

# **MINUTES OF THE EXECUTIVE BOARD MEETING OF 26 APRIL 2016**

## **Present:**

Executive Board: Øystein Olsen, Jon Nicolaisen, Egil Matsen, Hilde Myrberg, Kjetil Storesletten, Karen Helene Ulltveit-Moe, Kathryn M. Baker and Steinar Juel

Alternates: Arne Hyttnes

Apologies: Kristine Landmark

Employee representatives: Mona H. Sørensen and Nina Larsson Midthjell (items 91-98)

Office of the Supervisory Council: Jan Frode Jakobsen (items 91-101 and 105)

Deloitte: Henrik Woxholt (items 93 and 99-100)

Management: Yngve Slyngstad (items 94-103), Trond Grande (items 91-103), Karsten Kallevig (items 94, 97-98 and 101), Hege Gjerde (items 91-93, 95 and 99-100), Merethe Riddervold (items 94-96, 99-100 and 102), Sirine Fodstad (item 94), Stephen Hirsch (item 96), Ivar Eriksen (items 97-98 and 101), Jan Thomsen (item 98), Dag Huse (items 99-100), Lars Dahl (item 101), Jannecke Ebbesen (items 91-93), Alexander Behringer (items 91-92), Ida Wolden Bache (item 104), Per Espen Lilleås (item 104), Ingrid Solberg (item 104), Olav Bø (item 105), Roger Rake (item 105), Ingunn Valvatne (items 94-102), Renate Haugen (item 94), Runar Malkenes (items 91-102, 104-105), Birger Vikøren (items 91-103), Bjarne Gulbrandsen (items 91-107), Olav Mundal (items 91-102)

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

- Norges Bank's Supervisory Council – Report to the Storting for 2016
- Letter from the Office of the Supervisory Council of 5 April 2017
- Real estate management – Report from meetings of the Real Estate Investment Board
- Memo from NBREM of 18 April 2017
- Minutes of the Risk and Investment Committee meeting of 6 March 2017

## **91/2017 Minutes of the Executive Board meeting of 5 April 2017**

The Executive Board approved the minutes of its meeting of 5 April 2017.

## **92/2017 Briefing on financial tax for Norges Bank**

Discussion Memo from Corporate and Shared Services of 20 April 2017  
documents:

Jannecke Ebbesen and Alexander Behringer introduced the topic.

The Executive Board took note of the matter. The matter is to be referred to the Supervisory Council.

#### **93/2017 Audit report for Norges Bank for 2016 from Deloitte AS**

Discussion Memo from Corporate and Shared Services of 21 April 2017  
documents: Memo from the Audit Committee of 25 April 2017

Jannecke Ebbesen introduced the topic. Henrik Woxholt from Deloitte presented the contents of the report.

Karen Helene Ulltveit-Moe outlined the discussions on the Audit Committee. The committee recommended that the Executive Board follows management's guidance.

The Executive Board took note of the audit report for Norges Bank for 2016 from Deloitte AS.

#### **94/2017 Annual report on the application of the remuneration system in investment management for 2016**

Discussion Memo from NBIM of 20 April 2017  
documents: Memo from Internal Audit of 19 January 2017

Trond Grande introduced the topic. Renate Haugen presented Internal Audit's control and statement on the application of the system.

Hilde Myrberg presented the discussions on the Remuneration Committee.

The Executive Board took note of the report on the application of the remuneration system at NBIM in 2016. The Executive Board noted Internal Audit's statement that the report provides a true and fair view of its application. The Executive Board also noted that the application of the system complies with the remuneration provisions in the mandate, the remuneration regulation and the general guidelines set by the Executive Board.

#### **95/2017 NBIM operations report Q1 2017**

Discussion Memo from NBIM of 20 April 2017  
documents:

Trond Grande presented the main elements of the report.

The Executive Board took note of the operations report for NBIM for the first quarter of 2017.

**96/2017 NBIM compliance and control Q1 2017**

Discussion Memo from NBIM of 20 April 2017  
documents: Memo from the Audit Committee of 25 April 2017

Stephen Hirsch 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. The Audit Committee recommended that the Executive Board follows management's guidance.

The Executive Board took note of the report on compliance and control at NBIM for the first quarter of 2017.

**97/2017 NBREM operations report Q1 2017**

Discussion Memo from NBREM of 21 April 2017  
documents:

Karsten Kallevig and Ivar Eriksen presented the main elements of the report.

The Executive Board took note of the operations report for unlisted real estate management for the first quarter of 2017.

**98/2017 NBREM compliance and control Q1 2017**

Discussion Memo from NBREM of 21 April 2017  
documents: Memo from the Audit Committee of 25 April 2017

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 status of the development of guidelines for third-party follow-up and inclusion of joint venture partners. The Audit Committee recommended that the Executive Board follows management's guidance.

The Executive Board took note of the report on compliance and control at NBREM for the first quarter of 2017.

**99/2017 Government Pension Fund Global – Public report for Q1 2017**

Discussion Memo from NBIM of 21 April 2017  
documents: Memo from the Risk and Investment Committee of 24 April 2017  
Memo from the Audit Committee of 25 April 2017

Yngve Slyngstad presented the main elements of the report.

Henrik Woxholt from Deloitte confirmed that nothing had come to its attention

during its review 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 aspects that particularly drew the committees’ attention. The committees had received satisfactory answers to their questions, and their review had not brought anything to light that would point to a different stance to management’s guidance.

The Executive Board approved the public report on the management of the Government Pension Fund Global, including the interim financial statements for the investment portfolio, for the first quarter of 2017.

The report, including the signed version of the financial reporting for the GPFG for the first quarter of 2017, is to be sent to the Ministry of Finance. The report is to be published on NBIM’s website on 28 April 2017. The report is to be sent to the Supervisory Council for information.

#### **100/2017 NBIM return and risk Q1 2017**

Discussion	Memo from NBIM of 20 April 2017
documents:	Memo from the Risk and Investment Committee of 24 April 2017

Dag Huse presented the main elements of the report.

Egil Matsen presented the discussions on the Risk and Investment Committee and the topics that particularly drew its attention, including the structure of the reporting following the changes to the management model entering into force on 1 January 2017. The committee recommended that the Executive Board follows management’s guidance.

The Executive Board took note of the report on return and risk for NBIM for the first quarter of 2017.

#### **101/2017 NBREM return and risk Q1 2017**

Discussion	Memo from NBREM of 21 April 2017
documents:	Memo from the Risk and Investment Committee of 24 April 2017

Lars Dahl presented the main elements of the report.

Egil Matsen presented the discussions on the Risk and Investment Committee and the aspects that particularly drew its attention. The committee recommended that the Executive Board follows management’s guidance.

The Executive Board took note of the report on return and risk for NBREM for the first quarter of 2017.

## **102/2017 The Executive Board's follow-up of project 1606 NBIM Securities lending**

Discussion Memo from Internal Audit of 18 April 2017  
documents: Memo from the Audit Committee of 25 April 2017

When considering the annual plan for Internal Audit for 2017 on 25 January 2017, the Executive Board asked Internal Audit to assess possible follow-up of the audit project on securities lending.

Ingunn Valvatne presented the topic and proposed follow-up. Karen Helene Ulltveit-Moe outlined the discussions on the Audit Committee. The committee recommended that the Executive Board follows Internal Audit's guidance.

The Executive Board had an exchange of views and endorsed Internal Audit's proposals. The Executive Board asked NBIM for a report on the implementation of measures as set out in the memo to the Executive Board of 22 June 2016 (item 129/2016).

## **103/2017 Briefing on current issues in investment management**

Yngve Slyngstad gave a briefing on current issues in investment management, including aspects of experience with the Real Estate Investment Board.

## **104/2017 Briefing on the current monetary situation**

Discussion Memo from Monetary Policy of 25 April 2017  
documents:

Jon Nicolaisen gave a briefing on economic developments since the rate-setting meeting on 14 March 2017.

## **105/2017 Financial risk and management of the foreign exchange reserves Q1 2017**

Discussion Memo from Markets and Banking Services of 20 April 2017  
documents: Memo from the Risk and Investment Committee of 24 April 2017  
Memo from the Audit Committee of 25 April 2017

Olav Bø presented the main elements of the report.

Karen Helene Ulltveit-Moe and Egil Matsen presented the discussions on the Audit Committee and the Risk and Investment Committee respectively. The committees had received satisfactory answers to their questions, including on experience of the transfer of the long-term fixed-income portfolio from NBIM to Central Banking Operations. The committees recommended that the Executive Board follows management's guidance.

The Executive Board took note of the report. The report is to be submitted to the Supervisory Council for information. An edited version of the report covering only the foreign exchange reserves is to be published on 12 May.

The Executive Board asked management to return with an assessment of the overall framework for the management of the foreign exchange reserves.

**106/2017 Briefing on current issues in Central Banking Operations**

The Governor gave a briefing on current issues in Central Banking Operations.

**107/2017 Any other business**

There was no other business.

Executive Board members:

Executive Board alternates:

Employee representatives in respect of items 91-98: