

MINUTES OF THE EXECUTIVE BOARD MEETING OF 27 APRIL 2016

Present:

- Executive Board: Øystein Olsen, Jon Nicolaisen, Egil Matsen, Hilde Myrberg, Kjetil Storesletten (items 77-86), Karen Helene Ulltveit-Moe, Steinar Juel, Arne Hyttnes and Kristine Landmark (items 87-97)
- Apologies: Kathryn M. Baker
- Alternates: Kristine Landmark (items 77-86)
- Employee representatives: Gøril B. Havro and Mona H. Sørensen (items 87-92)
- Deloitte: Aase Aa. Lundgaard (items 82 and 90)
- Office of the Supervisory Council: Sverren-Erik Forsstrøm (items 80-84 and 87-92)
- Management: Yngve Slyngstad (items 77-89), Trond Grande (items 77-89), Dag Huse (items 77-78 and 82-85), Karsten Kallevig (items 79-81 and 89), Lars Dahl (items 79-81), Mie Holstad (item 89), Ivar Eriksen (items 79-81 and 89), Jan Thomsen (items 81-84), Hege Gjerde (items 82, 87-88 and 90), John Tore Vatnar (item 85), Merethe Riddervold (items 77-79, 82-85 and 87-88), Ida Wolden Bache (items 93-94), Per Espen Lilleås (items 93-94), Kristin Gulbrandsen (item 95), Roger Rake (item 95), Kathrine Stang Ottesen (item 90), Jannecke Ebbesen (item 91), Harald Bøhn (item 91), Lars Hammersbøen (item 91), Magnus Eriksen (items 91 and 95), Marius Ryel (item 92), Ingunn Valvatne (item 77-84 and 87-90), Renate Haugen (item 95), Birger Vikøren (items 77-92 and 95-97), Runar Malkenes (items 80-86 and 93-94), Bjarne Gulbrandsen (items 77-97), Sigrid Igland (items 77-85 and 87-97)

The following were distributed for information together with the discussion documents:

- Agenda for the Executive Board seminar of 26 April
- Report from the Audit Committee meeting of 8 March
- Report from the joint meeting of the Audit Committee and the Risk and Investment Committee of 8 March
- Minutes of the Supervisory Council meeting of 3 March
- Monthly performance and risk report, February 2016
- Report from NBIM of 18 March 2016
- Report on real estate management for 2015
- Report from NBREM of 21 April 2016
- Press seminar at noon on 28 April 2016
- Real estate management in the GPFG – Management of wholly owned properties
- Memo from NBREM of 20 April 2016
- Real estate management in the GPFG – Development projects
- Memo from NBREM of 26 April 2016
- Coal-based exclusions from the GPFG

- Press release of 14 April 2016
Supplementary information for Executive Board members of 13 April 2016
Instructions for the CEO of NBIM of 31 March 2016
Memo from NBIM to the Governor of 31 March 2016
- Supplementary GPFG performance and risk report, Q1 2016
Report from NBIM of 19 April 2016
 - Norges Bank's Supervisory Council – Report to the Storting for 2015
Report of 5 April 2016

77/2016 Government Pension Fund Global (GPFG) – Investment mandate for the CEO of NBIM

Discussion documents:

- Memo from NBIM of 22 April 2016
- Memo from the Risk and Investment Committee of 26 April 2016

Yngve Slyngstad introduced the topic.

Egil Matsen presented the discussions on the Risk and Investment Committee. The Committee noted that the Ministry of Finance's letter of 26 February 2016 makes it natural to adjust the Executive Board's investment mandate for NBIM's CEO. The Committee discussed the wording of a number of items in the mandate and made concrete suggestions for the text.

The Executive Board exchanged views and decided to amend its investment mandate for the CEO of NBIM as follows:

- The provision in section 3.3.1 h) of the investment mandate is to be amended such that, in situations where extreme market volatility could lead to a breach of the limit for expected shortfall, NBIM's CEO is to take the matter, and proposed action, to the Executive Board without undue delay. In line with the recommendation of the Risk and Investment Committee, the new wording of the third sentence of section 3.3.1 h) is to be:

"In situations with extreme market volatility which may provoke a breach of the limit, NBIM CEO shall without undue delay recommend measures to be decided upon by the Executive Board."

- The authority given in section 3.3.4 of the mandate for the CEO of NBIM to grant exemptions from the provisions in section 3.3 of the mandate in special cases is to be rescinded.

As is standard procedure, the amendments to the investment mandate are to be submitted to the Ministry of Finance and published on NBIM's website. The mandate is to be sent to the Supervisory Council for information.

78/2016 Executive Board's investment mandate for the CEO of NBIM – Exemptions from limits for counterparty and credit risk

Discussion documents:

- Memo from NBIM of 22 April 2016
- Memo from the Risk and Investment Committee of 26 April 2016

Yngve Slyngstad and Dag Huse presented the topic.

Egil Matsen presented the discussions on the Risk and Investment Committee and the topics that particularly drew its attention, including the background to the downgrading of Brazilian government bonds and the planned follow-up of the exemptions. The Committee also raised the issue of framing the exemptions.

The Executive Board exchanged views, including on framing and following up the exemptions. The Executive Board noted that special circumstances lie behind the request for exemptions from the existing limits, and decided to grant exemptions from:

- the requirement in section 3.3.1 b) of the Executive Board's investment mandate for the CEO of NBIM in respect of investments in Brazilian government bonds
- the rating requirements in section 3.3.1 d) II in respect of BM&FBovespa

The Executive Board asked for particular attention to be paid to these exemptions in future reporting, and asked NBIM to assess whether and how these exemptions from the risk limits can be framed.

79/2016 Government Pension Fund Global (GPF) – Exemptions from limit for share of investments with any one partner and limit for total fees

Discussion documents:

- Memo from NBREM of 25 April 2016
- Memo from NBIM of 26 April 2016
- Memo from the Risk and Investment Committee of 26 April 2016

Karsten Kallevig presented the topic. The Executive Board's mandate for the CEO of NBIM has to date included the authority to decide on exemptions from the limit for the share of investments with any one partner and the limit for total fees. Under the Executive Board's mandate for the CEO of NBIM of 1 June 2016, the authority to decide on exemptions is no longer delegated, cf. item 77/2016. As a result, the Executive Board needs to take a position on the limit for the share of investments with any one partner and the limit for total fees in respect of the investment partner Prologis.

Egil Matsen presented the discussions on the Risk and Investment Committee. The Committee recommended that the matter be put before the Executive Board, but requested supplementary information on the structure and fee system for the agreement with Prologis. This information was presented at the Executive Board meeting.

The Executive Board exchanged views and stressed that the limits for the real estate portfolio need to be reviewed as part of developing the strategy for 2017-2019. It was pointed out that the unlisted real estate portfolio is managed differently to the listed portfolio, and that it has been a strategic decision to outsource asset management. This needs to be reflected in the limits set and any exemptions made.

The Executive Board agreed to two exemptions from the limits set out in section 3.3.2 j) of the investment mandate for the CEO of NBIM in respect of investments made with Prologis:

- The upper limit for investments with Prologis may exceed 15% of the unlisted real estate portfolio's market value (NAV) and is set instead at

0.75% of the Fund's total market value. Fluctuations in the Fund's market value that cause investments with Prologis to exceed the limit will not automatically trigger a sale/reduction of these investments.

- The maximum limit for the annual accrual of fees is set at USD 85 million for Prologis.

80/2016 NBREM performance and risk, Q1 2016

Discussion documents:

- Report from NBREM of 14 April 2016

Karsten Kallevig and Lars Dahl presented the main elements of the report.

Egil Matsen and Karen Helene Ulltveit-Moe presented the discussions on the Risk and Investment Committee and the Audit Committee respectively, and the topics that particularly drew the Committees' attention. The Committees' review did not bring anything to light that would point to a different stance to that of management.

The Executive Board exchanged views and took note of the report on performance and risk for NBREM for the first quarter of 2016. The report is to be submitted to the Supervisory Council.

81/2016 NBREM compliance and control, Q1 2016

Discussion documents:

- Report from NBREM of 14 April 2016

Jan Thomsen presented the key elements of the report.

Karen Helene Ulltveit-Moe presented the discussions on the Audit Committee and the topics that particularly drew its attention, including risks and special characteristics of the real estate business, management of the risk of financial irregularities, and IT security. The Committee's review did not bring anything to light that would point to a different stance to that of management.

The Executive Board exchanged views and took note of the report on compliance and control at NBREM for the first quarter of 2016. The report is to be submitted to the Supervisory Council.

82/2016 Government Pension Fund Global (GPF) – Public report for Q1 2016

Discussion documents:

- Report from NBIM of 21 April 2016

Trond Grande presented the main elements of the report. The external auditor Aase Aa. Lundgaard reported that, in its review, nothing had come to Deloitte's attention causing it to believe that the interim financial information had not in all material respects been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Egil Matsen and Karen Helene Ulltveit-Moe presented the discussions on the Risk and Investment Committee and the Audit Committee respectively, and

the topics that particularly drew the Committees' attention. The Committees' review did not bring anything to light that would point to a different stance to that of management.

The Executive Board exchanged views and took note of the public report for the Government Pension Fund Global for the first quarter of 2016. The report is to be published at a press seminar on 28 April 2016. The report is to be submitted to the Supervisory Council for information.

83/2016 NBIM performance and risk, Q1 2016

Discussion documents:

- Report from NBIM of 21 April 2016

Dag Huse presented the main elements of the report.

Egil Matsen and Karen Helene Ulltveit-Moe presented the discussions on the Risk and Investment Committee and the Audit Committee respectively, and the topics that particularly drew the Committees' attention. The Committees' review did not bring anything to light that would point to a different stance to that of management.

The Executive Board exchanged views and took note of the report on performance and risk for NBIM for the first quarter of 2016. The Supervisory Council is to be informed of the main elements of the report.

84/2016 NBIM compliance and control, Q1 2016

Discussion documents:

- Report from NBIM of 21 April 2016

Jan Thomsen presented the main elements of the report.

Karen Helene Ulltveit-Moe presented the discussions on the Audit Committee and the topics that particularly drew its attention, including the description of audit activities and the new audit model, the Executive Board's risk limits for new instruments, and NBIM's procedures for assessing the mandate's relevance when bringing new instruments into use. The Committee's review did not bring anything to light that would point to a different stance to that of management.

The Executive Board exchanged views and took note of the report on compliance and control at NBIM for the first quarter of 2016. The report is to be submitted to the Supervisory Council.

85/2016 Recommendation from the Council on Ethics of 8 February 2016 on the exclusion of companies

Discussion documents:

- Memo from the Ownership Committee of 21 April 2016

Egil Matsen introduced the topic and presented the discussions on the Ownership Committee and the Committee's position in light of the recommendation from the Council on Ethics.

The Executive Board exchanged views and endorsed the recommendation of the Council on Ethics and the position of the Ownership Committee that Cairn Energy Plc and Kosmos Energy Ltd be excluded from the Government Pension Fund Global's portfolio. The Ministry of Finance is to be informed of the decision. The exclusions are to be effective from 1 July 2016. The Governor was authorised to grant exemptions from the deadline in situations with challenging liquidity or other special situations. The Governor was also authorised to set a date for publishing the decision.

86/2016 Briefing on current issues in investment management

Yngve Slyngstad gave a briefing on current issues in investment management.

87/2016 Minutes of the Executive Board meetings of 16 March and 4 April 2016

Discussion documents:

- Draft minutes of the meeting of 16 March 2016
- Draft minutes of the meeting of 4 April 2016

The Executive Board approved both sets of minutes.

88/2016 NBIM operations report for Q1 2016

Discussion documents:

- Report from NBIM of 21 April 2016

Trond Grande presented the main elements of the report.

The Executive Board exchanged views and took note of the operations report for NBIM for the first quarter of 2016. The report is to be submitted to the Supervisory Council.

89/2016 NBREM operations report for Q1 2016

Discussion documents:

- Report from NBREM of 14 April 2016

Mie Holstad presented the main elements of the report.

The Executive Board exchanged views and took note of the operations report for NBREM for the first quarter of 2016. The report is to be submitted to the Supervisory Council.

90/2016 Audit report for Norges Bank for 2015 from Deloitte AS

Discussion documents:

- Memo from Corporate and Shared Services of 21 April 2016

Aase Aa. Lundgaard presented the audit report.

Karen Helene Ulltveit-Moe presented the discussions on the Audit Committee and the topics that particularly drew its attention, including the plan for implementing a new auditor's report and the process ahead for the new auditor's report for 2016. The Committee's review did not bring anything to light that would point to a different stance to that of management.

The Executive Board took note of the audit report for Norges Bank for 2015 from Deloitte AS.

91/2016 Norges Bank's pension fund – Annual report and accounts for 2015

Discussion documents:

- Memo from Corporate and Shared Services of 21 April 2016

Harald Bøhn, chairman of the board of the pension fund, presented the main elements of the annual report.

The Executive Board exchanged views and took note of the annual report and accounts for Norges Bank's pension fund for 2015. The annual report and accounts are to be sent to the Supervisory Council for information.

92/2016 Authority to decide on civil action by Norges Bank – Central Banking Operations

Discussion documents:

- Memo from the General Counsel of 21 April 2016

Marius Ryel presented the topic.

The Executive Board exchanged views and delegated authority to the Governor to decide on civil action by the Bank in the form of conciliation or litigation insofar as the Executive Board has not delegated such authority to NBIM's CEO and such that actions that are of particular importance, concern a matter of principle or are of particular public interest are nevertheless put before the Executive Board.

93/2016 Briefing on the current monetary situation

Jon Nicolaisen outlined the main economic developments since the previous Executive Board meeting.

94/2016 Norges Bank Watch 2016

Discussion documents: Memo of 21 April 2016

Employee representatives in respect of items 87-92: