*Value change instr. currency*	Book value in NOK
Financial Institutions	EUR	62,785	59,896	*-2,890*	706,468
Financial Institutions	USD	18,705	17,687	*-1,018*	200,808
Manufacturing	EUR	3,194	3,082	*-111*	36,357
Manufacturing	USD	18,709	17,480	*-1,229*	198,458
Supply	EUR	16,019	14,733	*-1,286*	173,778
Enterprises		**119,412**	**112,878**	***-6,534***	**1,315,868**
Development finance institutions	EUR	21,930	21,039	*-890*	248,157
Development finance institutions	USD	10,022	9,900	*-122*	112,394
Local authorities	EUR	7,337	7,116	*-220*	83,937
Supranational authorities	EUR	49,384	46,816	*-2,569*	552,194
Supranational authorities	USD	123,808	119,431	*-4,377*	1,355,952
Public authorities		**212,481**	**204,302**	***-8,178***	**2,352,634**
Total bonds		**331,893**	**317,181**	**-14,712**	**3,668,502**
Cash and accrued interest					
Cash and accrued interest	EUR	1,678	1,678	*0*	19,790
Cash and accrued interest	GBP	10	10	*0*	144
Cash and accrued interest	USD	8,625	8,625	*0*	97,918
Total cash and accrued interest		**10,312**	**10,312**	***0***	**117,852**
Total portfolio		**342,205**	**327,493**	***-14,712***	**3,786,354**
Share of total portfolio	EUR	47%	47%	*54%*	48%
Share of total portfolio	GBP	0%	0%	*0%*	0%
Share of total portfolio	USD	53%	53%	*46%*	52%
Total portfolio per currency in %		**100%**	**100%**	***100%***	**100%**

(in 1000s of NOK)	Acquisition in NOK (historical cost)	Acquisition in instr. currency (historical cost)
EUR	1,844,374	179,190
GBP	241,277	19,707
USD	2,234,166	252,593
Opening balance 31.12.23	**4,319,817**	**451,490**
EUR	-191,891	-18,542
GBP	-241,277	-19,707
USD	-719,162	-81,349
Total repaid	**-1,152,330**	**-119,597**
EUR	1,652,483	160,649
GBP	0	0
USD	1,515,004	171,244
Closing balance 31.12.2024	**3,167,487**	**331,893**

(in 1000s of NOK)	Fair value in instr. currency	Acquisition in instr. currency (historical cost)	Loss of value instr. currency	Loss of value NOK
EUR	165,886	179,190	-13,304	-149,544
GBP	18,735	19,707	-971	-12,563
USD	236,771	252,593	-15,822	-160,948
Opening balance	**421,392**	**451,490**	**-30,097**	**-323,055**
EUR	152,683	160,649	-7,966	-93,962
GBP	0	0	0	0
USD	164,498	171,244	-6,746	-76,587
Closing balance 3	**317,181**	**331,893**	**-14,712**	**-170,549**
EUR			5,338	62,960
GBP			971	13,817
USD			9,076	103,047
Value change			**15,385**	**179,823**

Accounting principles	*Liquidity placements*

Liquidity placements consist of instruments (time deposits, liquidity loans and bonds) with a longer or shorter fixed term intended for temporary placement of surplus liquidity pending investment within Norfund's mandate. Liquidity placements include a bond portfolio hedged against USD consisting of securities denominated in EUR and GDP as well as USD. Futures contracts are used as a hedging instrument, with daily settlements that are not recorded on the balance sheet, but are recorded under operating results as they mature.

Recognition and exclusion: Liquidity placements are recognized in the balance sheet when Norfund becomes a party to the instrument's contractual conditions, as for other Norfund investments. Financial assets are excluded when the contractual rights to the cash flows expire, or when the financial assets and the majority of risk factors and of advantages associated with ownership of the assets are transferred (Notes 2 and 13).

Presentation and measurement (including write-downs):
- Liquidity placements in the form of bank deposits and liquidity loans are classified as current assets and valued for write-down in the original currency according to the lowest value principle; see Section 5-2 of the Accounting Act. Value changes are presented as part of the operating results under "Value changes investments and receivables".
- Liquidity placements in the form of investments in the bond portfolio are classified as current assets and valued for write-down purposes in the original currency according to the lowest value principle; see Section 5-2 of the Accounting Act. The portfolio consists of a number of different placements to reduce risk, and is regarded as an investment portfolio. Norfund uses the provisions on portfolio valuation here, and the financial assets are valued collectively. Value changes are presented as part of the operating results under "Value changes investments and receivables".

Converting foreign exchange to NOK: Exchange rate differences arise as a result of changes in exchange rates when transactions and balance sheet items in foreign currency are recorded.
- Pursuant to NRS 20.15 and Section 5-9 of the Accounting Act, liquidity placements in the form of bank deposits and liquidity loans are converted at the exchange rate on balance sheet day, i.e. the close of the financial year. Currency effects are presented as part of the operating results under "Value changes investments and receivables".
- The bond portfolio is valued as a monetary item in foreign currency and converted at the exchange rate at the end of the financial year; see Section 5-9 of the Accounting Act. ***Taking of interest to income:*** Return associated with liquidity placements is carried as interest income as and when it is paid in and earned.

***Realized gains / losses*:** Losses on liquidity placements (excl. currency effects) as a result of insolvency, the winding-up of a company and the like, are recognized as known losses and presented under "Realized losses". Gains on redemption (excluding currency effects) of individual bonds are taken to income in the year in which the disposal takes place and presented under "Realized gains". Currency effects on realization, including associated futures contracts, are taken to income net under "Value investments and receivables".

Note 14 - Bank deposits

Norfund's bank deposits are grants used to fulfil Norfund's mandate and to administer operations. Bank deposits include ear-marked grants from UD to be used for investments within Norfund's various mandates. See note 1 for more information concerning accounting policies.

Bank deposits, cash and cash equivalents

(in 1000s of NOK)	**2024**	**2023**
Deposits in Norges Bank	3,749,482	3,817,751
Tax deductions	47,403	21,679
Deposits from other banks	2,660,368	1,139,859
Total bank deposits	**6,457,254**	**4,979,289**
The following bank deposits are earmarked for:		
Business Support and other grant schemes (see Note 15)	42,847	175,505
Frontier Facility (see Note 10)	176,483	0
Climate Investment Fund	2,516,547	2,309,231

Accounting principles

Bank deposits are measured mainly at fair value on the income statement. Interest earned on the deposits at year-end is included in the balance sheet, and unrealized exchange rate gains/losses on this are carried as financial income/expenses. Interest income on liquidity reserves in Norges Bank and other banks is carried as financial income; see Note 8.

Note 15 - Unused resources (Norfund's grant schemes)

Norfund received NOK 10 million (NOK 15 million in 2023) of grants under the previously established Business Support scheme, which is to be used to enhance the development effects of Norfund's investments by improving businesses and through local community development. Support may, for example, be provided for training and transfer of expertise and equal opportunity programmes, workers' rights, improvement of internal control, corporate governance and leadership development. The resources are treated as current liabilities, and undisbursed amounts are included in Norfund's liquid assets. When project costs are covered from the resources, the liability is reduced by an equivalent amount. At the end of 2024, NOK 6.8 million remained to be allocated to projects, while NOK 36.0 million of allocated capital had not yet been disbursed.

In 2023, resources associated with the Frontier Facility scheme included some debt to the Foreign Office. In 2024 we reclassified resources earmarked for the scheme as reserve capital and investments.

The grant facility earmarked for Balkan projects has invested EUR 2.5 million in a fund in the region. The outstanding amount below is being used as a capital buffer for management of the fund.

	Business Support*		**Balkan Trust Fund**		**Total**	
(in 1000s of NOK)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Receipts						
Carried over from previous year	156,709	164,359	4,296	4,501	**161,005**	**168,860**
Corrected against reserve capital and investments Frontier Facility	-110,008	0	0	0	**-110,008**	**0**
Transferred from Foreign Office	10,000	15,000	0	0	**10,000**	**15,000**
Total receipts	**56,701**	**179,359**	**4,296**	**4,501**	**60,998**	**183,860**
Income	**1,928**	**0**	**254**	**162**	**2,182**	**162**
Disbursements						
General costs						
Fund management	0	0	-200	-108	**-200**	**-108**
General follow-up	0	0	0	-259	**0**	**-259**
Intervention						
Project development:	0	-259	0	0	**0**	**-259**
Amplify and support project development effects	-14,819	-20,453	0	0	**-14,819**	**-20,453**
Promote social responsibility	-963	-1,938	0	0	**-963**	**-1,938**
Total disbursements	**-15,782**	**-22,650**	**-200**	**-367**	**-15,982**	**-23,017**
Resources received from the Ministry of Climate and the Environment, transferred to Nordic Micro Finance Initiative AS in 2024.					**0**	**14,500**
Non-disbursed resources	**42,847**	**156,709**	**4,350**	**4,296**	**47,197**	**175,505**

* In 2023 the amount also included a scheme associated with the Frontier Facility scheme.

