

MINUTES OF THE EXECUTIVE BOARD MEETING OF 10 MARCH 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

Employee representatives: Mona H. Sørensen and Henrik Borchgrevink (item 65)

Office of the Supervisory Council: Svenn-Erik Forsstrøm (items 61, 63 and 64)

Management: Ida Wolden Bache (items 53-54), Sindre Weme (items 53-54), Kristine Høegh-Omdal (items 53-54), Per Espen Lilleås (items 53-54), Ingrid Solberg (items 53-54), Olav Bø (items 53-54), Arne Kloster (items 53-54), Yngve Slyngstad (items 56-60), Trond Grande (items 56-61 and 63-64), Dag Huse (items 56-57), Karsten Kallevig (items 59-60), Lars Dahl (items 59-60), Nina Hammerstad (items 59-60), Ivar Eriksen (items 59-60), Merethe Riddervold (items 56-58), Kathrine Stang Ottesen (item 64), Birger Vikøren (items 56-64), Pål Haugerud (items 56-61 and 63-64), Runar Malkenes (items 53-59), Bjarne Gulbrandsen (items 53-66), Sigrid Igland (items 53-66)

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

- National report from the regional network 1/2016
Memo from Monetary Policy of 3 March 2016
- Government Pension Fund Global – Presentation and report from the quarterly meeting with the Ministry of Finance
Memo from NBIM of 3 March 2016
- Monthly performance and risk report – January 2016
Memo from NBIM of 23 February 2016
- Minutes of the Supervisory Council meetings of 14 January and 18 February 2016
- Report from the Audit Committee meeting of 8 February 2016
- Real estate management – Report from the Real Estate Investment Board meeting of 29 February 2016
Memo from NBREM of 7 March 2016
- The Supervisory Council's supervision plan for 2016
Memo from the General Secretariat of 4 March 2016
- Strategy for Norges Bank's Supervisory Council 2016-2018
Memo from the General Secretariat of 4 March 2016

53/2016 Recommendation to the Ministry of Finance on the countercyclical capital buffer

Discussion documents:

- HIGHLY CONFIDENTIAL memo from Financial Stability of 4 March 2016

The Governor outlined the basis for the recommendation to the Ministry of Finance on the countercyclical capital buffer.

The Executive Board exchanged views. In light of the Executive Board's discussions, a draft letter to the Ministry of Finance with a recommendation on the countercyclical capital buffer for the first quarter of 2016 is to be presented for final consideration at the Executive Board's meeting of 16 March 2016.

54/2016 Draft monetary policy report with financial stability assessment 1/16

Discussion documents:

- HIGHLY CONFIDENTIAL memo from Monetary Policy of 4 March 2016

The Governor presented the main elements of the draft monetary policy report, including the analysis and assessment of the economic situation and the outlook for monetary policy.

The Executive Board discussed the economic outlook, the monetary policy stance and the need for a countercyclical buffer at the banks. In light of the Executive Board's discussions and new information, a draft "Executive Board's Assessment" is to be presented for final consideration at the Executive Board's meeting of 16 March 2016.

55/2016 Briefing on current issues in Central Banking Operations

The Governor presented current issues in Central Banking Operations.

56/2016 Report on performance and risk for 2015

Discussion documents:

- Memo from NBIM of 4 March 2016

Yngve Slyngstad presented the report. Egil Matsen and Karen Helene Ulltveit-Moe presented the discussions at the joint meeting of the Audit Committee and the Risk and Investment Committee, and the topics that particularly drew their attention, including various performance measures and their significance in the assessment of management performance, and the communication of key messages. Matsen and Ulltveit-Moe also provided information on the concrete contributions that the committees had made to the report.

The Executive Board exchanged views and took note of the report on performance and risk for 2015. The report is to be published on 16 March 2016 and sent to the Supervisory Council for information.

57/2016 Letter to the Ministry of Finance on the Executive Board's assessment of the GPF's performance for 2015

Discussion documents:

- Memo from the General Secretariat of 7 March 2016

Egil Matsen presented the discussion document. Karen Helene Ulltveit-Moe presented the discussions at the joint meeting of the Audit Committee and the Risk and Investment Committee, and the topics that particularly drew their attention. There was a detailed discussion of the draft letter on the committees, with specific remarks and suggested formulations.

The Executive Board exchanged views and approved the submission of a letter to the Ministry of Finance. The Governor was authorised to finalise the letter based on the Executive Board's discussions and remarks. The letter is to be sent to the Ministry of Finance by 16 March 2016 and submitted to the Supervisory Council for information.

58/2016 The Government Pension Fund Global's equity allocation

Discussion documents:
- Memo from NBIM of 3 March 2016

Yngve Slyngstad introduced the topic.

The Executive Board exchanged views, including on key issues in the Bank's assessment of the equity allocation in the benchmark index. The Executive Board took note of the progress plan for the assessment of the Government Pension Fund Global's equity allocation.

59/2016 Draft report on real estate management for 2015

Discussion documents:
- Memo from NBREM of 7 March 2016

Karsten Kallevig presented the report.

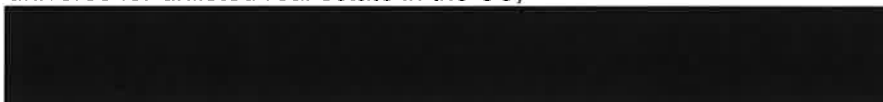
The Executive Board exchanged views and took note, subject to the remarks made during the meeting, of the draft report on real estate management for 2015. Future reports are to be considered first by the Audit Committee.

60/2016 Government Pension Fund Global (GPFG) – US real estate investments

Discussion documents:
- Memo from NBREM of 3 March 2016
- Memo from NBIM of 8 March 2016
- Memo from the Risk and Investment Committee of 9 March 2016

Karsten Kallevig introduced the topic. Egil Matsen presented the discussions on the Risk and Investment Committee and the Committee's position.

The Executive Board exchanged views on the expansion of the investment universe for unlisted real estate in the US,



The Executive Board asked to be kept informed of any plans for significant investments in development projects.

A majority of the Executive Board supported permitting unlisted real estate investments in the US to be held through USRPIs, including C corporations. The Ministry of Finance is to be informed of the decision.

Executive Board members Karen Helene Ulltveit-Moe and Kjetil Storesletten felt, on balance, unable to support a general recommendation to permit unlisted real estate investments in the US to be held through USRPIs.

61/2016 Supervisory reports on the Government Pension Fund Global

Discussion documents:

- Memo from the General Secretariat of 7 March 2016
with four reports from the Supervisory Council appended

Birger Vikøren presented the topic.

The Executive Board exchanged views and decided to send a letter to the Supervisory Council with comments on the supervisory reports in line with the draft letter and the Executive Board's remarks.

62/2016 Briefing on current issues in investment management

There were none.

63/2016 Follow-up of items from Supervisory Council meetings

Discussion documents:

- Memo from the General Secretariat of 8 March 2016

The Executive Board took note of the review of the follow-up of items from Supervisory Council meetings and approved the proposals for further follow-up. The matter is to be submitted to the Supervisory Council for information.

64/2016 Status report on risk reduction measures in 2015 and 2016

Discussion documents:

- Memo from the General Secretariat of 8 March 2016

The Governor introduced the topic. Karen Helene Ulltveit-Moe presented the discussions on the Audit Committee and the topics that drew its attention.

The Executive Board decided to submit the status report on risk reduction measures to the Supervisory Council.

65/2016 Minutes of the Executive Board meeting of 10 February 2016

The Executive Board approved the minutes of its meeting of 10 February 2016.

66/2016 Any other business

The Executive Board exchanged views on processes and responsibilities for discussion documents from NBREM and NBIM.

Executive Board members:

Executive Board alternates:

Employee representatives in respect of item 65: