

MINUTES OF THE EXECUTIVE BOARD MEETING OF 14 MARCH 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 representatives: Mona H. Sørensen and Nina Larsson Midthjell (items 68-70)

Office of the Supervisory Council: Jan Frode Jakobsen (items 66 and 68-69)

Management: Ida Wolden Bache (items 62-65), Torbjørn Hægeland (items 62-65), Sindre Weme (items 62-64), Henrik Borchgrevink (items 62-65), Per Espen Lilleås (items 62-65), Ingrid Solberg (items 62-65), Olav Bø (items 62-66), Anders Svor (item 66), Jannecke Ebbesen (items 68-69), Jane Haugland (items 68-69), Sirine Fodstad (items 68-69), Yngve Slyngstad (items 70-73), Trond Grande (items 68-73), Merethe Riddervold (items 68-71), Hege Gjerde (item 70), Ørjan Agdesteen (item 70), Ingunn Valvatne (items 69-70), Birger Vikøren (items 66-73), Andreas Andersen (items 62-64), Runar Malkenes (items 62-65 and 68-71), Bjarne Gulbrandsen (items 62-73), Olav Mundal (items 62-71 and 73)

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

- The Executive Board's study trip to Frankfurt and London, 27-29 March 2017
Memo from the General Secretariat of 13 March 2017
- Government Pension Fund Global – Investments in government bonds
Letter to the Ministry of Finance of 9 February 2017
- Government Pension Fund Global – Report and presentation from meeting with the Ministry of Finance
Memo from NBIM of 10 March 2017
- Minutes of the Risk and Investment Committee meeting of 24 January 2017
- Minutes of the Risk and Investment Committee meeting of 6 February 2017
- Minutes of the joint meeting of the Audit Committee and the Risk and Investment Committee of 6 February 2017

62/2017 Advice on the countercyclical buffer 2017 Q1

Discussion documents: - Advice on the countercyclical buffer 2017 Q1
HIGHLY CONFIDENTIAL memo from Financial Stability of 13 March 2017
- Background information – charts distributed at meeting

Jon Nicolaisen provided an update on the basis for the Bank's advice.

In its discussions, the Executive Board gave weight to high house price inflation and a persistent rise in household debt ratios suggesting that financial imbalances continue to build up, increasing the risk of an abrupt decline in demand and bank loan losses further ahead. Tighter requirements in the residential mortgage loan regulation, effective from January 2017, may have a dampening effect on household borrowing and reduce household vulnerabilities. The countercyclical capital buffer was increased in 2016 Q4 to 2.0%, effective from the end of 2017. Banks are well-positioned to meet the capital requirements. There is no indication that creditworthy enterprises have any difficulty obtaining credit.

On the basis of an overall assessment, the Executive Board decided to advise the Ministry of Finance to keep the buffer rate unchanged.

63/2017 Monetary policy report with financial stability assessment 1/17

Discussion documents: HIGHLY CONFIDENTIAL memo from Monetary Policy of 10 March 2017

Jon Nicolaisen presented a number of adjustments to the report following its consideration by the Executive Board on 8 March 2017.

The Executive Board discussed the economic outlook, the monetary policy stance and the basis for the countercyclical buffer at the banks. The Executive Board approved the proposed "Executive Board's Assessment". The assessment is to be published in Monetary Policy Report 1/17.

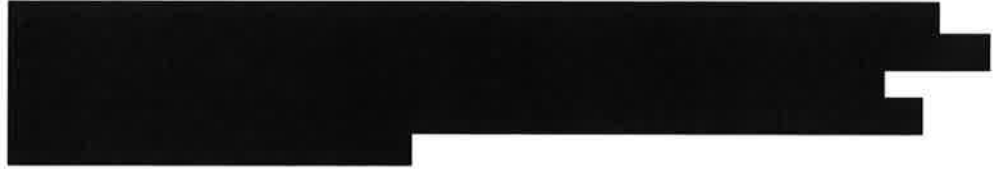
64/2017 The current monetary situation – interest rate decision

Discussion documents: - Norges Bank's key policy rate – meeting of 14 March 2017
HIGHLY CONFIDENTIAL memo from Monetary Policy of 13 March 2017
- Report from the meeting between Norges Bank and the Ministry of Finance on Tuesday 13 December 2016
- Background information – charts distributed at meeting

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65/2017 Norges Bank Watch 2017

Discussion documents: Memo from Monetary Policy of 10 March 2017

Ida Wolden Bache presented the topic.

The Executive Board had an exchange of views and took note of the Norges Bank Watch report and its suggestions.

66/2017 Government debt management 2016 – annual report

Discussion documents: Memo from Markets and Banking Services of 7 March 2017

Olav Bø and Anders Svor presented the main elements of the report.

The Executive Board had an exchange of views and took note of the annual report on government debt management for 2016. The report is to be submitted to the Ministry of Finance for information prior to publication.

67/2017 Briefing on current issues in Central Banking Operations

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

68/2017 Minutes of the Executive Board meeting of 8 March 2017

The Executive Board approved the minutes of its meeting of 8 March 2017.

69/2017 Annual report for 2016 – Norges Bank's Working Environment and Works Council

Discussion documents: Memo from the Working Environment and Works Council of 30 January 2017

Jannecke Ebbesen, Jane Haugland and Sirine Fodstad introduced the annual report and the results of Norges Bank's annual working environment survey.

The Executive Board took note of the annual report for 2016 from Norges Bank's Working Environment and Works Council and the presentation of the results of the annual working environment survey.

70/2017 Follow-up of the Supervisory Council's budget decision for 2017

Discussion documents: Memo from the General Secretariat/Corporate and Shared Services Finance Unit of 10 March 2017

Birger Vikøren presented the topic.

The Executive Board had an exchange of views and approved the submission of the attached letter to the Supervisory Council. The Governor was authorised to finalise the letter based on the Executive Board's remarks.

71/2017 Nomination of members of the Council on Ethics

Discussion documents: Memo from the General Secretariat of 9 March 2017

Section 4 of the guidelines on observation and exclusion from the Government Pension Fund Global states that members of the Council on Ethics are to be appointed by the Ministry of Finance after receiving a nomination from Norges Bank. Three of the Council's members come to the end of their terms on 31 May 2017.

Egil Matsen presented the proposed nominations.

The Executive Board resolved to submit nominations for membership of the Council on Ethics to the Ministry of Finance in line with management's guidance.

72/2017 Briefing on current issues in investment management

Yngve Slyngstad gave a briefing on current issues in investment management.

73/2017 Any other business

The Governor provided information on the programme for the Executive Board's study trip.

Executive Board members:

Executive Board alternates:

Employee representatives in respect of items 68-70: