



MINUTES OF THE EXECUTIVE BOARD MEETING OF 4 FEBRUARY 2021

Present:

Executive Board: Øystein Olsen, Ida Wolden Bache, Karen Helene Ulltveit-Moe, Kristine Ryssdal, Arne Hyttnes, Nina Udnes Tronstad, Hans Aasnæs and Egil Herman Sjørnsen

Employee representatives: Mona Sørensen (items 26-43) and Truls Oppedal (items 26-43)

Office of the Supervisory Council: Jan Frode Jakobsen (items 23-24, 27-29, 33-40 and 42)

Management: Nicolai Tangen (items 23-34), Trond Grande (23-41), Torbjørn Hægeland (21), Olav Bø (21, 30 and 42), Tom Bernhardsen (21), Ragna Alstadheim (21), Ingrid Rogne (21), Steinar Guribye (21), Carine Smith Ihenacho (23-24, 34-37 and 40-41), Alex Cole (23), Wilhelm Mohn (23), Lise Lindbäck (23-29, 31-37 and 40-41), Ingunn Valvatne (23-24, 27-29, 32-42), Dag Huse (24 and 27), Jonas Jølle (24), Henrik Woxholt (27-29), Roger Furholm (27-29), Hege Gjerde (27b-29), Julie Belck-Olsen (27b-29), Magnus Eriksen (27b-29), Jane Haugland (28-32, 35-37 and 40), Ørjan Agdesteen (28-29), Line Vogt (28-29), Roger Rake (30), Ada M. Aass (30-32), Erik Andreassen (30-32), Fidan Kacaniku (30-32), Elin Berg (34-37), Kirsten Steinberg (35-42), Stian Solheim (28-29), Morten T. Øfsti (35-37), Mads Kristensen (36 and 40-42), Renate Haugen (36 and 40-42), Christian Slinning (40), Arleen Engeset (40), Age Bakker (41), Mie Holstad (41), Jan Thomsen (41), Per Løken (41), Arne Høstmark (42), Øystein Kruge (42), Marius Ryel (21 and 38-39), Pål Haugerud (items 23-29, 32-33 and 38), Runar Malkenes (23-29), Birger Vikøren (21-43), Bjarne Gulbrandsen (21-43), Kyrre Nilsen (21-43)

There were no comments on the meeting notice and agenda.

The Executive Board approved conducting the meeting via video conference.

Item 21/2021 Accounts at Norges Bank for central banks, banks that engage in cross-border activities and central securities depositories

Discussion Memo from Financial Stability/Markets and ICT of 28 January 2021 document:

Torbjørn Hægeland presented the matter for discussion.

The Executive Board exchanged views and followed the guidance of management in its decisions:

Accounts for central banks:

- Central banks may be granted access to an account at Norges Bank, upon application, if this is necessary owing to FX swaps and if this serves the purposes of Norges Bank in the management of the foreign exchange reserves, or in any other way promotes the purpose of central banking operations. The account terms and conditions are set so that they do not compromise the implementation of liquidity and monetary policy.

Accounts for European Economic Area (EEA) banks with cross-border activities:

- EEA banks with cross-border activities may be granted access to an account at Norges Bank and the Bank's standing intraday facilities, upon application.
- EEA banks with cross-border activities may be granted access to Norges Bank's overnight facilities if this promotes an efficient payment system and financial stability. Account terms and conditions must then be set so that they do not compromise the implementation of liquidity and monetary policy.

Accounts for cross-border banks from non-EEA countries:

- Access to an account and facilities is assessed on an individual basis, upon application.

Accounts for central securities depositories:

- Central securities depositories may be granted access to an account at Norges Bank and to hold intraday deposits, upon application.
- Central securities depositories may be given limited access to overnight deposits to take into account operational disruptions. Account terms and conditions should then be determined so that they do not compromise the implementation of liquidity and monetary policy.

The Executive Board also decided to amend the Regulation of 18 December 2019 no. 2025 on Access to Borrowing and Deposit Facilities in Norges Bank (the Lending Regulation) in compliance with management's proposal (rectification of errors).

Item 22/2021 Briefing on relevant matters for Norges Bank Central Banking Operations (NBCBO)

The Governor and Deputy Governors gave a briefing on relevant matters.

Item 23/2021 Public reporting on the Government Pension Fund Global's (GPF) tax costs

Discussion Memo from Norges Bank Investment Management (NBIM) of 29
document: January 2021

Carine Smith Ihenacho presented the matter for discussion.

The Executive Board conducted a preliminary discussion of the matter and took note of the report. The Executive Board asked management to revert to the topic in connection with financial reporting for 2021.

Item 24/2021 GPF – Report on responsible investment for 2020

Discussion Memo from NBIM of 28 January 2021
documents: Memo from the Ownership Committee of 22 January 2021

Carine Smith Ihenacho presented the matter for discussion.

Øystein Olsen reported on the Ownership Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board exchanged views and took note of the report on responsible investment.

Item 25/2021 Briefing on relevant matters in NBIM

Nicolai Tangen gave a briefing on relevant matters in NBIM.

Item 26/2021 Approval of the minutes of the Executive Board meeting of 27 January 2021

Discussion Draft minutes
document:

The Executive Board approved the minutes of its meeting of 27 January 2021 following the incorporation of a specific remark.

Item 27/2021 Annual report on the management of the GPFG in 2020

a) The Executive Board's assessment of the GPFG's results in 2020

Discussion Memo from the General Secretariat of 28 January 2021,
document:

Pål Haugerud presented the draft for the Executive Board's assessment.

The Executive Board had an exchange of views and approved the statement "The Executive Board's assessment of the results" for 2020. The Governor was authorised to finalise the statement based on the Executive Board's remarks. The Executive Board's assessment is to be included in the annual report on the management of the Government Pension Fund Global (GPFG) for 2020.

b) Annual report on the management of the GPFG for 2020

Discussion Memo from NBIM of 29 January 2021
document: Memo from the Audit Committee of 2 February 2021
Memo from the Risk and Investment Committee of 2 February 2021

Trond Grande presented the main elements of the annual report.

Øystein Olsen and Karen Helene Ulltveit-Moe presented the discussions in the Risk and Investment Committee and the Audit Committee respectively, and the aspects that particularly drew the committees' attention. The committees recommended that the Executive Board follow management's guidance.

The Executive Board had an exchange of views and approved the annual report on the management of the GPFG for 2020. The Governor was authorised to finalise the report based on the draft presented and the Executive Board's remarks.

The report is to be submitted to the Ministry of Finance and published on 25 February 2021.

Item 28/2021 Budget report by the Executive Board to the Supervisory Council for 2020

Discussion Memo from Norges Bank Administration (NBA) of 29 January 2021
document:

Under the Supervisory Council's budget rules for Norges Bank, the Executive Board is to report on the status of overall expenditure for all of Norges Bank as at 30 June and 31 December each year as a minimum. This reporting is to include a status report on performance against the approved budget for the Bank's overall operating revenue, operating expenses and investments, and any significant reallocations and variations.

Ørjan Agdesteen presented the matter for discussion.

The Executive Board exchanged views and took note of the budget status for Norges Bank for 2020. The Governor was authorised to finalise the letter based on the Executive Board's feedback at the meeting. The report is to be submitted to the Supervisory Council.

Item 29/2021 Norges Banks annual reports and annual financial statements for 2020

Discussion Memo from NBA of 29 January 2021
document: Memo from the Audit Committee of 2 February 2021

Runar Malkenes and Ørjan Agdesteen presented the main elements of the annual report and financial statements for 2020.

Henrik Woxholt and Roger Furholm summarised Deloitte's audit of Norges Bank for 2020. They confirmed that Deloitte will be issuing an unqualified auditor's report and that, in Deloitte's opinion, the annual financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of Norges Bank as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Regulation concerning annual financial reporting for Norges Bank.

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Audit Committee concluded that its review and discussions have provided answers to important questions related to the management of Norges Bank's financial statements for 2020, and noted that:

- There is agreement between management and auditor on valuations.
- There are no uncorrected errors in the financial statements.
- Internal control related to financial reporting has been tested and assessed to be satisfactory.
- The audit has been conducted according to plan.
- No material issues have been identified by the external auditor.
- The external auditor's awareness that work operations that are repeated over time may reduce an organisation's attention.

On the basis of this and the auditor's report on the audit of the annual financial statements, the Audit Committee recommended that the Executive Board follow management's guidance.

The Executive Board adopted the annual report for 2020.

The Executive Board approved Norges Bank's annual financial statements for 2020 and will submit them to the Supervisory Council for adoption. The governor was authorised to make editorial changes up until its submission to the Supervisory Council.

The annual report will be published on 25 February 2021.

Item 30/2021 Bonus payments in NBCBO in 2020

Discussion Memo from Markets and ICT of 29 January 2021
document: Memo from the Remuneration Committee of 2 February 2021

Arne Hyttnes reported on the Remuneration Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board exchanged views and took note of the presentation on bonus payments in NBCBO in 2020.

Item 31/2021 NBIM – Accrual and payment of performance-based pay for 2020

Discussion Memo from NBIM of 29 January 2021
documents: Memo from the Remuneration Committee of 3 February 2021

Trond Grande presented the matter for discussion.

Arne Hyttnes reported on the Remuneration Committee's discussions. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board exchanged views and took note of the report on accrual and payment of performance-based pay for 2020.

Item 32/2021 Letter to the Supervisory Council on remuneration to NBIM employees

Discussion Memo from NBIM of 29 January 2021
documents: Memo from the Remuneration Committee of 3 February 2021

Øystein Olsen presented the matter for discussion.

Arne Hyttnes reported on the Remuneration Committee's discussions. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board exchanged views and provided feedback on the draft response to the Supervisory Council. The Executive Board approved the request for a letter to be sent to the Supervisory Council in line with the draft. The Governor was authorised to finalise the letter based on the Executive Board's remarks.

Item 33/2021 The Executive Board's assessment of its work and expertise related to the day-to-day management of the GPFG

Discussion Memo from the General Secretariat of 29 January 2021,
document:

Birger Vikøren presented the matter for discussion.

The Executive Board exchanged views and provided feedback on the draft letter. The Executive Board approved the submission of a letter to the Ministry of Finance based on the draft. The Governor was authorised to finalise the document based on the discussions at the meeting.

Item 34/2021 Annual assessment of internal control in NBIM 2020

Discussion Memo from NBIM of 29 January 2021
documents: Memo from the Audit Committee of 2 February 2021

Carine Smith Ihenacho presented the main elements of the annual report on operational risk management and internal control in NBIM.

Karen Helene Ulltveit-Moe presented the discussions in the Audit Committee and the aspects that particularly drew its attention, including the assessment of IT security maturity. The Committee recommended that the Executive Board follow Internal Audit's guidance.

The Executive Board exchanged views and took note of the report on operational risk management and internal control in NBIM for 2020. The report is to be submitted to the Supervisory Council for information as an attachment to the general assessment of the risk situation and internal control at Norges Bank for 2020 (cf. item 37/2021).

The Executive Board asked NBIM to report back to it with proposals on how to follow up the assessment of IT security maturity.

Item 35/2021 Operational risk management and internal control within the Governor's area of responsibility for 2020

Discussion Memo from Governance, Risk and Compliance of 29 January 2021
documents: Memo from the Audit Committee of 2 February 2020

Kirsten Steinberg presented the main elements of the annual report on operational risk management and internal control within the Governor's area of responsibility.

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board exchanged views and took note of the report on operational risk management and internal control within the Governor's area of responsibility for 2020. The report is to be submitted to the Supervisory Council for information as an attachment to the general assessment of the risk situation and internal control at Norges Bank for 2020 (cf. item 37/2021).

Item 36/2021 Internal Audit's annual report to the Executive Board for 2020

Discussion Memo from Internal Audit of 27 January 2021
documents: Memo from the Audit Committee of 2 February 2020

Ingunn Valvatne presented the main elements of the annual report.

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow Internal Audit's guidance.

The Executive Board discussed the matter and took note of Internal Audit's annual report for 2020. The report is to be submitted to the Supervisory Council as an attachment to the general assessment of the risk situation and internal control at Norges Bank for 2020 (cf. item 37/2020).

Item 37/2021 General assessment of the risk situation and internal control at Norges Bank for 2020

Discussion Memo from the General Secretariat of 29 January 2021
documents: Memo from the Audit Committee of 2 February 2020

The regulation on risk management and internal control at Norges Bank requires the Executive Board to ensure that risk management and internal control are carried out and monitored, partly by considering reports from the operational areas and Internal Audit. The Executive Board is to send a risk assessment report for Norges Bank's operations to the Supervisory Council at least once a year.

Kirsten Steinberg presented the matter for discussion. Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board discussed risk management and the quality of internal control in NBIM and within the Governor's area of responsibility.

The Executive Board's assessment is that:

- Internal control at Norges Bank was performed satisfactorily.
- The level of operational risk exposure in NBIM was within the Executive Board's defined risk tolerance throughout the year.
- Operational risk exposure within the Governor's area of responsibility was acceptable throughout the year.

The Executive Board's assessment is to be sent to the Supervisory Council. Internal control reports for 2020 for NBIM and the Governor's area of responsibility, along with Internal Audit's annual report to the Executive Board, are to be submitted to the Supervisory Council appended to the Executive Board's assessment.

Item 38/2021 Answers to questions from the Supervisory Council on the employment contract of the CEO of NBIM

Discussion Memo from the General Secretariat of 26 January 2021
document:

Birger Vikøren and Marius Ryel presented the matter for discussion.

The Executive Board discussed the matter and approved the request for a letter to be sent to the Supervisory Council in line with the attached draft. The Governor was authorised to finalise the letter based on the remarks made at the meeting.

Item 39/2021 Supervisory report on compliance with the framework on anti-money laundering and terrorist financing

Discussion Memo from the General Secretariat of 26 January 2021s
documents: document:

Marius Ryel presented the draft response to the supervisory report from the Supervisory Council

The Executive Board discussed the matter and approved the request for a letter to be sent to the Supervisory Council in line with the attached proposal. The Governor was authorised to finalise the letter based on the Executive Board's remarks.

Item 40/2021 Summary of Bank-wide audit reports

Discussion Memo from Internal Audit of 27 January 2021
documents: Memo from the Audit Committee of 27 January 2021

Ingunn Valvatne presented the main elements of two audit reports.

- *2001 NB Handling of market sensitive information*
- *2003 NB Crisis preparedness and crisis management in Norges Bank*

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow Internal Audit's guidance.

The Executive Board took note of Internal Audit's summary of the audit reports.

Item 41/2021 Summary of audit reports on NBIM

Discussion Memo from Internal Audit of 27 January 2021
documents: Memo from the Audit Committee of 27 January 2021

Ingunn Valvatne presented the main elements of four audit reports.

- *2007 NBIM Real Estate portfolio management*
- *2008 NBIM Real Assets Security and Safety Management*
- *2009 NBIM IT Operations*
- *2010 NBIM IT Security*

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow Internal Audit's guidance.

The Executive Board took note of Internal Audit's summary of the audit reports.

Item 42/2021 Summary of audit report on NBCBO

Discussion Memo from Internal Audit of 27 January 2021
documents: Memo from the Audit Committee of 27 January 2021

Ingunn Valvatne presented the main elements of the audit report.

- *2012 NBCBO IT security management and control*

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follow Internal Audit's guidance.

The Committee took note of Internal Audit's summary of the audit report.

Item 43/2021 Any other business

The Executive Board summarised the proceedings of the day's meeting.