

MINUTES OF THE EXECUTIVE BOARD MEETING OF 7 DECEMBER 2016

Present:

Executive Board:	Øystein Olsen, Jon Nicolaisen, Egil Matsen, Hilde Myrberg, Kjetil Storesletten, Karen Helene Ulltveit-Moe, Kathryn M. Baker and Steinar Juel
Deputy members:	Arne Hyttnes
Apologies:	Kristine Landmark
Employee representatives:	Mona H. Sørensen and Nina Larsson Midthjell (items 228-232)
Office of the Supervisory Council:	Svenn-Erik Forsstrøm (items 226 and 228-231)
Management:	Ida Wolden Bache (items 220-221), Per Espen Lilleås (items 220-221), Ingrid Solberg (items 220-221), Olav Bø (items 220-221), Torbjørn Hægeland (items 220-224), Kristine Høegh-Omdal (items 220-221), Ylva Søvik (items 220-224), Bent Vale (items 222-224), Arild Lund (items 222-224), Marius Ryel (items 222-224 and 231), Trond Grande (items 226-231), Dag Huse (item 226), Karsten Kallevig (item 226), Ivar Eriksen (item 226), Merethe Riddervold (items 226 and 228-231), Ingunn Valvatne (item 226), Jannecke Ebbesen (items 228-229), Ørjan Agdesteen (items 230-231), Birger Vikøren (items 226-232), Runar Malkenes (items 220-221 and 230-231), Bjarne Gulbrandsen (items 220-232) and Olav Mundal (items 220-226 and 228-232)

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

- National report from the regional network 4/2016
Memo from Monetary Policy of 1 December 2016
- Norges Bank's annual report for 2016
Memo from the General Secretariat of 30 November 2016
- The equity share in the benchmark index for the Government Pension Fund Global
Letter to the Ministry of Finance of 1 December 2016
- Market Focus 6-2016
- Revised meeting schedule for the Executive Board for 2017

220/2016 Advice to the Ministry of Finance on the countercyclical capital buffer

Discussion documents:

- HIGHLY CONFIDENTIAL memo from Financial Stability of 1 December 2016

The Central Bank Governor outlined the basis for the recommendation to the

Ministry of Finance on the countercyclical capital buffer.

The Executive Board discussed the need for a countercyclical capital buffer at banks. 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 fourth quarter of 2016 is to be presented for final consideration at the Executive Board's meeting of 14 December 2016.

221/2016 Draft monetary policy report with financial stability assessment 4/16

Discussion documents:

- HIGHLY CONFIDENTIAL memo from Monetary Policy of 2 December 2016

The Governor presented the main elements of the draft monetary policy report, including the analyses and assessments of the economic situation and the outlook for monetary policy. The Governor also referred to presentations and discussions at the seminar on the monetary policy situation.

The Executive Board discussed the economic outlook and the monetary policy stance. 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 14 December 2016.

222/2016 Consultation on the Banking Law Commission's Report No. 30 on deposit guarantees and crisis management in the bank sector

Discussion documents:

- Memo from Financial Stability of 1 December 2016

The Ministry of Finance has put out for consultation the Banking Law Commission's Report No. 30 on deposit guarantees and crisis management in the bank sector. The commission's report proposes new legislation implementing the EU's Bank Recovery and Resolution Directive and Deposit Guarantee Schemes Directive in Norway.

Torbjørn Hægeland presented a draft response from Norges Bank.

The Executive Board had an exchange of views and approved the submission of a consultation response to the Ministry of Finance based on the attached draft. The Governor was authorised to finalise the document based on the draft letter and the Executive Board's remarks.

223/2016 Consultation on proposed Debt Registry Act

Discussion documents:

- Memo from Financial Stability of 1 December 2016

The Ministry of Children and Equality has presented new draft legislation on the registration of unsecured consumer debt. Such a registry would eliminate an information gap and could contribute to better credit assessments and pricing of unsecured loans so that they are not granted to those who are in a poor position

to service their debts.

Torbjørn Hægeland presented a draft response from Norges Bank.

The Executive Board had an exchange of views and approved the submission of a consultation response to the Ministry of Children and Equality based on the attached draft. The Governor was authorised to finalise the document based on draft letter and the Executive Board's remarks.

224/2016 Nordic-Baltic MoU on banks with cross-border establishments

Discussion documents:

- Memo from Financial Stability of 28 November 2016

Jon Nicolaisen presented the topic.

The Executive Board took note of the matter.

225/2016 Briefing on current issues in Central Banking Operations

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

226/2016 GPFG – New rules on real estate in the mandate

Discussion documents:

- Memo from NBIM of 1 December 2016

- Memo from the Risk and Investment Committee of 5 December 2016

Trond Grande presented the topic. Egil Matsen presented the discussions on the Risk and Investment Committee and its feedback on adjustments to the draft letter.

The Executive Board had an exchange of views and approved the submission of a recommendation to the Ministry of Finance that adjustment to the new strategic benchmark index is carried out after close of markets on 31 December 2016 in line with the draft letter.

The Executive Board adopted a method for including unlisted real estate investments in the calculation of expected relative volatility in accordance with the draft letter, and approved the ministry being informed thereof.

The Executive Board adopted a method for calculating expected shortfall in accordance with the draft letter.

The Executive Board approved the submission of a letter to the Ministry of Finance on the management mandate for the GPFG based on the draft letter and the feedback from the Risk and Investment Committee. The Governor was authorised to finalise the letter based on the Executive Board's feedback at the meeting.

The Executive Board noted that listed real estate companies in the real estate

portfolio will be transferred to the equity portfolio after close of markets on 31 December 2016.

227/2016 Briefing on current issues in investment management

Trond Grande gave a briefing on current issues in investment management.

228/2016 Minutes of the Executive Board meeting of 23 November 2016

The Executive Board approved the minutes of its meeting of 23 November 2016.

229/2016 Norges Bank's pension fund – appointment, staggering and remuneration of board members

Discussion documents:

- Memo from Corporate and Shared Services of 1 December 2016

Jannecke Ebbesen presented the topic.

The Executive Board had an exchange of views and asked a number of clarifying questions.

The Executive Board approved the following appointments of full and alternate board members:

- Jan Thomsen was reappointed member of the board of Norges Bank's pension fund for the period from 1 January 2017 to 31 March 2020.
- Mariann S. Bendriss was appointed external member of the board of Norges Bank's pension fund for the period from 1 January 2017 to 31 March 2020.
- Lise Klaveness was appointed alternate member of the board of Norges Bank's pension fund for the period from 1 January 2017 to 31 March 2020.
- Sigbjørn Atle Berg was reappointed alternate member of the board of Norges Bank's pension fund for the period from 1 January 2017 to 31 March 2020.

The Executive Board approved the continuation of the remuneration arrangements for full and alternate members.

230/2016 Strategy for Norges Bank for 2017-2019

Discussion documents:

- Memo from the General Secretariat of 1 December 2016

The Governor presented the topic, namely a draft strategy for Norges Bank for 2017-2019 based on the Executive Board's previous discussion of the strategies for Central Banking Operations, NBIM and NBREM.

The Executive Board had an exchange of views and made a number of

concrete remarks on the document.

The Executive Board approved the strategy for Norges Bank 2017-2019. The Governor was authorised to finalise the document.

231/2016 Budget for Norges Bank for 2017

Discussion documents:

- Memo of 6 December 2016 from the General Secretariat/Corporate and Shared Services' Finance Unit

The Governor presented the topic.

The Executive Board had an exchange of views and approved the supplement to the proposed budget for Norges Bank for 2017. The document is to be submitted to the Supervisory Council for approval of the budget. The Governor was authorised to finalise the document based on the Executive Board's discussions.

232/2016 Any other business

There was no other business.

Executive Board members:

Executive Board alternates:

Employee representatives in respect of items 228-232:

