

MINUTES OF THE EXECUTIVE BOARD MEETING OF 13 SEPTEMBER 2017

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 and Kristine Landmark

Employee representative: Kristoffer Haugen (items 169-172)

Apologies: Mona H. Sørensen, Nina Larsson Midthjell

Office of the Supervisory Council: Jan Frode Jakobsen (item 167)

Management: Torbjørn Hægeland (items 164-166), Henrik Borchgrevink (items 164-165), Sindre Weme (items 164-165), Ida Wolden Bache (items 164-165), Per Espen Lilleås (items 164-165), Ingrid Solberg (items 164-165), Olav Bø (items 164-165 and 167), Arne Kloster (item 165), Birger Vikøren (item 166), Anna Grinaker (item 166), Alexander Behringer (item 166), Ingunn Valvatne (items 166-167), Renate Haugen (item 167), Arne Osnes Storaune (item 167), Runar Malkenes (items 164-167), Bjarne Gulbrandsen (items 164-172), Sigrid Igland (items 164-172)

There were no comments on the meeting notice and agenda.

164/2017 Advice on the countercyclical capital buffer 2017 Q3 – provisional assessments

Discussion document: HIGHLY CONFIDENTIAL memo from Financial Stability of 8 September 2017

Torbjørn Hægeland and the Governor outlined the basis for the recommendation to the Ministry of Finance on the countercyclical capital buffer. The decision basis is to be published in Monetary Policy Report 3/17.

The Executive Board discussed the level of the countercyclical capital buffer for 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 third quarter of 2017 is to be presented for final consideration at the Executive Board's meeting of 20 September.

165/2017 Monetary policy report with financial stability assessment 3/17 – Monetary policy analysis and provisional assessments

Discussion document: HIGHLY CONFIDENTIAL memo from Monetary Policy of 7 September 2017

Ida Wolden Bache and 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. They 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 20 September.

166/2017 Outsourcing – Offshoring ICT operations of interbank systems from Norway

Discussion Memo from Financial Stability of 6 September 2017
document:

Torbjørn Hægeland presented the draft response to two change notifications on the offshoring of ICT operations of interbank systems.

The Executive Board exchanged views and decided that letters are to be sent to the NICS Operations Office and DNB ASA with provisional authorisation to offshore parts of the ICT operations in line with the applications. Both of the provisional authorisations are to be issued with two-year durations starting on the date of the letters. It is made clear that authorisation after the two years have passed will require the submission of a new application. Norges Bank will, together with Finanstilsynet (Financial Supervisory Authority of Norway), conduct a survey of outsourcing in the in the payment system as a basis for a more detailed assessment when the authorisations expire in two years.

The Governor was authorised to finalise the letters based on the Executive Board's feedback at the meeting.

167/2017 Summary of audit report Central Banking Operations – Management and control of the foreign exchange reserves

Discussion Memo from Internal Audit of 6 September 2017
documents: Memo from the Audit Committee of 6 September 2017

Ingunn Valvatne presented the main elements of the audit report. "Central Banking Operations Management and control of the foreign exchange reserves".

Karen Helene Ulltveit-Moe presented the discussions on the Audit Committee and the aspects that particularly drew its attention, including the division of roles and responsibilities between the Executive Board and management.

The Executive Board took note of Internal Audit's summary of the audit report and noted the conclusion that the foreign exchange reserves are subject to reasonable management and control. The Executive Board asked management to assess the feedback from the Audit Committee on the ongoing work to update the strategy and framework for the foreign exchange reserves.

168/2017 Briefing on current issues in Central Banking Operations

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

169/2017 Minutes of the Executive Board meeting of 16 August 2017

The Executive Board approved the minutes of its meeting of 16 August 2017.

170/2017 Nomination – Appointment of Executive Director and Head of Markets and ICT

Discussion Memo from the Governor of 8 September 2017
document:

The Governor presented the recruitment process, the evaluation of candidates and the recommendation.

The Executive Board exchanged views and appointed Olav Bø as executive director and head of Markets and ICT at Norges Bank.

171/2017 Nomination – Appointment of Executive Director and Head of Corporate and Shared Services

Discussion Memo from the Governor of 8 September 2017
document:

The Governor presented the recruitment process, the evaluation of candidates and the recommendation.

The Executive Board exchanged views and appointed Jane Haugland as executive director and head of Corporate and Shared Services at Norges Bank.

172/2017 Any other business

There was no other business.

The following were distributed for information together with discussion documents:

- National report from the regional network 3/2017
Memo from Monetary Policy of 7 September 2017
- Market Focus 4-2017
CONFIDENTIAL memo from Markets and ICT of 8 September
- Consultation response – Draft regulations corresponding to the revised Payment Services Directive (PSD2) in Norwegian law
Letter to the Ministry of Finance of 17 August 2017
- GPF performance and risk, July 2017
Report from NBIM of 22 August
- Report and self-evaluation of the Risk and Investment Committee
Memo from the Risk and Investment Committee of 4 September
- Minutes of the Risk and Investment Committee meeting of 19 June 2017
- Report from the Audit Committee meeting of 14 August 2017
- Bonds in the Government Pension Fund Global
Letter to the Ministry of Finance of 1 September 2017
- Mandate for the Government Pension Fund Global
Letter to the Ministry of Finance of 21 August 2017

Executive Board members:

Executive Board alternates:

Employee representatives in respect of items 169-172: