

An aerial view of an offshore oil rig structure extending into the sea, with a large blue diagonal graphic overlay on the right side of the image.

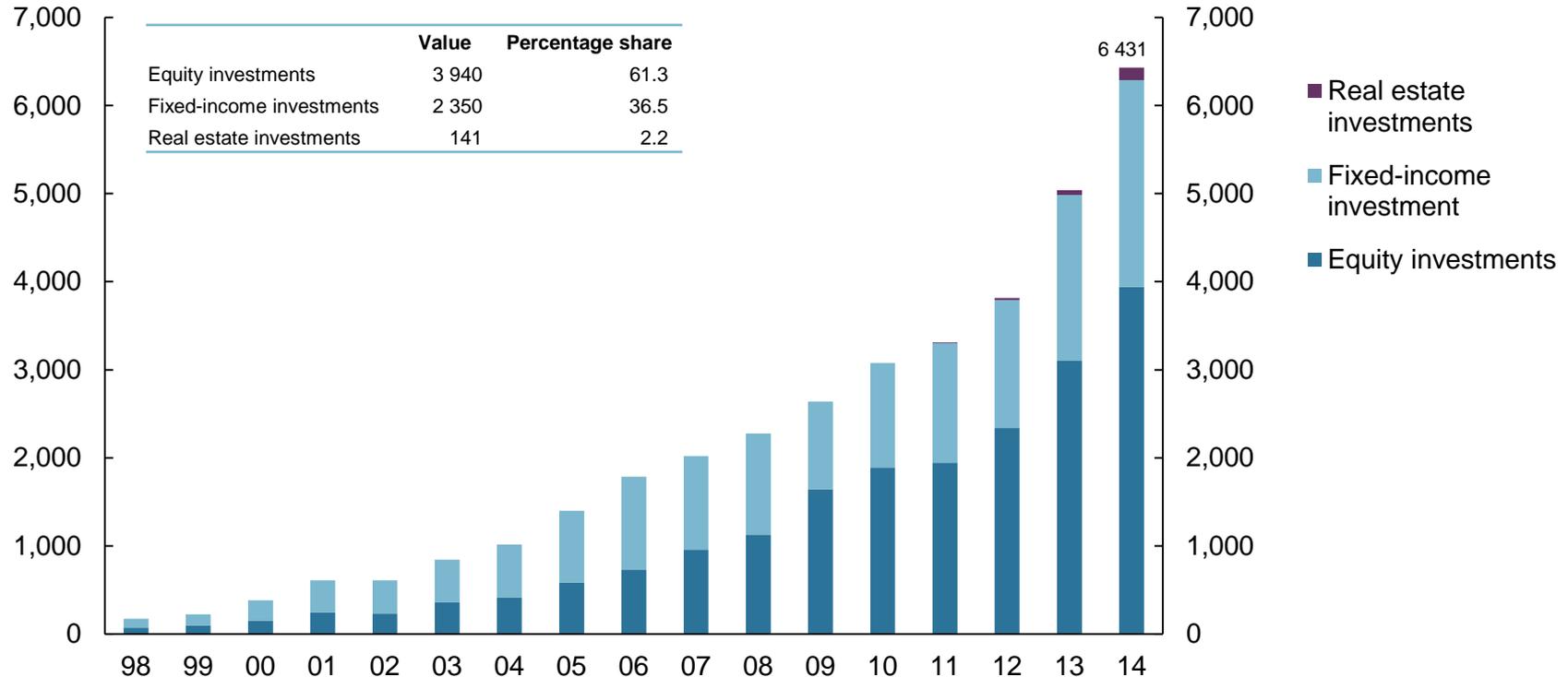
2014

GOVERNMENT PENSION FUND GLOBAL ANNUAL REPORT

PRESS CONFERENCE
13 MARCH 2015

Market value

As at 31.12.2014. Billions of kroner



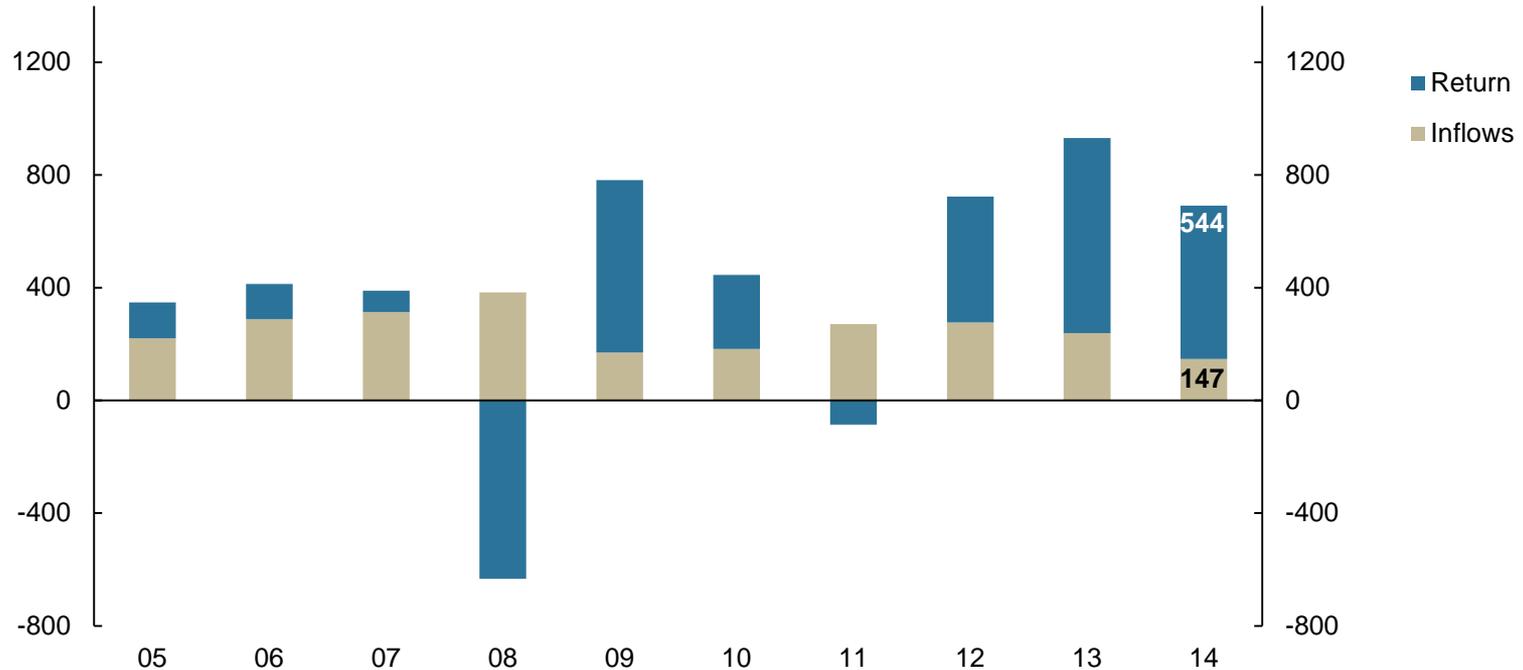
Inflows

Billions of kroner



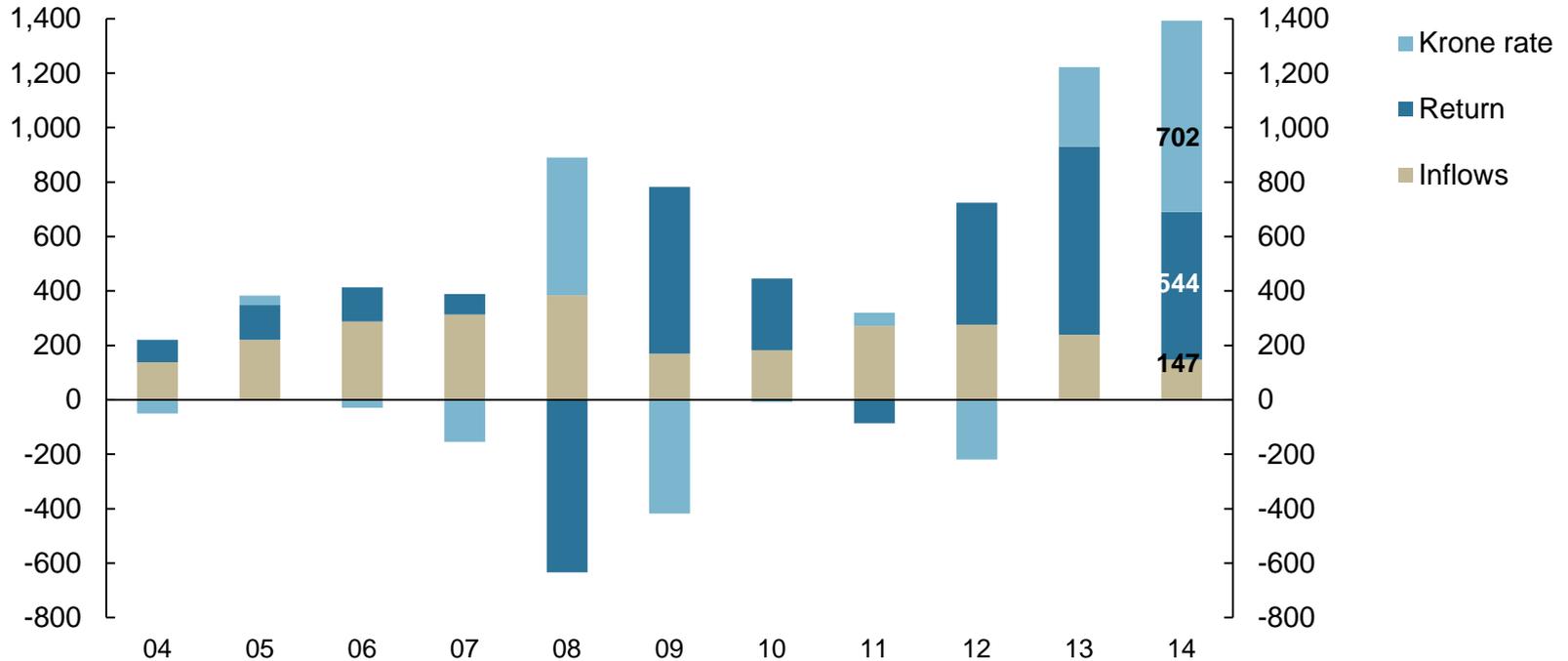
Inflows and return

Billions of kroner



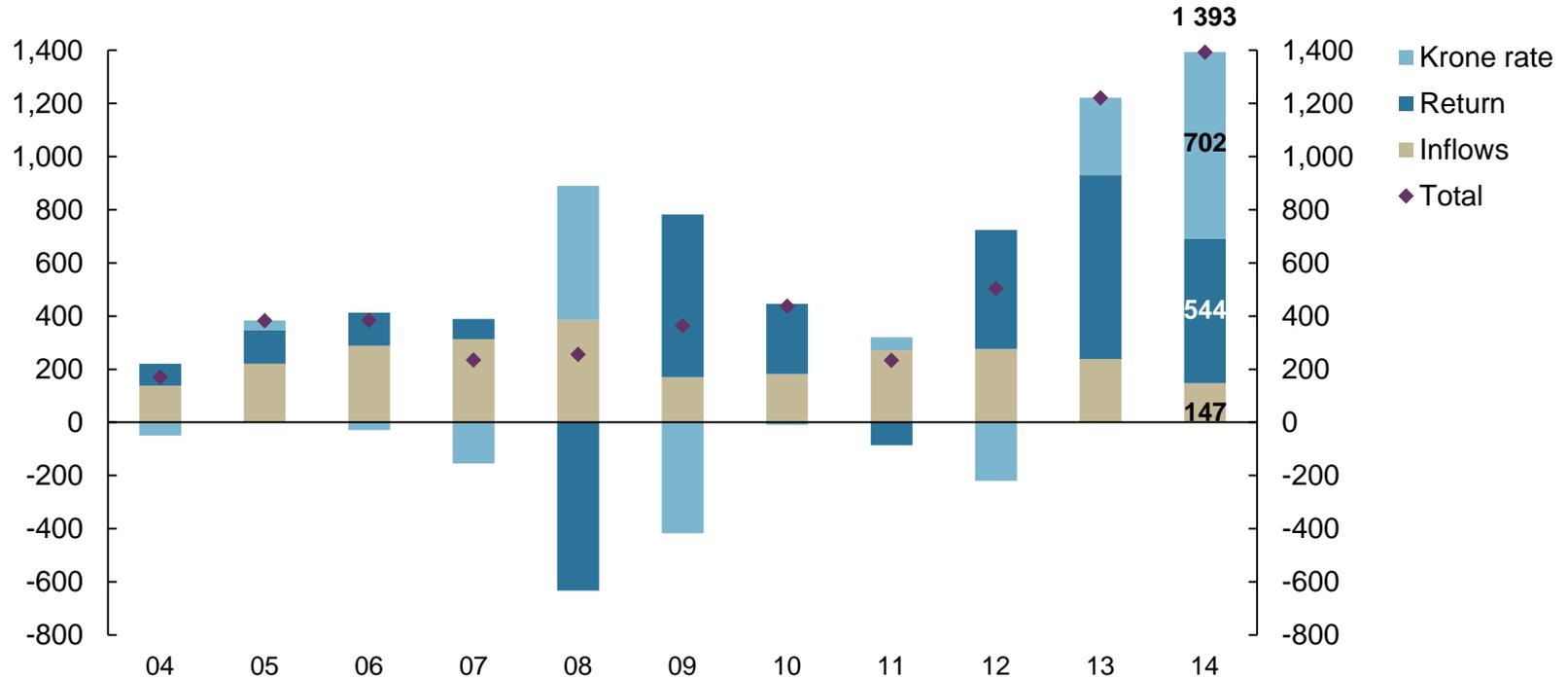
Annual change in market value

Billions of kroner



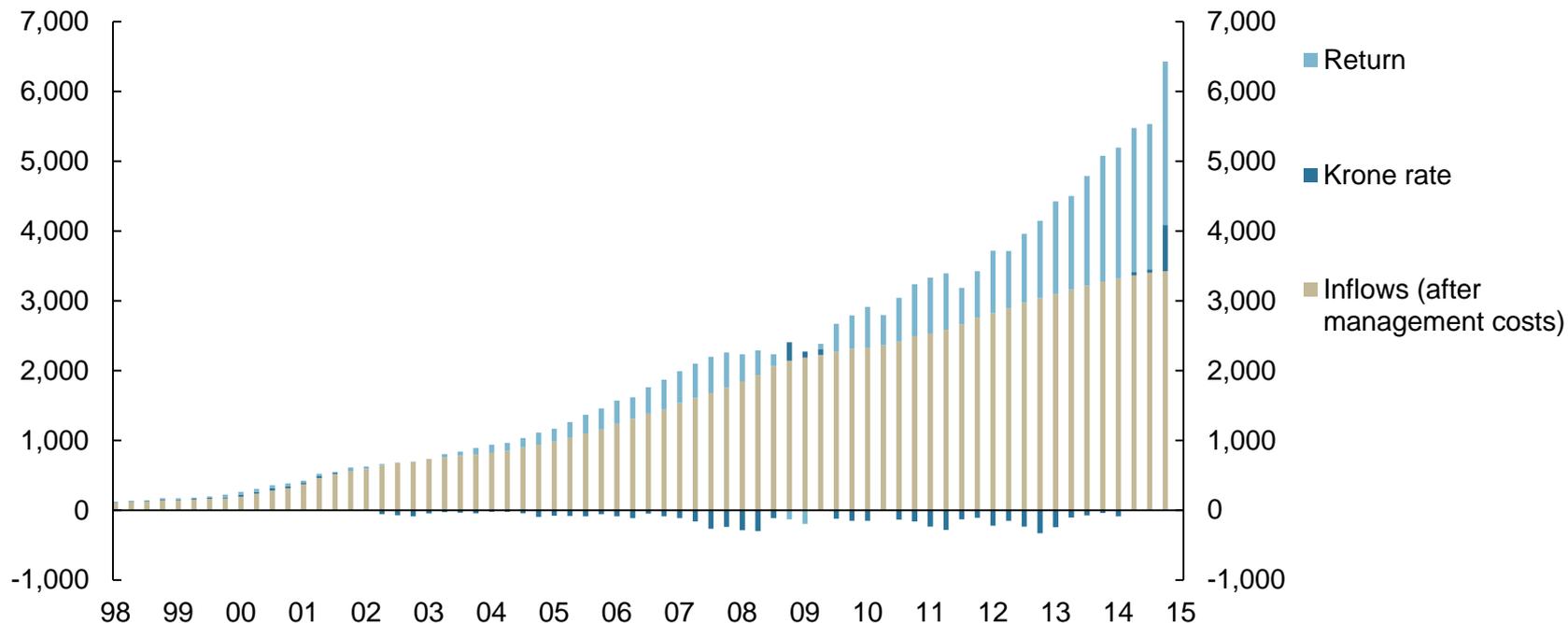
Annual change in market value

Billions of kroner



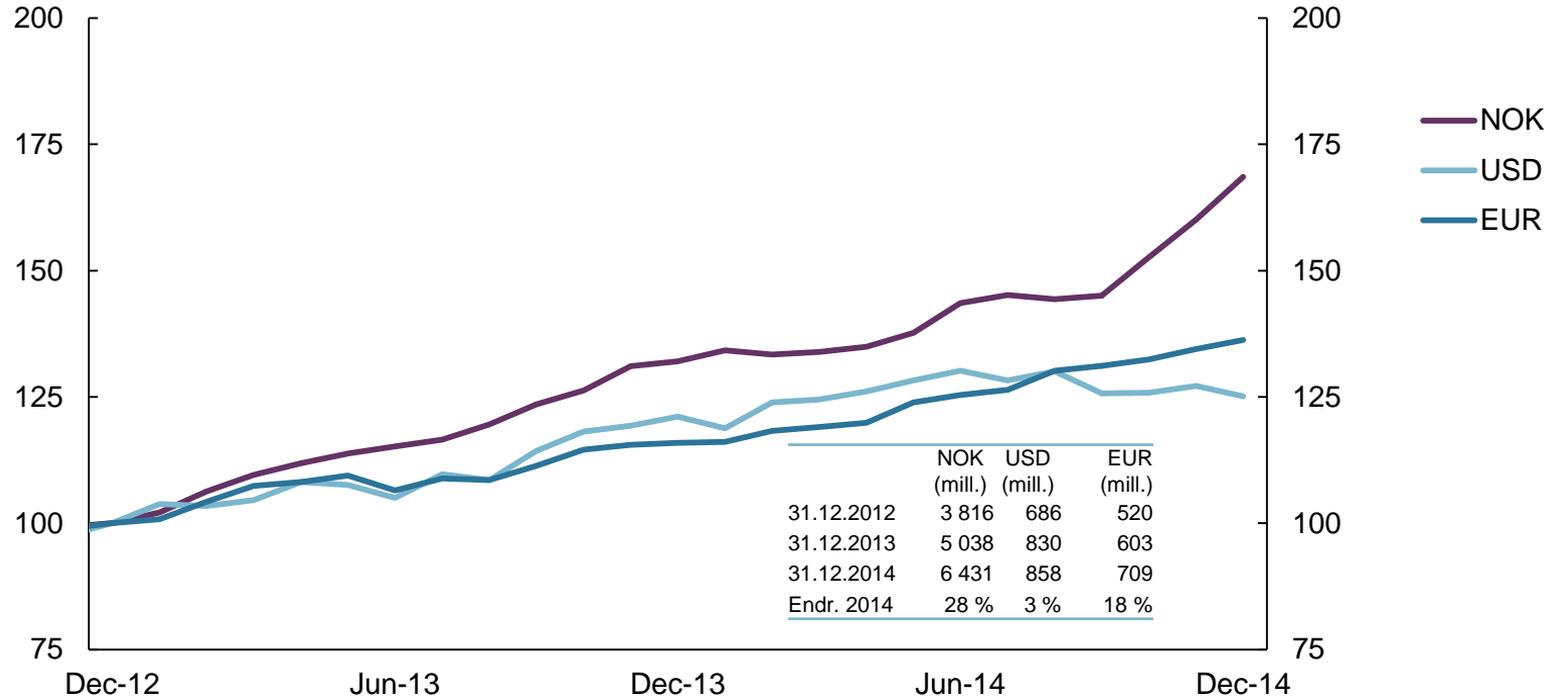
Accumulated change in market value

As at 31.12.2014. Billions of kroner



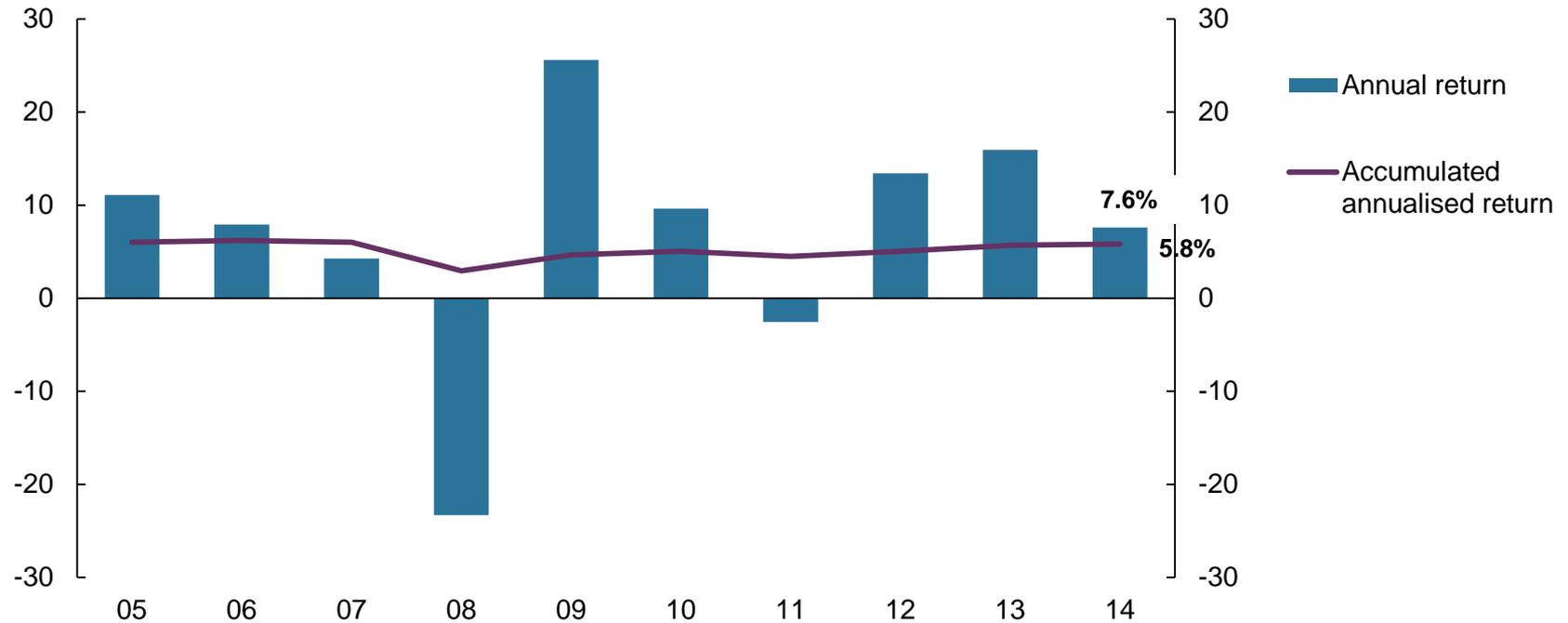
Change in market value

NOK, USD and EUR. Indexed (31.12.2012 = 100)



Annual return

Percent



Historical key figures

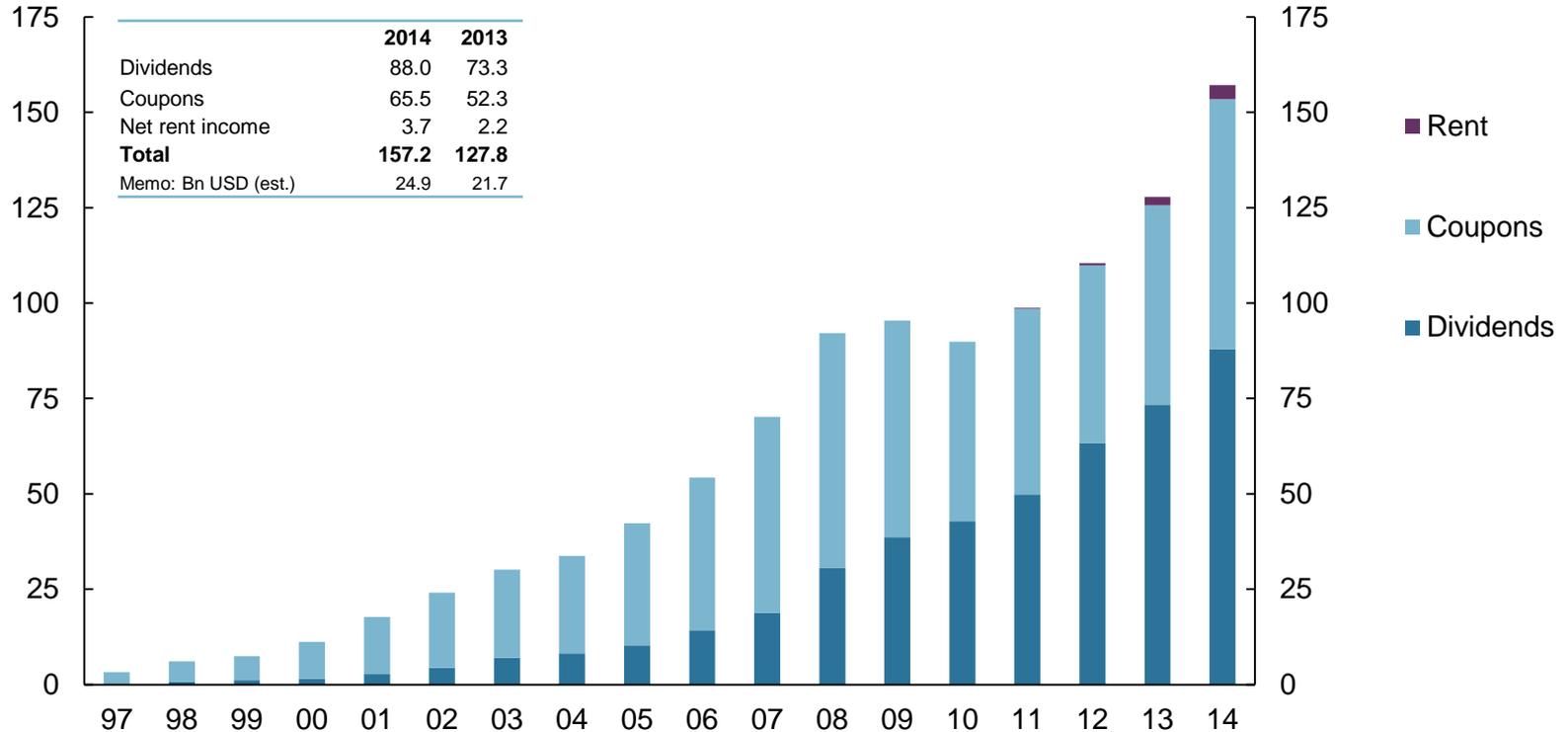
Measured in the fund's currency basket. Percent

| | 2014 | Last ten years | Since 1.1.1998 |
|-------------------------|------|----------------|----------------|
| Gross annual return | 7.53 | 6.17 | 5.81 |
| Annual price inflation | 1.13 | 2.01 | 1.85 |
| Annual management costs | 0.06 | 0.09 | 0.09 |
| Annual net real return | 6.31 | 3.98 | 3.80 |



Annual cash flow

Billions of kroner



Relative return

Percentage points



Decomposition of relative return

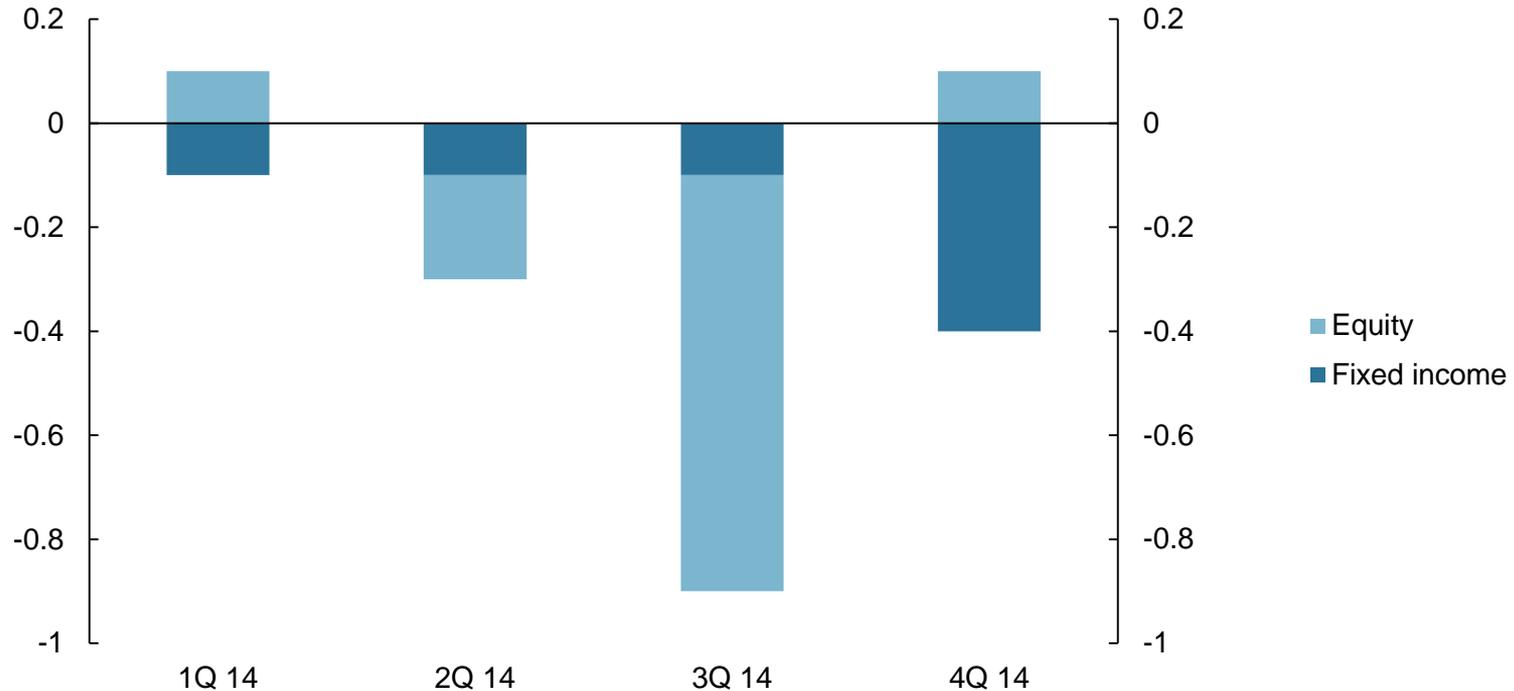
2014. Contributions. Percentage points

| | Total |
|--------------------------|--------------|
| Total | -0,77 |
| Equity investments | -0,46 |
| Fixed-income investments | -0,31 |



Quarterly relative return

Equity and fixed income. Percentage points



Contributions to relative return

Percentage points

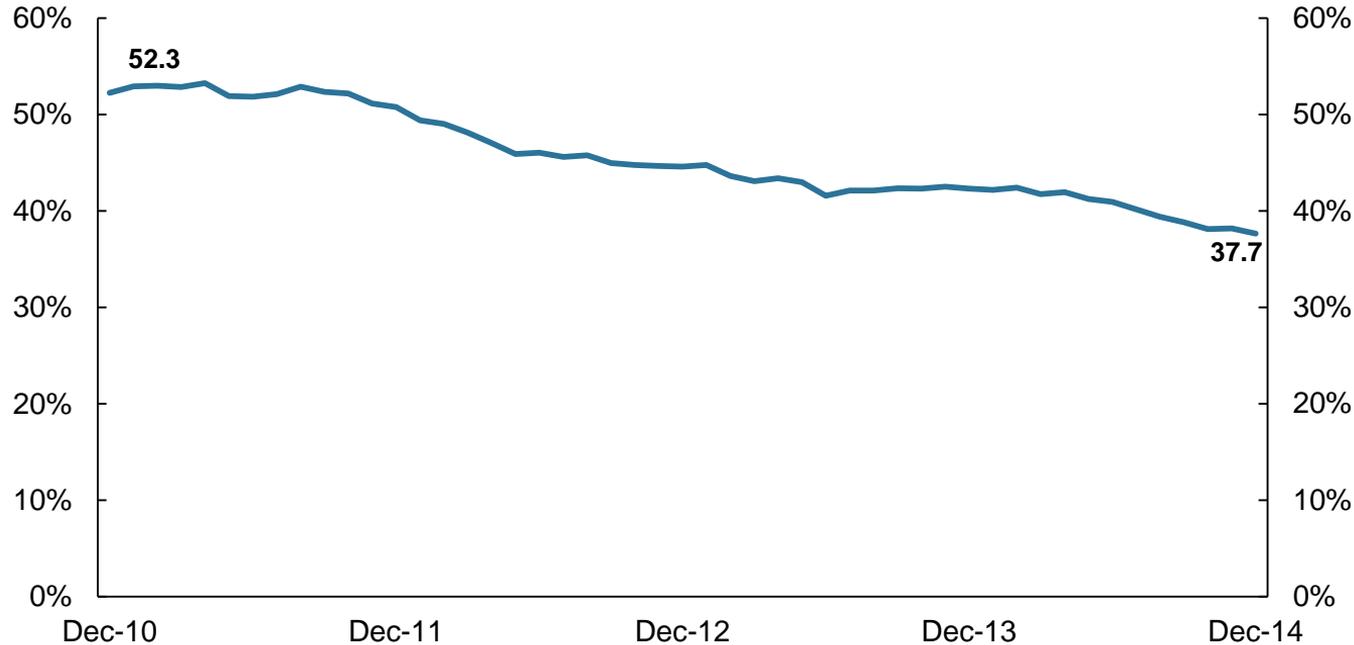
| Type *) | Asset class | Share of negative contribution |
|---------------------|--------------|--------------------------------|
| Regional allocation | Equity | 80% |
| Single investments | Equity | 30% |
| Duration | Fixed income | 140% |
| Russia | Fixed income | 50% |

* Contributions from certain explanation factors are counted twice.



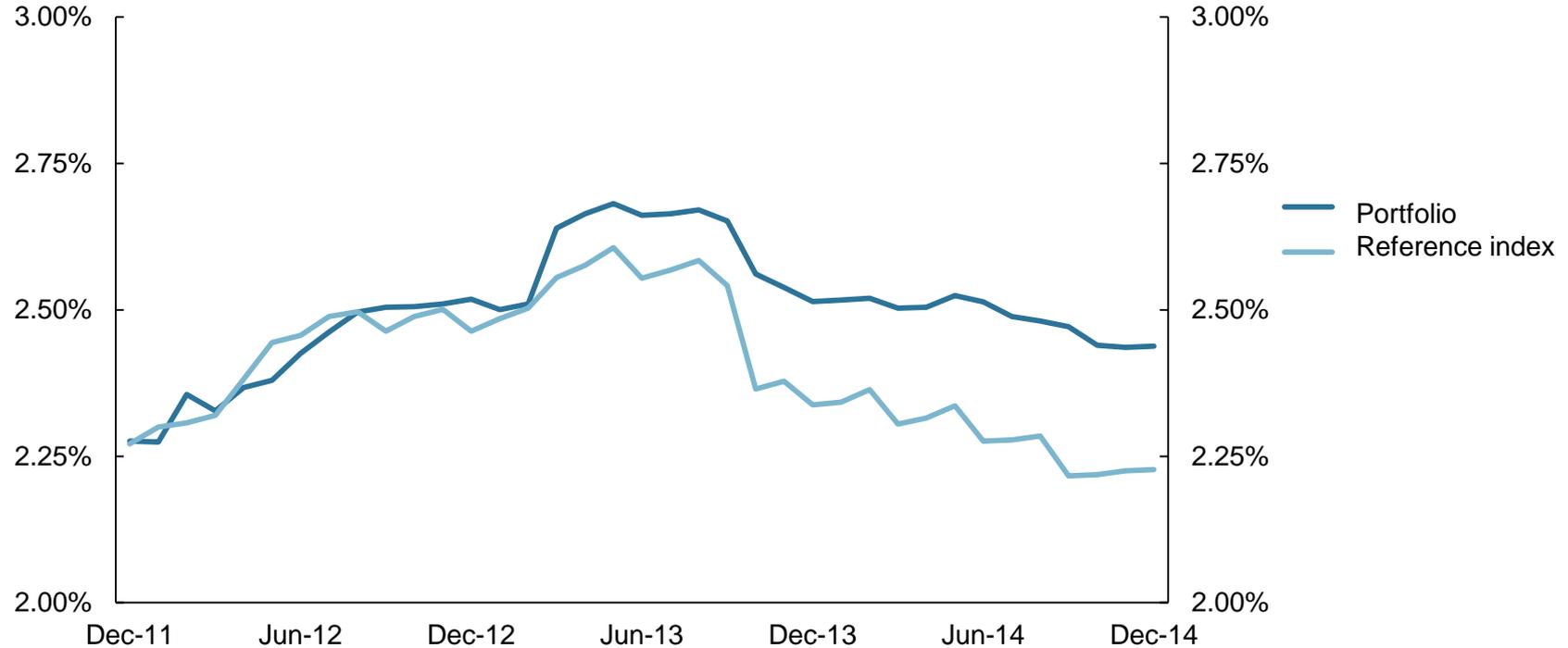
Investments in Europe

Holdings in European equity and fixed income as share of fund total. Percent



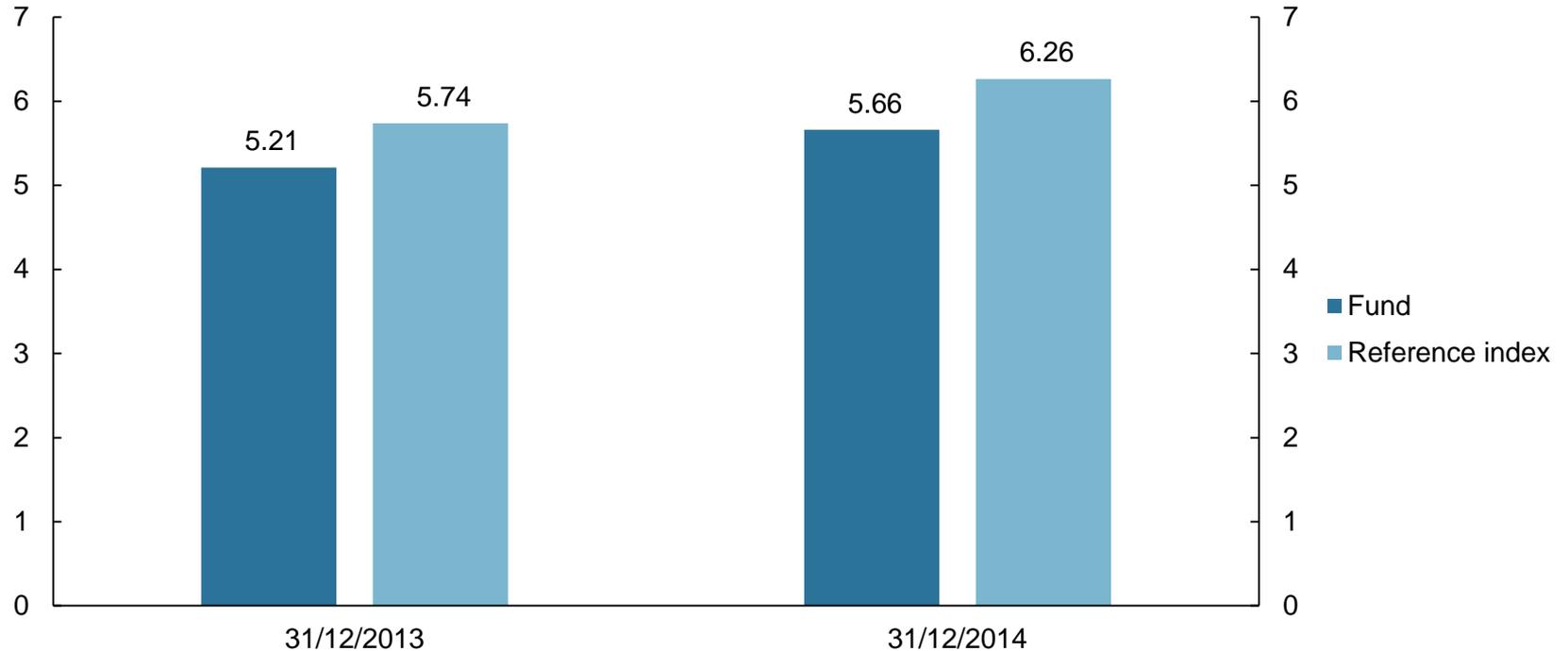
Ownership in European equity

Reference index and portfolio



Duration fixed-income investments

Difference fund and reference index



Adjustments to the reference index

Factor for investability

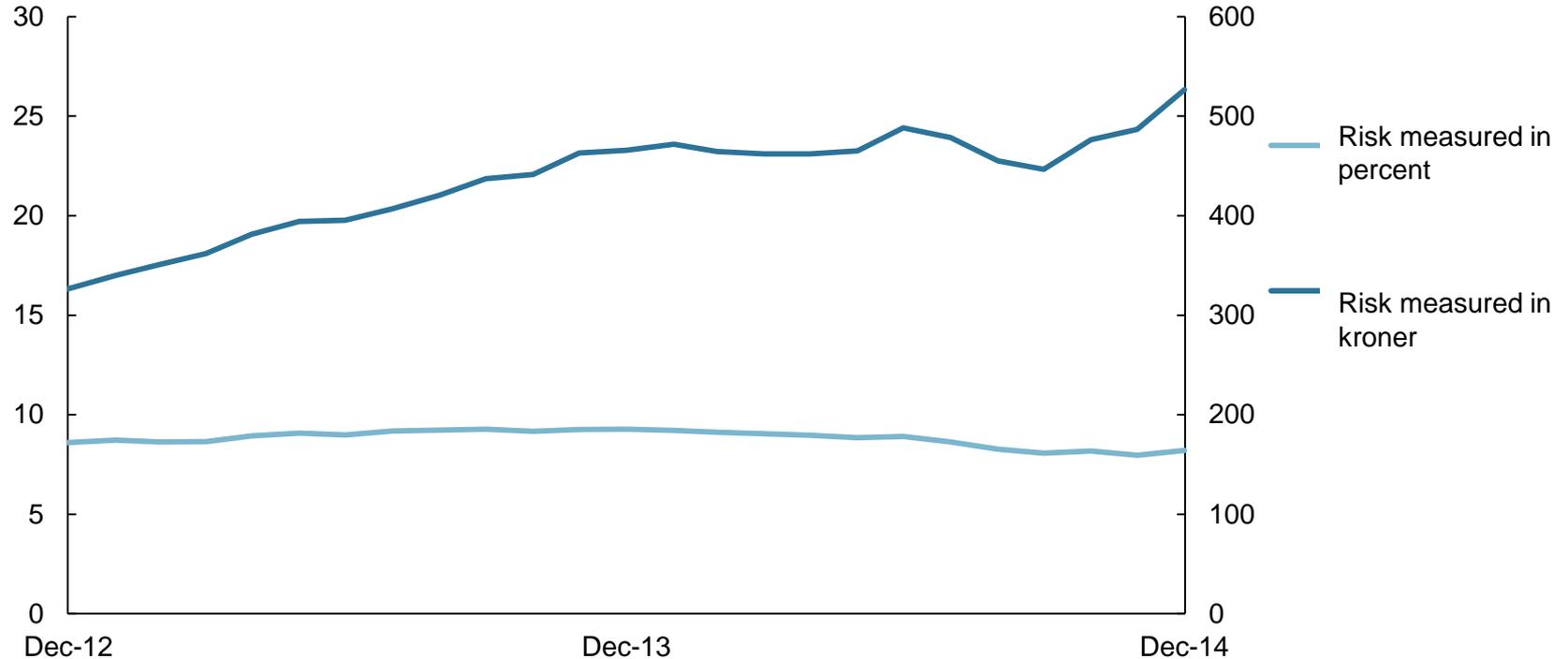
- Nominal government bonds issued in Russian roubles and Turkish lira added to Barclay's GDP-weighted index 31 March 2014.
- Norges Banks recommended weighting factors of 0.25 and 0.5
- Effect:

| | Billions of kroner | Percent |
|--|--------------------|----------|
| Difference factor 1.00 vs 0.25 and 0.5 | - 27.8 | - 1.26 % |



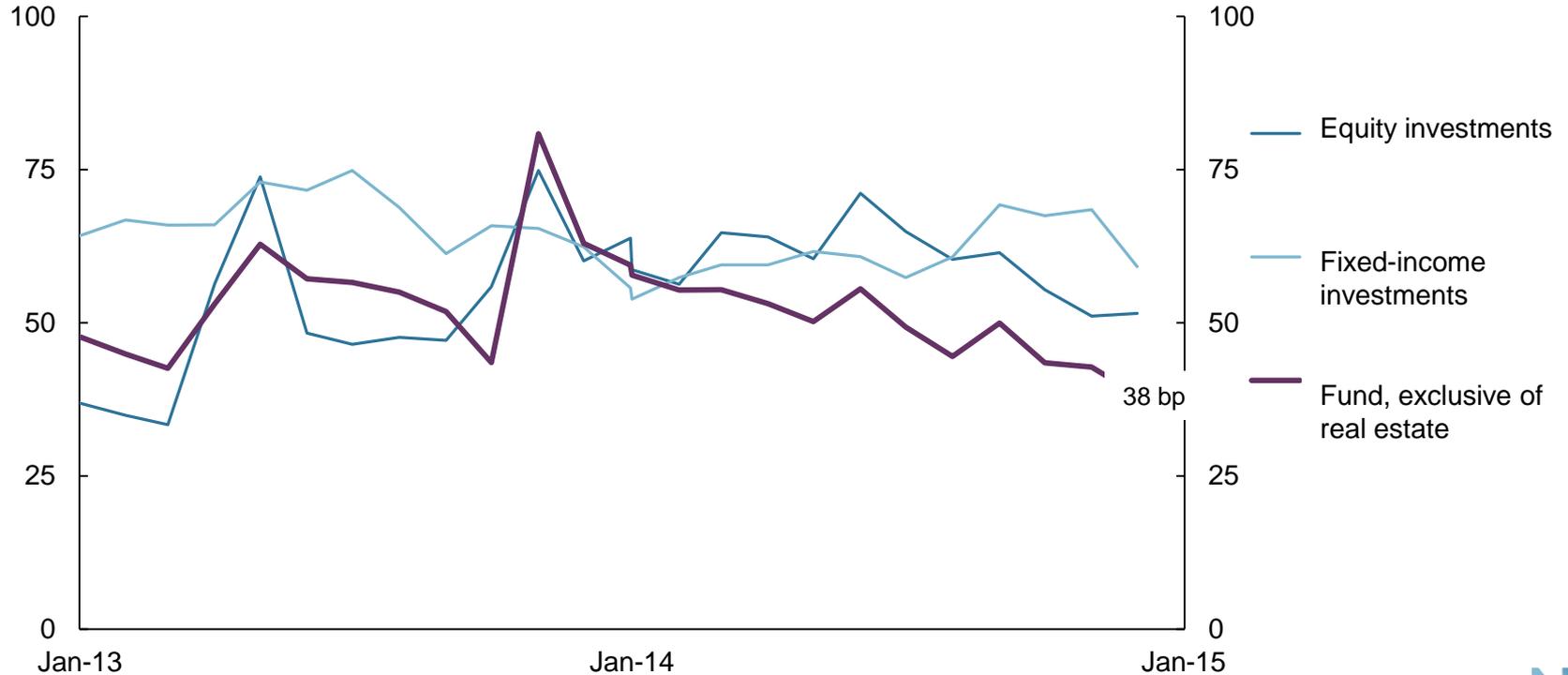
Expected absolute volatility

Percent (left axis) and billions of kroner (right axis)



Expected relative volatility

Equity and fixed-income investments. Basis points



Relative risk

Basis points

| | TE basispoints* |
|---------------------------------------|-----------------|
| Equity - Regional allocation | 22 |
| Equity – Environment-related mandates | 4 |
| Fixed income – Fixed income risk | 20 |
| Fixed income – Currency allocation | 10 |
| Fixed income – Fiscal strength | 4 |