Note 16 - Current liabilities and guarantees

Other current liabilities
Included in other current liabilities is an item of NOK 118.9 million to the Dutch bank FMO in connection with the acquisition of interests in the African Forestry Impact Fund held by Norfund at year-end.

Guarantees
As part of its activities, Norfund has issued 6 guarantees totalling NOK 108 million.. An annual assessment is made by the project manager of whether the guarantee is at risk of being invoked, and a proportional provision is made accordingly. As at 31.12.24, no allocation had accordingly been made for guarantee commitments.

Other commitments
In connection with the exit from SN Power AS, there are some latent guarantee commitments which have been notified, but not invoked, by Scatec ASA. It is uncertain whether the claims will be invoked, and in the event, whether they are justified. As the probability is not high, and the size of the claim is uncertain, no allocation has been made in the accounts for this commitment.

Through its activities, Norfund is from time to time involved in discussions and ongoing processes with local tax authorities. These may concern both tax claims and reimbursement claims. No grounds have been found for making a provision in the accounts as a result of these processes.

Note 17 - Risk management and use of financial instruments

Norfund has a mandate whereby investments made by the company are required to be additional, in that they provide access to capital and expertise to companies that would not otherwise have received such financing because of the high risk involved. Norfund's investments are evaluated through an extensive selection process that consists of checking against Norfund's mandate, and performing thorough risk assessments and analyses of legal, financial, commercial and ESG-related factors. The Investment Committee and/or the Board of Directors take the final decision regarding investment.

Efforts are made to diversify portfolio risk by achieving portfolio breadth in terms of countries, industries, business partners, instruments and time of making investments. Norfund exercises active ownership in the largest investments in its portfolio through representation on boards, investment committees or other governance bodies

Norfund is exposed to several different types of risk, including liquidity risk, credit risk, currency risk, interest-rate risk and other market risk, as well as political risk. The financial risk management has been established to identify and analyse these risks, and to establish appropriate risk limits and risk controls. Norfund regularly reviews the established risk management guidelines and the system that has been established to ensure that changes in markets are reflected in the risk limits.

The Board has adopted Norfund's zero tolerance policy, which is based on the risk Norfund is willing to take in order to deliver on its mandate. This includes country risk and political risk. The risk that efforts are actively made to minimise consists of those factors that Norfund can influence in how it chooses its investment partners and how the investment process and other operational processes in the activity are carried out. This includes the risk of corruption, for which risk-reducing measures have been established in the form of working systematically to prevent, detect and immediately respond to cases. Minimizing and managing risk associated with ESG and questions concerning the integrity of our business partners are based on best practice for development finance institutions (DFIs). Norfund's approach to risk is summarized in a Risk Appetite Statement adopted by the Board and published on Norfund's website.

Market risk
Market risk is an umbrella term for the risk of losses occurring as a consequence of changes in conditions, exchange rates or prices that impact the earning ability of the companies in which we have invested. Norfund's mandate is to invest in developing countries, which entails higher risk, as the macroeconomic conditions and uncertainty are complex and mixed. Future returns depend among other things on the ability to manage and mitigate risk in all phases of an investment.

Fixed income
Norfund's income is also substantially affected by fluctuations in the fixed income market, as 30% of the investment portfolio is in the form of loans, 57% of which have a floating interest rate, with SOFR + margin making up the largest proportion. In addition, Norfund has significant cash holdings and a bond portfolio (see Note 13) which accrue interest. Thus the interest rate level has a substantial direct effect on Norfund's operating and financial revenue.

Credit risk
Norfund has a significant number of loans, and individual semi-annual reviews are conducted of the borrowers' financial standing, history and other relevant factors. If default on a loan is considered highly likely, it is written down. A loan is regarded as non-performing when a payment has not been made within 60 days of the due date. In the event of default, our total investment in the borrower is evaluated.

Norfund does not carry any general loss provisions for the loan portfolio, but makes specific provisions for each individual loan; see also Note 12.

Liquidity risk
Liquidity risk is the risk of Norfund being unable to fulfil its commitments, which are therefore monitored closely in relation to available liquidity. To ensure strong financial freedom of manoeuvre, Norfund aims to maintain a real and solid liquidity reserve that must at least cover future committed investments plus a minimum amount. Liquidity is strengthened through annual allocations from the Owner, and through repayments from the investment portfolio in the form of interest, repayment of the principal, dividends and exits from companies. Norfund does not use debt instruments in its liquidity management.

The liquidity reserve consists of bank deposits, short-term fixed deposits in banks with terms of up to one year, liquidity loans, and a bond portfolio. Deposits in anything other than Norfund's relationship banks must be in accordance with the investment mandate laid down by the Board, which regulates amounts and time frames.

The Finance Department monitors Norfund's liquidity and adapts the investment of resources with a view to securing an appropriate return pending future investments.

Currency risk
Norfund's operations are strongly exposed to currency risk, as allocations are made in NOK while investments largely take place in other currencies, USD being by far the largest. In consequence, costs associated with investments will also largely be in currencies other than NOK.

Norfund's base currency is NOK, so Norfund's future returns and gains/losses for accounting purposes will be strongly influenced by the exchange rate between NOK and other currencies. Investments are subject to a greater or lesser degree to fluctuations in the exchange rate between USD and the local currency in the individual country, which in turn may affect the results and values of investments in these companies in Norfund's balance sheet.

Three-month forward contracts are used to hedge the portion of the bond portfolio denominated in EUR and GBP against USD; see Note 13.

Norfund's liquid assets are mainly deposited in NOK-denominated, interest-bearing accounts in Norges Bank, while its USD-denominated liquid assets are mainly deposited in DNB and other liquidity placements.

Exchange rates used in conversion

		31/12/24	31/12/23	Change during the year
US dollar	USD	11.353	10.172	11.6 %
South African rand	ZAR	0.601	0.552	8.8 %
Indian rupee	INR	0.133	0.122	8.4 %
Kenyan shilling	KES	0.088	0.065	36.3 %
Ugandan shilling	UGX	0.003	0.003	15.5 %
Mozambican metical	MZN	0.178	0.161	10.8 %
Bangladeshi taka	BDT	0.095	0.093	2.5 %
Ghana shilling	GHS	0.775	0.849	-8.7 %
Tanzania shilling	TZS	0.005	0.004	15.4 %
Euro	EUR	11.795	11.241	4.9 %

Operational risk
Operational risk is the risk of financial losses occurring as a consequence of errors in internal processes and systems, human error or as a consequence of external events such as criminality or natural disasters. Management of operational risk has become increasingly important in Norfund in recent years, as the company and the complexity of both organization and portfolio have grown.

The identification, management and control of operational risk is a management task, and is coordinated through Norfund's Enterprise Risk Management System. In accordance with this system, semi-annual reviews are conducted of the risk picture and action plans of all the company's risk-owners, with appurtenant reporting to the Board.

Norfund places emphasis on a culture of transparency and awareness, leadership, authorization hierarchies, clear descriptions of procedures and clearly defined areas of responsibility as elements of our framework for managing operational risk.

Norfund's risk exposure and the management thereof are followed up by the company's external internal auditor, and reports are submitted regularly to the Board and the Risk and Audit Committee..

Note 18 – Events since balance-sheet date

The geopolitical situation has changed considerably in recent years. The outlook, both global and for the Norwegian economy, is shrouded in uncertainty. There is increased risk of extensive trade barriers and the threat picture has intensified. This has a bearing on Norfund's area of responsibility and investment options.

Apart from this fundamentally turbulent world picture, there have been no major events since balance sheet date that affect the assessments forming the basis for our submission of the financial statements.

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To the General Meeting of Norfund

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Norfund (the Company), which comprise the balance sheet as at 31 December 2024, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 26 March 2025
Deloitte AS

Roger Furholm
State Authorised Public Accountant

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