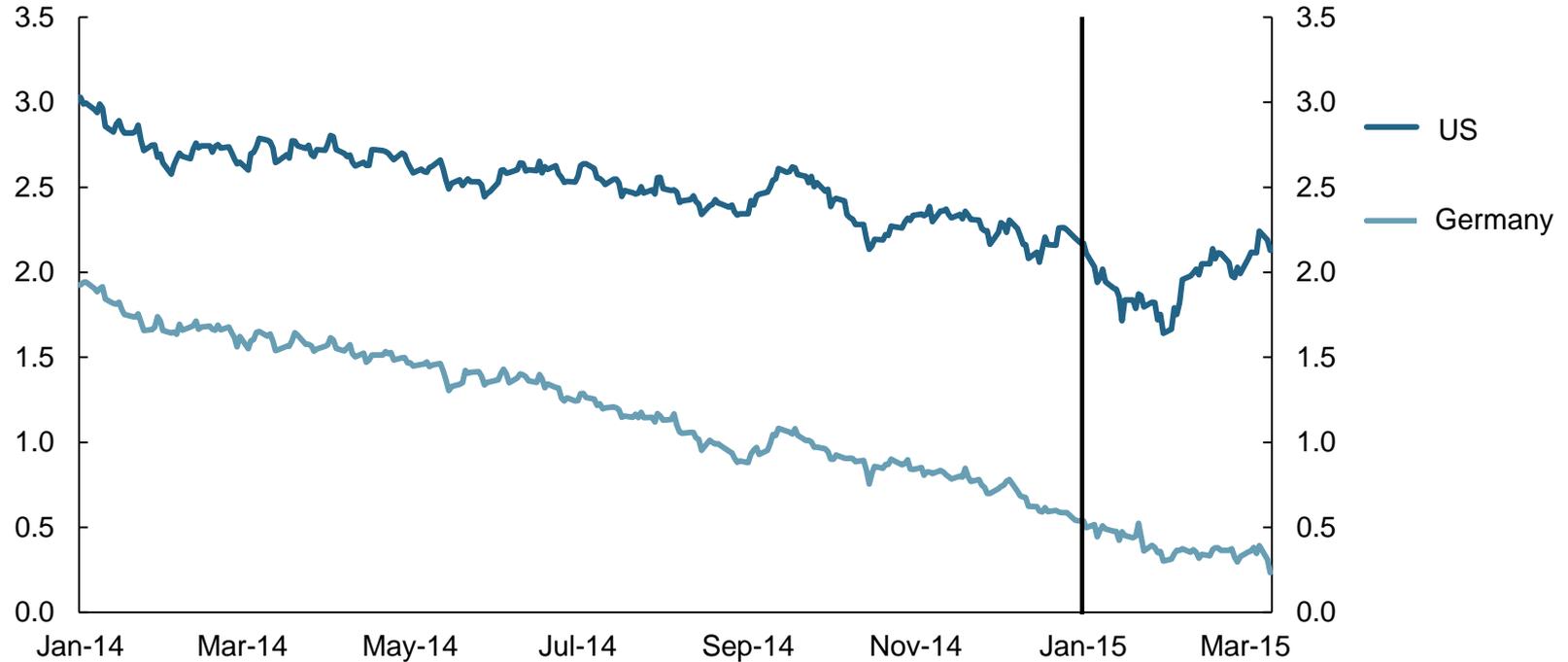


FINANCIAL MARKETS IN 2014



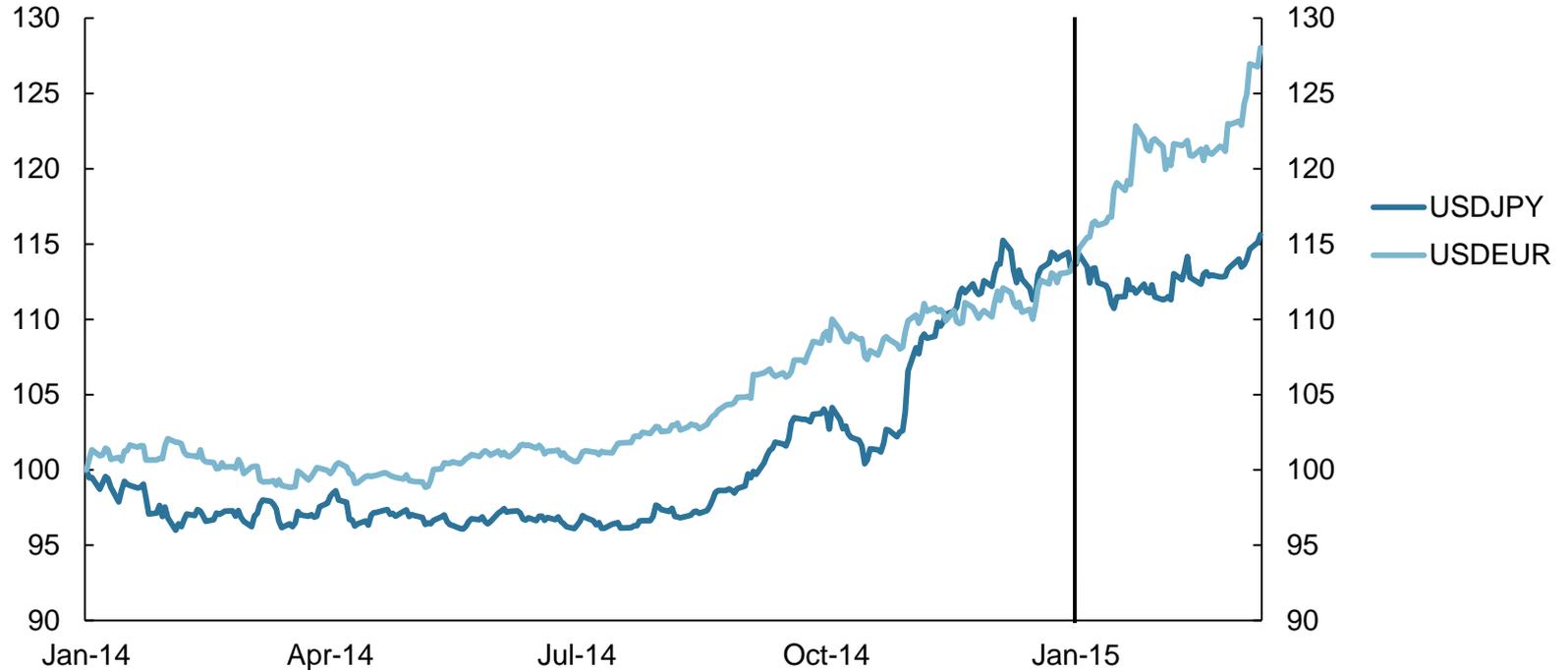
Lower interest rates

10-year government bond yields. Percent



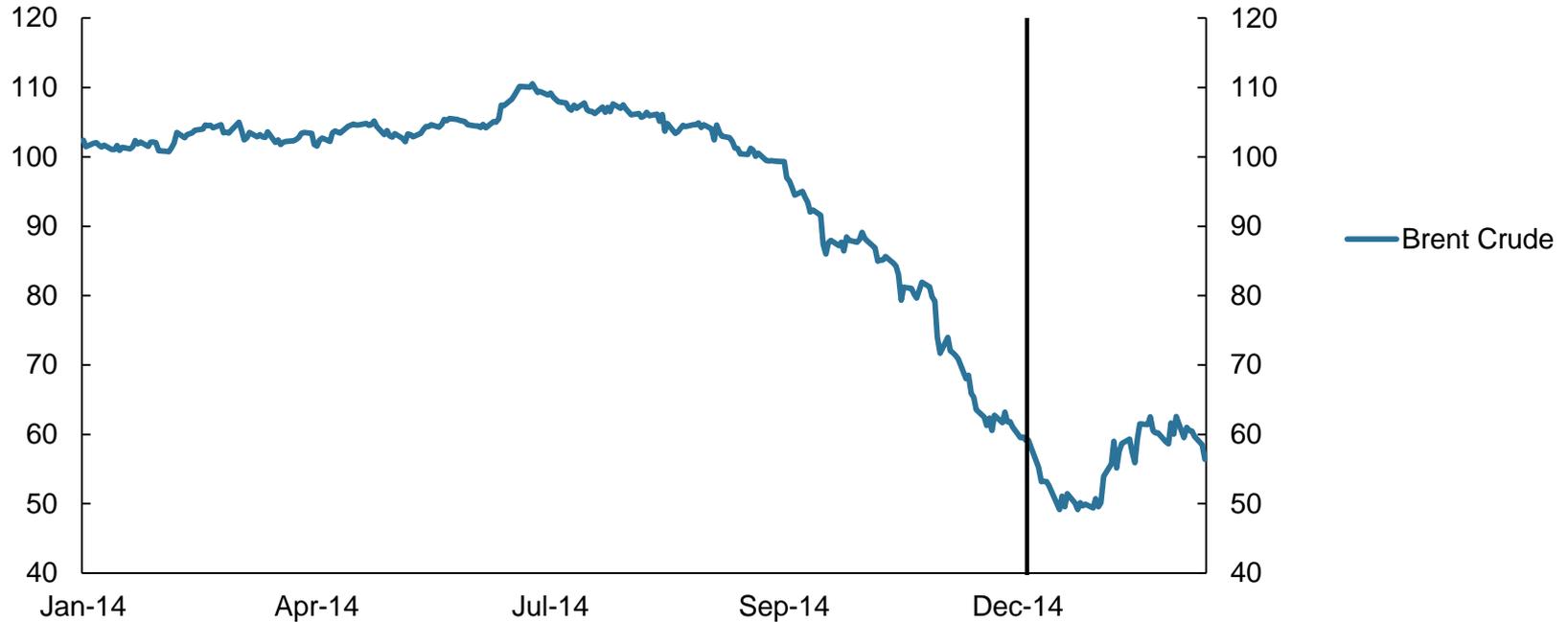
Stronger dollar

USD/JPY and USD/EUR, Jan-14 = 100.



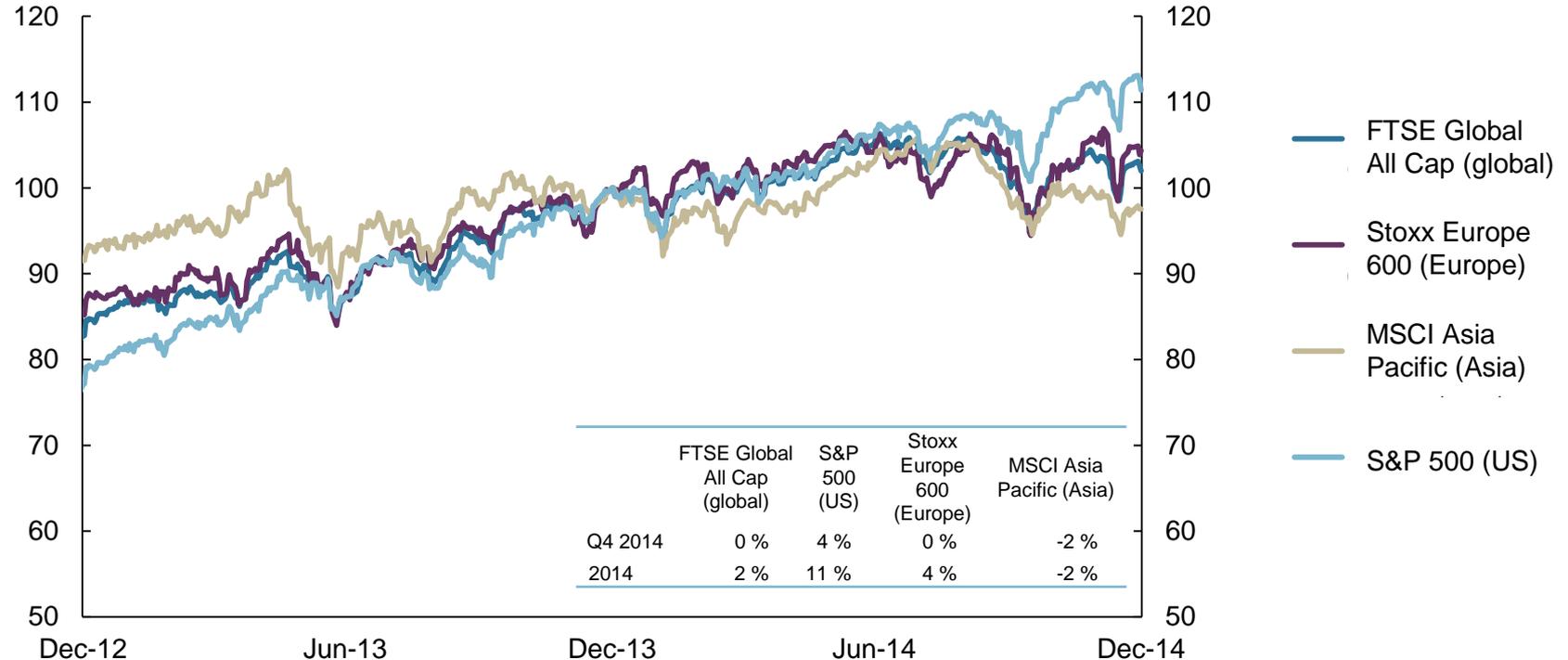
Halved oil price

USD per barrel



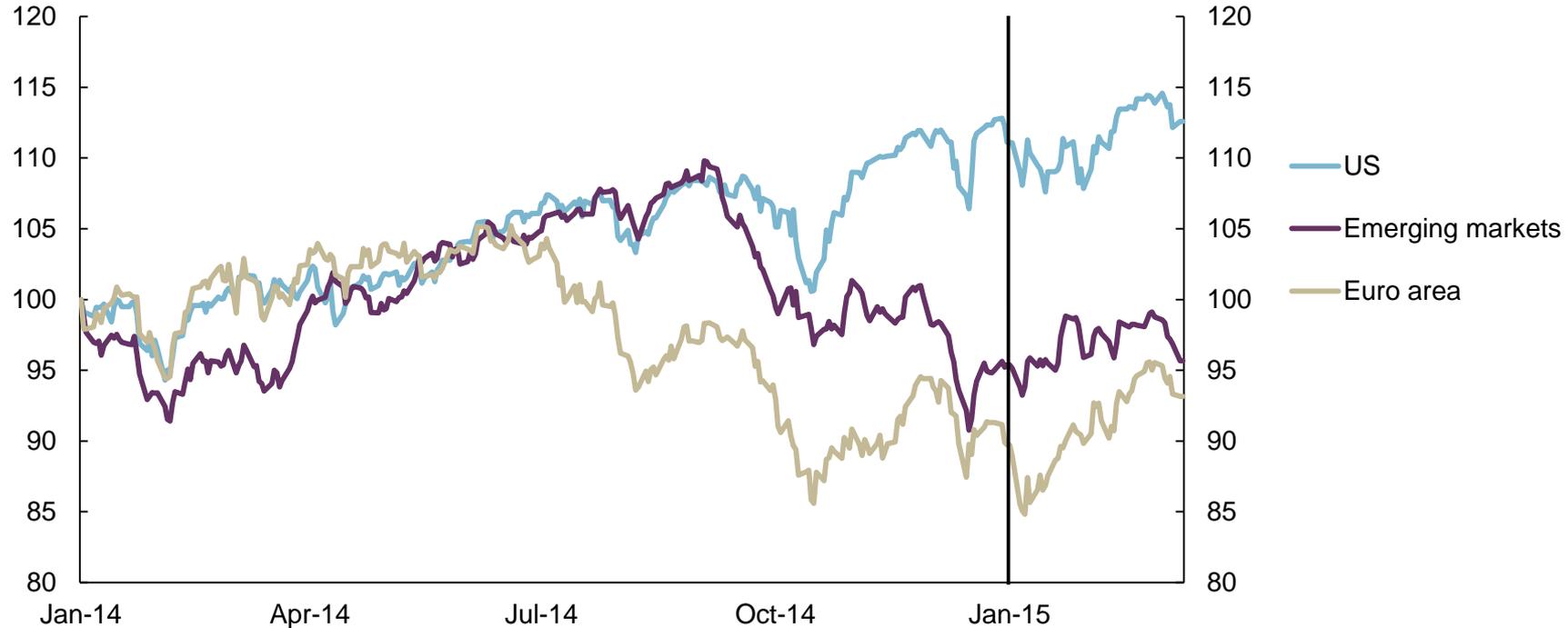
Price developments in equity markets

Measured in USD (Stoxx in EUR). Indexed (31.12.2013 = 100)



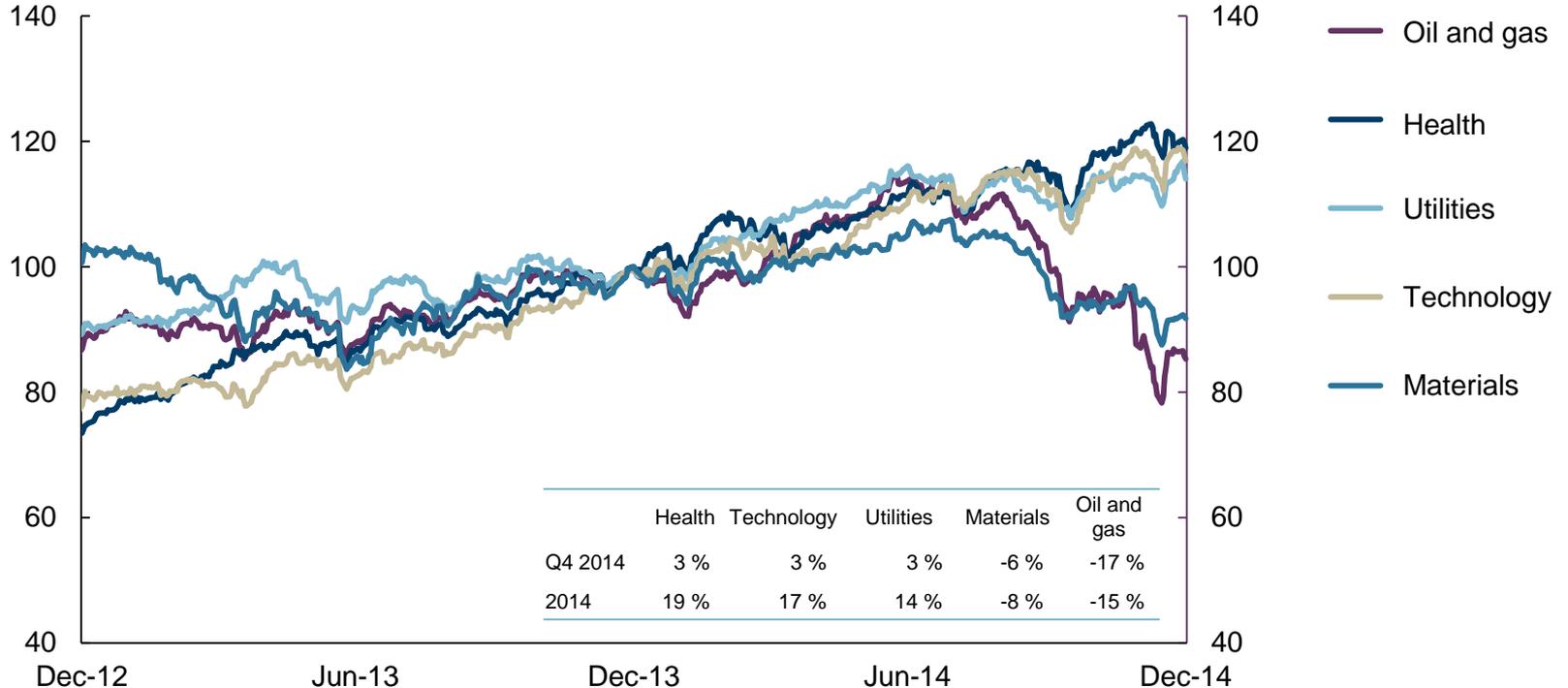
Strong growth in the US

Share prices in USD, Jan-14 = 100.



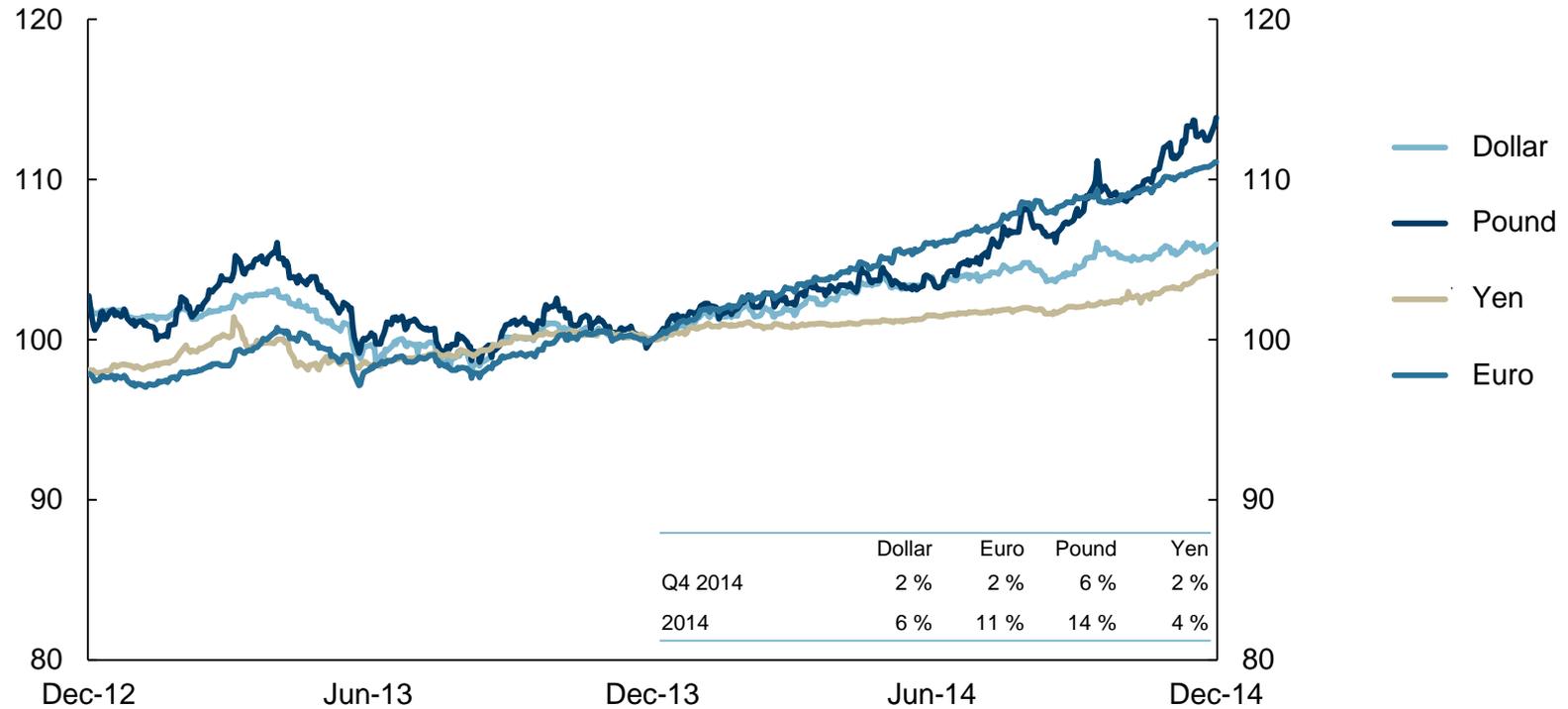
Price developments in stock sectors

Measured in USD. (31.12.2013 = 100)



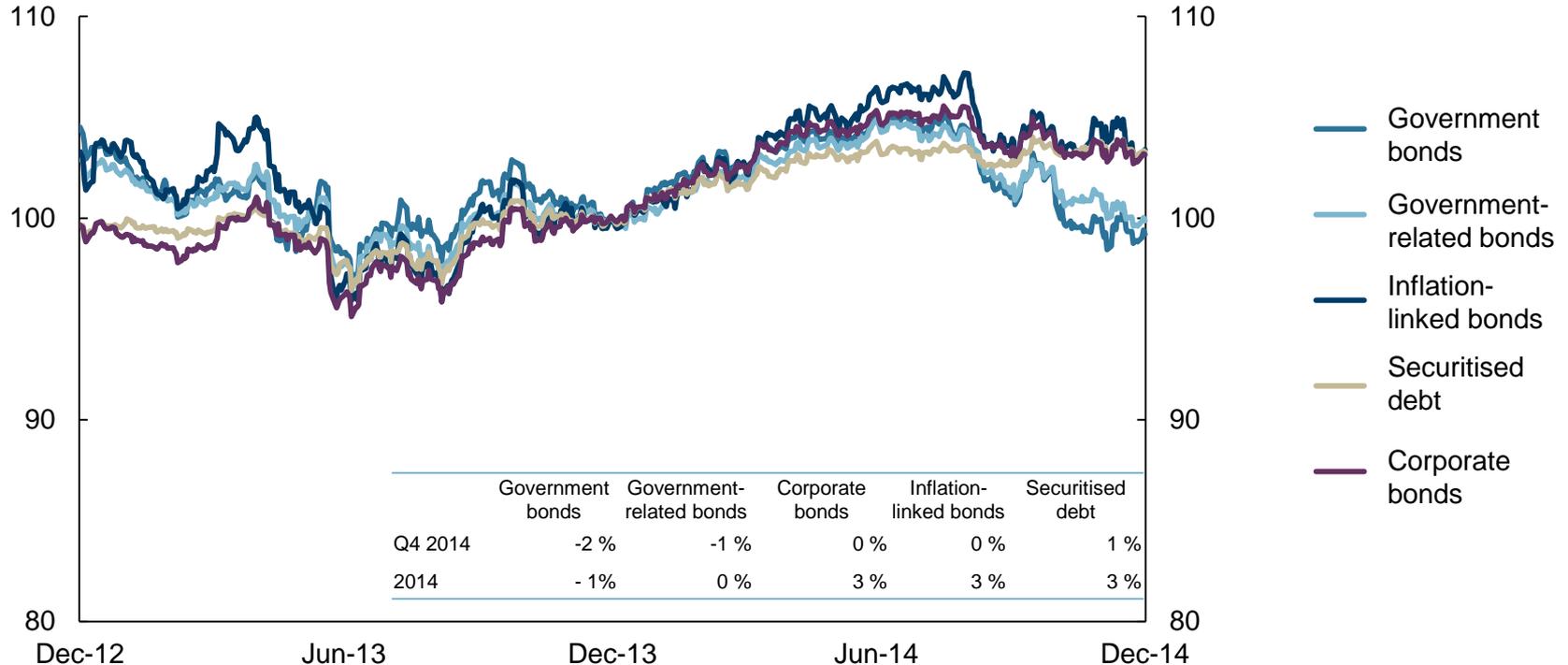
Price developments for bonds

Measured in local currency. Indexed (31.12.2013 = 100)



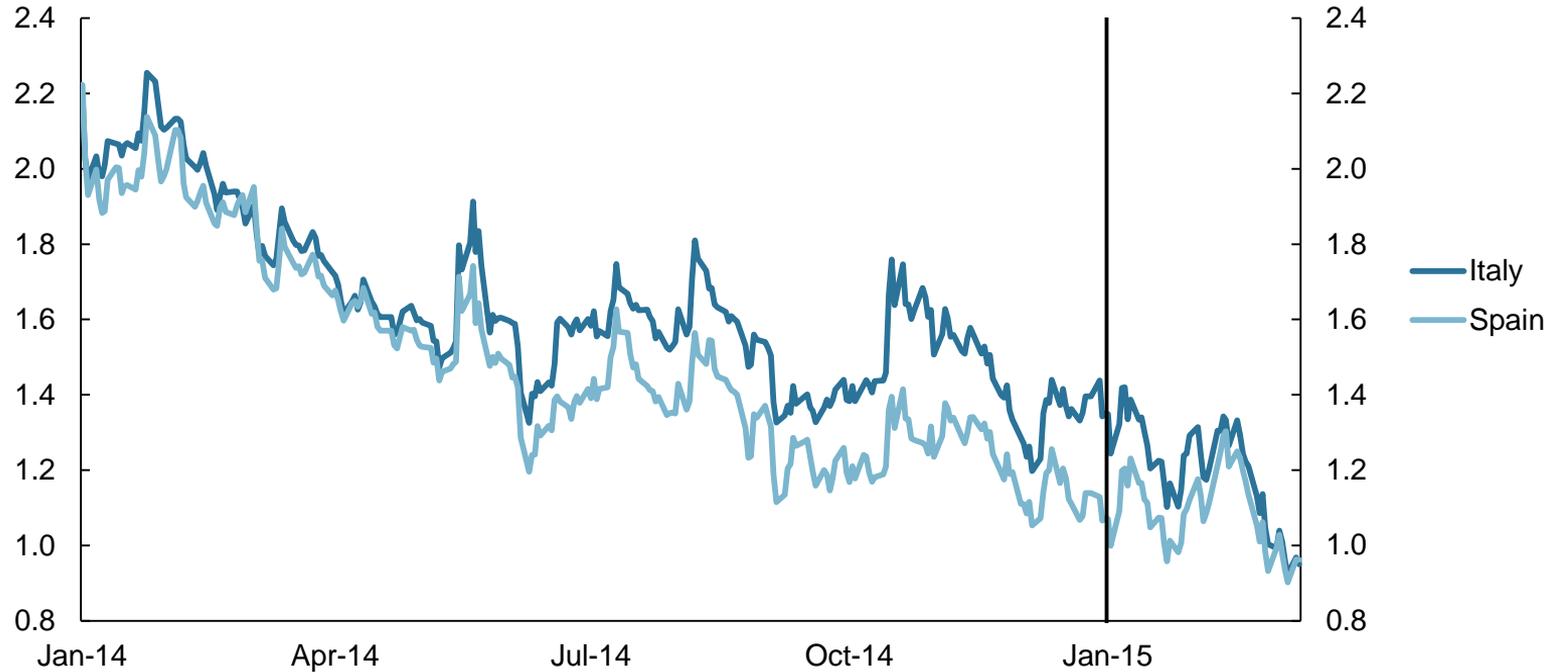
Price developments in fixed-income sectors

Measured in USD. Indexed (31.12.2013 = 100)



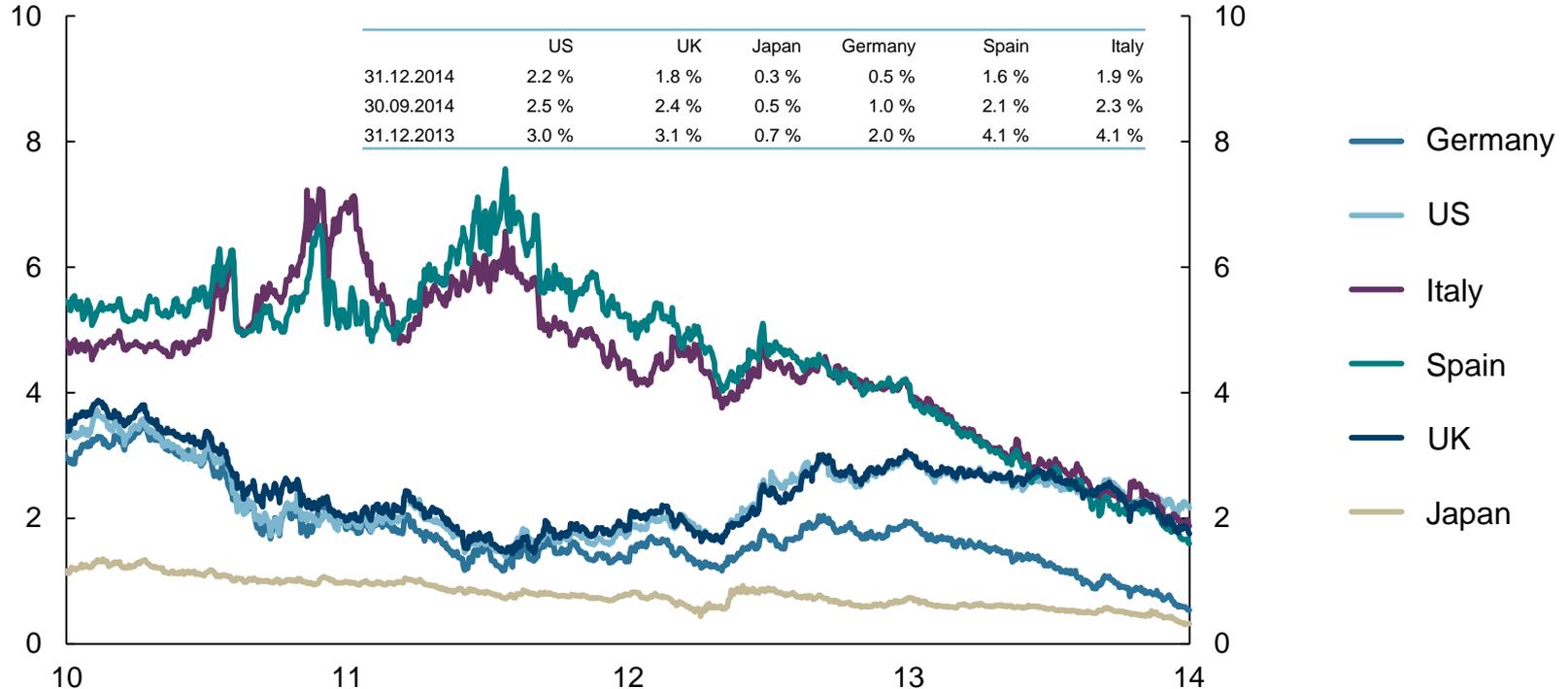
Smaller differences in European yields

10-year government bond yields



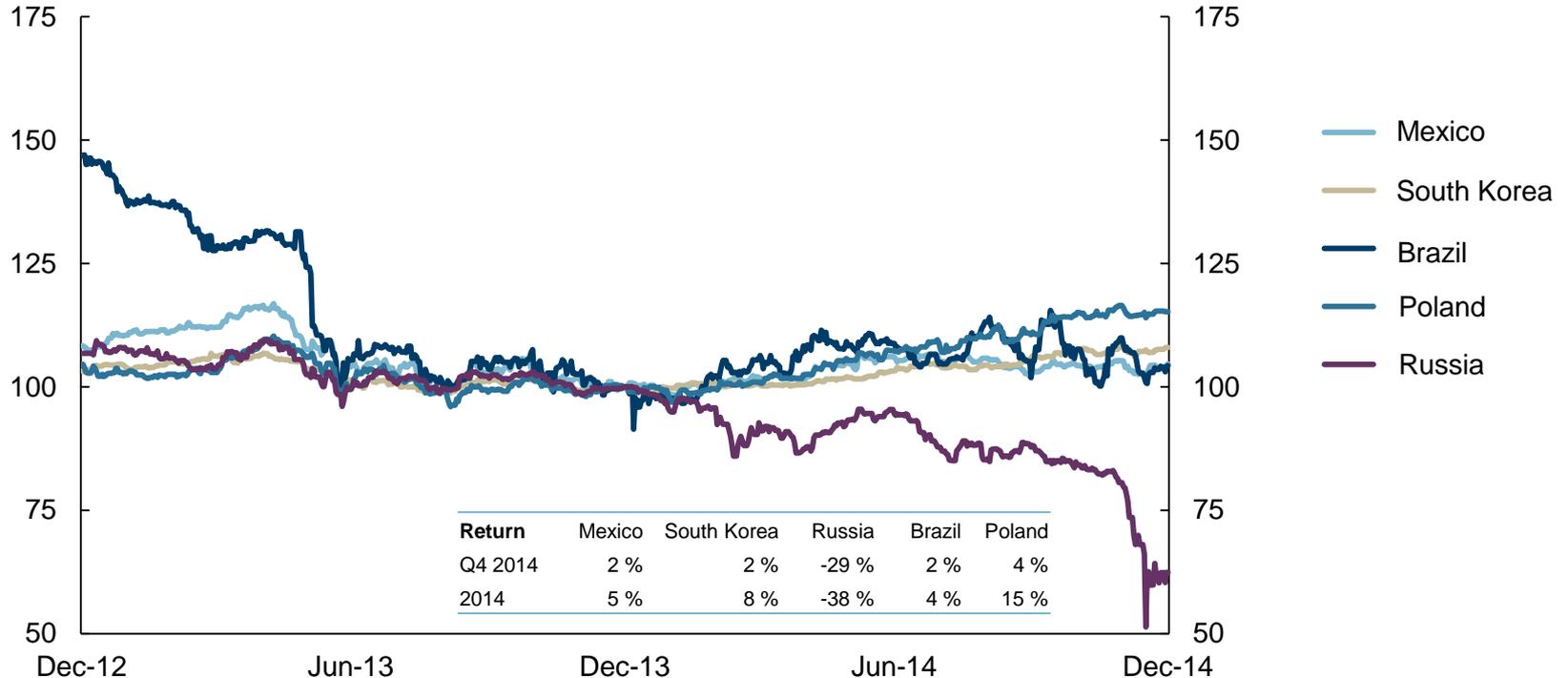
10-year government bond yields

Percent



Government bonds in emerging markets

10-year gov. Measured in local currency. Indexed dev. (31.12.2013 = 100)

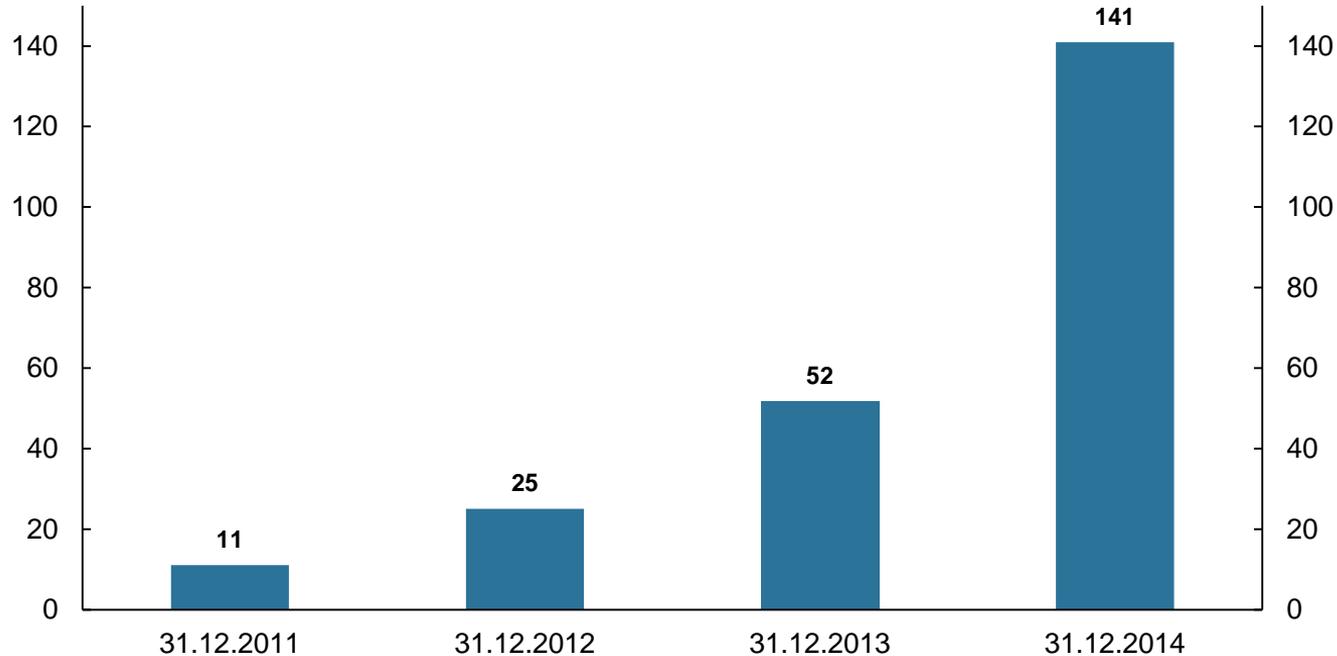


REAL ESTATE



Real estate investments

Market value in billion kroner



New real estate investments in 2014

Examples



Bank of America Merrill Lynch Financial Centre, London. Photo: GIC



601 Lexington Avenue, NY.
Photo: Boston Properties



"Lenbach Gärten", München. Photo: AM Alpha GmbH



Atlantic Wharf, Boston.
Photo: Anton Grassl/Esto



One Beacon Street, Boston.
Photo: Bill Horsman.



100 Federal Street.
Photo: Boston Properties



Foundry Square II, San Francisco.
Photo: Eastdil Secured

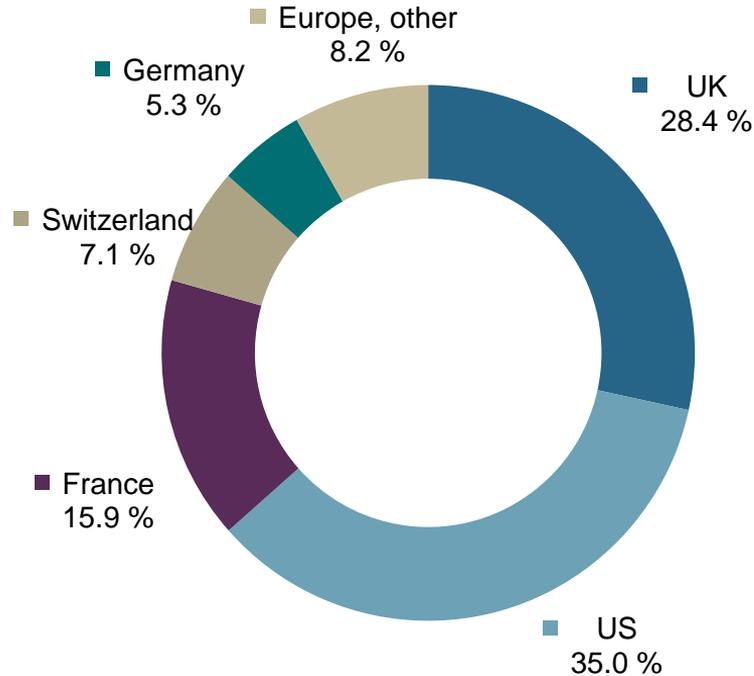
Real estate investments

Millions of kroner

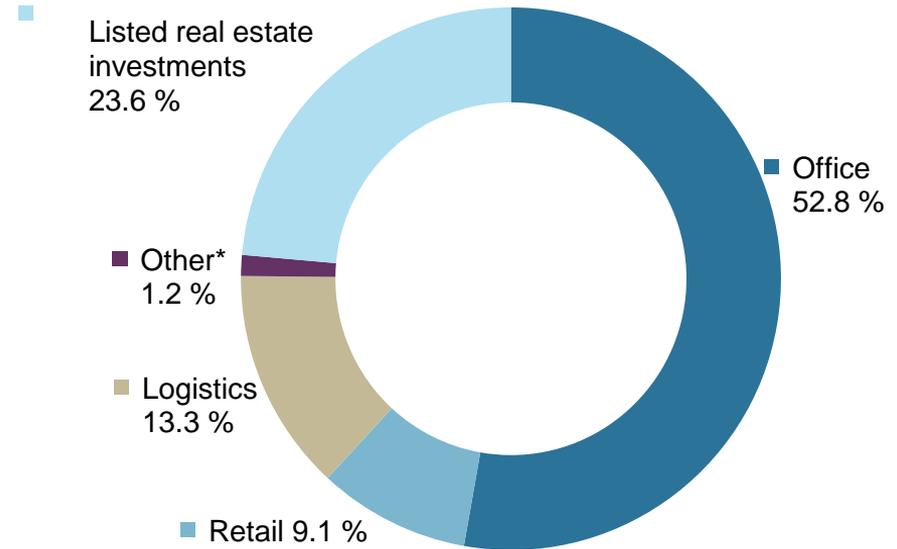
| | Value |
|------------------------------|---------|
| Buildings | 118 515 |
| Listed real estate companies | 33 238 |
| External debt | -11 985 |
| Other | 1 100 |
| Total | 140 868 |

Real estate portfolio as at 31.12.2014

Country and sector distribution. Percent



Left chart: Unlisted real estate only



* Other sectors, bank deposits and other claims



New leader group



Øyvind
Schanke

Age
Bakker

Petter
Johnsen

Ole Christian
Bech-Mohn

Jan
Thomsen

Dag
Huse

Yngve
Slyngstad

Trond
Grande

Mie
Holstad

Nina
Hammerstad

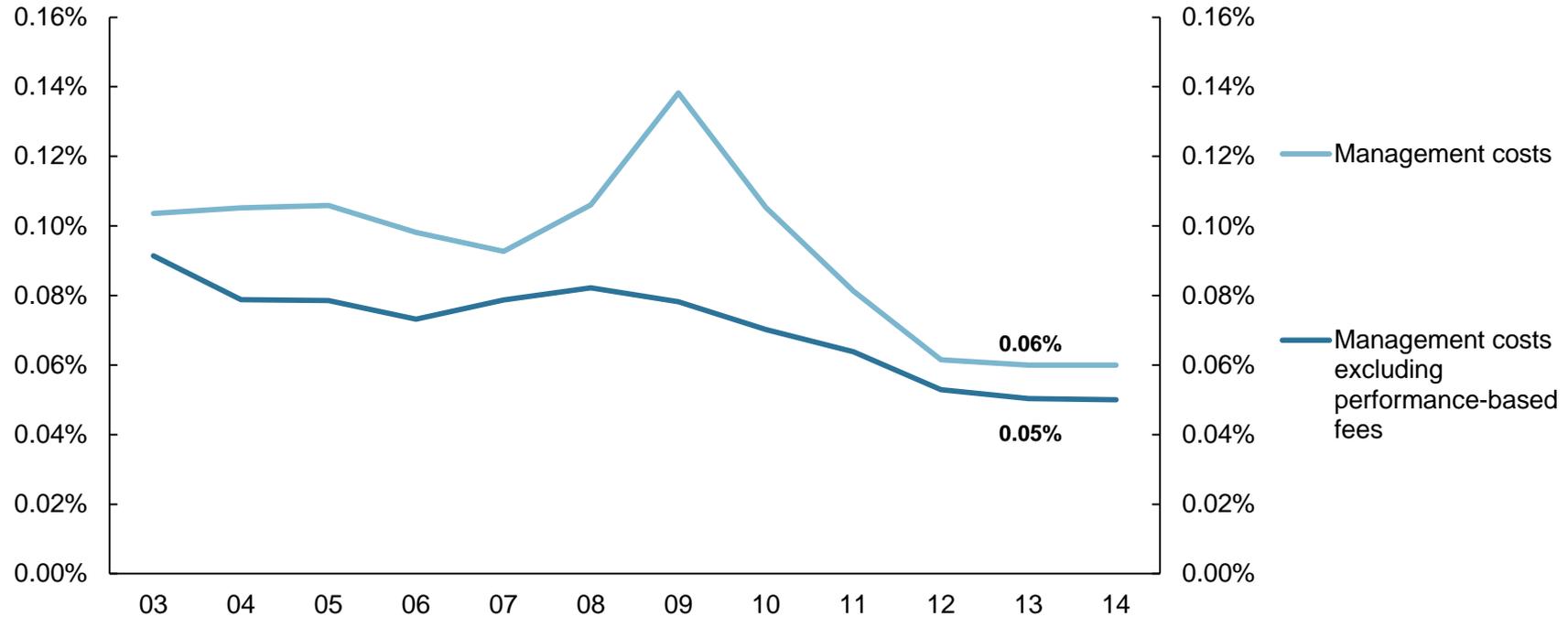
Karsten
Kallevig

Lars
Dahl



Management costs

Percent



RESPONSIBLE INVESTMENT



Report on responsible investment



MANAGEMENT

A work in progress
Increased transparency

IN BRIEF

Furthering the fund's long-term interest

STANDARD SETTING

International standards
Our expectations and principles
Research into responsible investment

OWNERSHIP

Voting
Interaction with companies
Engaging with boards

RISK MANAGEMENT

Monitoring risk
Industry initiatives
Focus areas
Environment-related mandates
Risk-based divestments



Three pillars of responsible investment

STANDARD SETTING



- International standards
- Our expectations and principles
- Research into responsible investment

COMPANY DIALOGUE



- Voting
- Interaction with companies
- Engaging with boards

RISK MONITORING

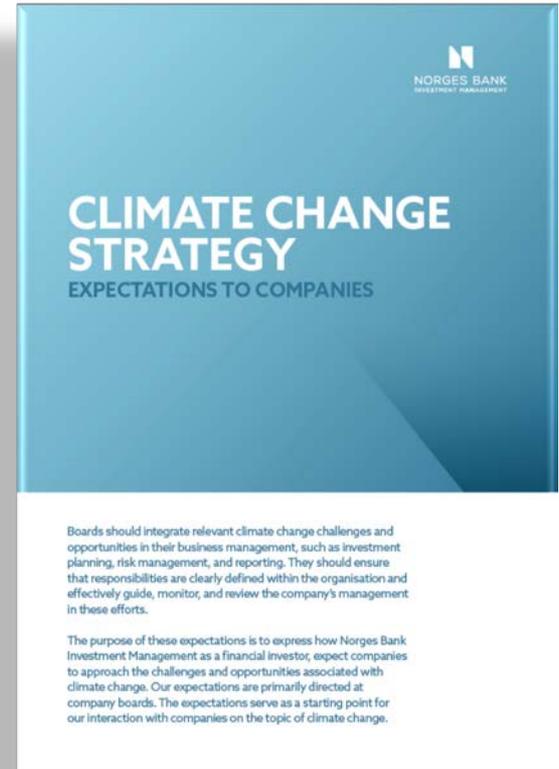


- Monitoring risk
- Industry initiatives
- Focus areas
- Environment-related mandates
- Risk-based divestments

New expectation document on climate strategy

Companies' approach to climate change

- Directed towards companies involved in coal mining, oil and gas production, electricity production from fossil fuels and other business activities with large greenhouse gas emissions
- Companies should integrate climate change in investment planning, risk management and risk reporting, and be open about their interaction with policy makers and regulators



Position paper on proxy access

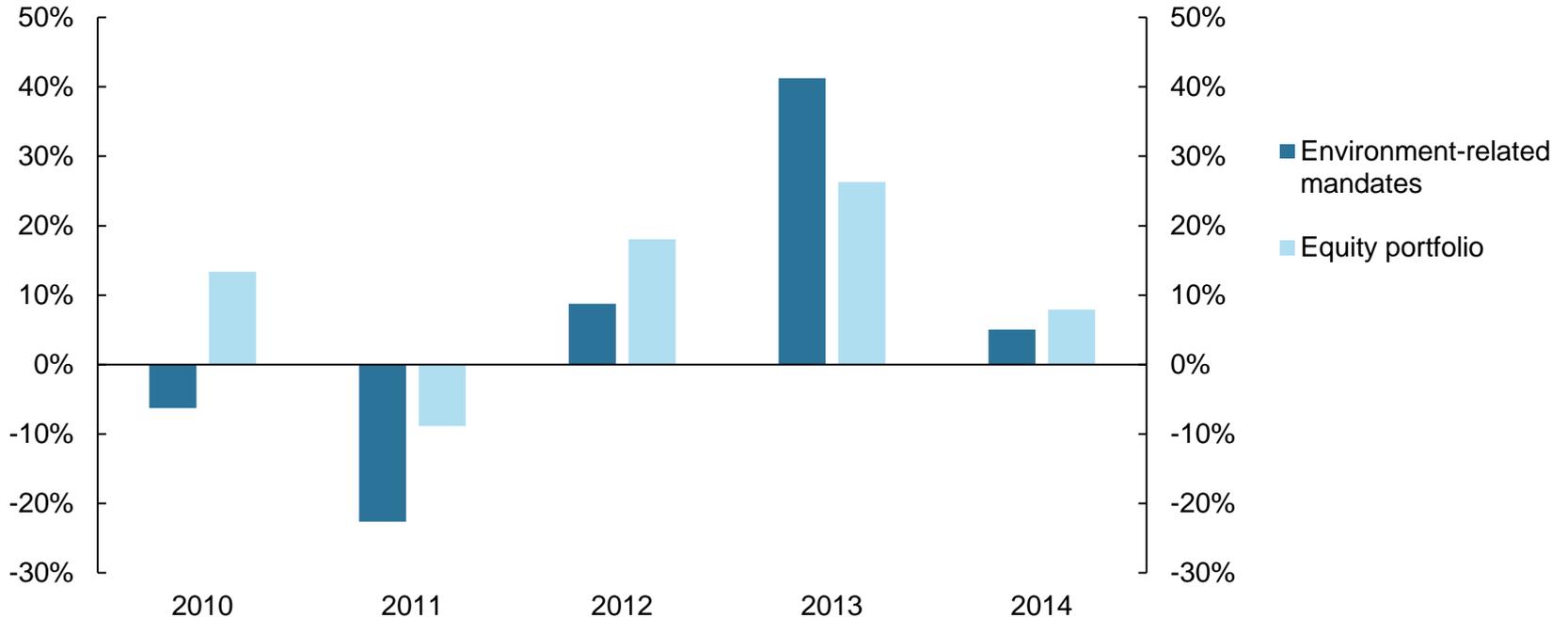
Published position on shareholders rights to propose board candidates

- We want to contribute to the development of shareholder democracy and have therefore promoted changes in regulations to provide shareholders the right to propose board candidates
- We will support shareholder proposals on proxy access in individual companies



Annual return environment-related mandates

Percent



Risk-based divestments in 2014

| Category | Theme | Number of companies |
|----------------------|--|---------------------|
| Deforestation | Coal mining in India | 5 |
| Water | General mining and precious metals | 17 |
| | Mountaintop removal | 2 |
| GHG emissions | Oil sands production | 5 |
| | Coal extraction towards electricity power production | 14 |
| | Cement production | 2 |
| | Coal fired power generation | 1 |
| Other | Other 2014 | 3 |
| Sum | | 49 |



Published on web 13 March 2015

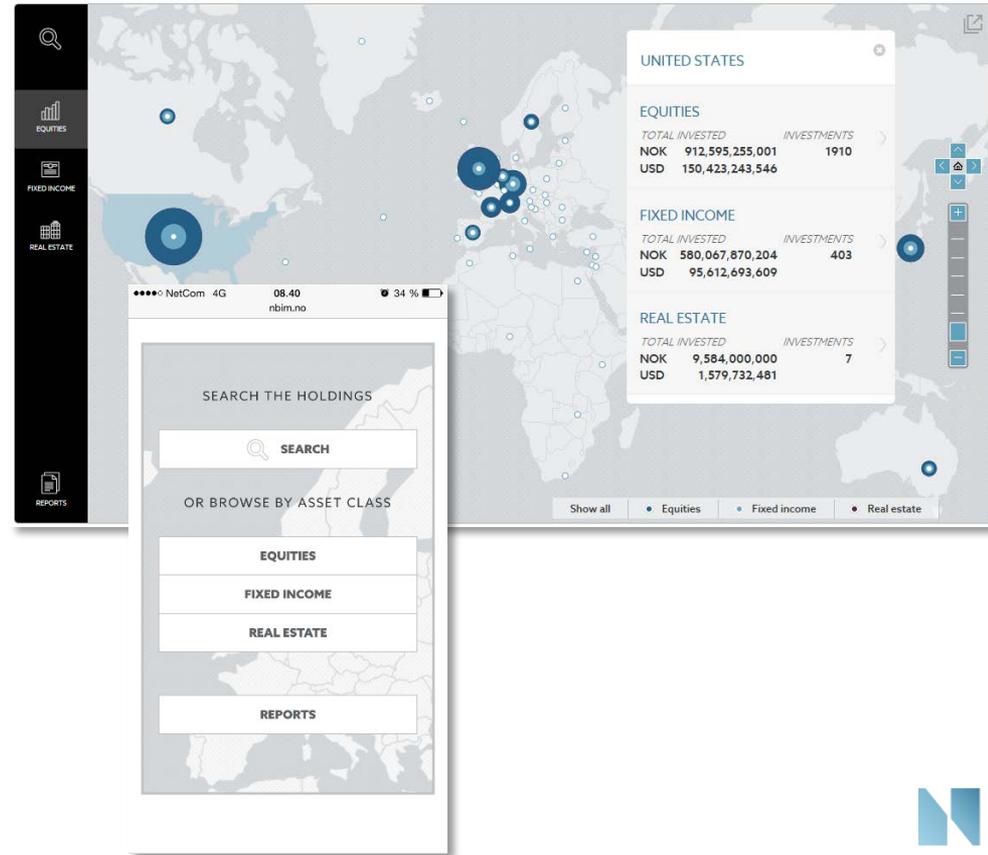
- Holding lists
- Voting records
- GIPS report
- Significant external suppliers
- External managers
- Monthly returns



New search function

Published on www.nbim.no

- Geographical search in holdings, sorted by asset class
- Export of reports (XLS og PDF) for each of the asset classes
- Figures in NOK and USD
- Historical data
- Voting records integrated



Main points

- The return was 7.6 percent in 2014
 - Equity 7.9 percent
 - Fixed-income 6.9 percent
 - Real estate 10.4 percent
- The return on equity and fixed-income investments was 0.8 percentage point lower than the return on the reference indices
- The market value of the fund grew by 1,393 billion kroner to 6,431 billion kroner
- Asset allocation at the end of the year
 - Equity 61.3 percent
 - Fixed income 36.5 percent
 - Real estate 2.2 percent



An aerial photograph of an offshore oil rig, showing its complex steel structure and various platforms extending over the ocean. The rig is positioned on the left side of the image, with a large blue diagonal graphic element on the right.

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