

KREDITTILSYNET**Norway**

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Act on Savings Banks (Savings Banks Act)**Chapter 1 Scope of the Act**

Section 1 This Act applies to all institutions whose object is to promote saving by accepting deposits from an unrestricted range of depositors and to administer the funds at the disposal of the institution, without the founders or others being entitled to a share in the profit of the business beyond interest, if any, on primary capital certificates, cf. section 2, second paragraph.

Notwithstanding the foregoing provision, this Act does not apply to any institution established pursuant to special statute.

Except as otherwise provided by special statute, institutions coming under this Act have an exclusive right and obligation to use the words "savings bank" or similar compounds including the word "savings" in their name (firm). Other entities may not use words as mentioned when referring to their activities.

Except as otherwise provided, the Private Limited Companies Act does not apply to institutions coming under this Act.

Chapter 2 Formation of savings banks. Capital

Section 2 A savings bank may be founded by at least 20 persons, or by one or more municipalities. The King may make exceptions from the requirement as to nationality and residence in the preceding sentence. The bank may not be formed with a primary capital smaller than an amount in Norwegian kroner corresponding to EUR 5 million. The King may in special cases authorise the primary capital to be fixed at a smaller amount, but not less than an amount corresponding to EUR 1 million. The bank's primary capital shall at all times correspond at least to the amount which was required when it received authorisation to carry on business. The primary capital fund of the savings bank may be increased by new contributions subject to the King's consent, and bears interest and is repaid in accordance with provisions of the articles of association.

Moreover, a savings bank may issue negotiable primary capital certificates conferring right of representation on the committee of representatives, cf. section 8 second paragraph final sentence. Annual interest on such primary capital certificates pursuant to a resolution of the committee of representatives may only be distributed from the profit for the year on the basis of the adopted profit and loss account for the last financial year. The interest rate may not be set at a level higher than is commensurate with prudent and sound business practice with due

regard being had to such losses as may have occurred after the end of the financial year, or as may be expected to occur. The King may decide that certain rules of the Private Limited Companies Act shall apply to primary capital certificates. Any resolution concerning repayment of primary capital certificates issued pursuant to this paragraph is void except when authorised by the King. The King may lay down further rules to restrict the right to own primary capital certificates, including restrictions on foreign citizens' rights to own primary capital certificates.

With the consent of the King a savings bank may raise loans in the form of subordinated debt. Such liabilities shall rank behind other liabilities of the savings bank, except the liability to repay primary capital contributions and interest thereon.

The bank's equity capital and subordinated debt constitute together the capital of the bank.

When the savings bank is formed by natural persons, a list of the original subscribers and evidence that the amount of primary capital mentioned in the first paragraph has been secured, shall be presented at the meeting which forms the bank.

The original subscribers shall adopt articles of association for the savings bank and elect the first committee of representatives.

Section 3 A savings bank may not carry on banking activity without permission from the King and may not commence business until its articles of association have been approved by the King. A savings bank shall have its registered office and head office in Norway. When authorised by Kredittilsynet a savings bank may have a branch in the municipality in which the bank has its head office and, when authorised by the King, also outside this municipality.

Applications for authorisation to carry on banking activity shall contain such information as is deemed to be of significance for processing the applications. The licence applicant shall enclose articles of association or draft articles of association and an operating schedule for the undertaking's first three years of operation. The operating schedule shall as a general rule contain:

- a) information about the group's corporate structure after establishment,
- b) an overview of the operating set-up and routines for the business and services that the undertaking intends to offer,
- c) information about the undertaking's capital composition,
- d) budgets for establishment and administrative costs,
- e) budgets including the profit and loss account, balance sheet and funds flow statement for each of the first three years of operation, and
- f) a forecast of the financial position for each of the first three years.

Authorisation shall be refused if the conditions pursuant to this Act are not fulfilled or if the board members, managing director or other person directly in charge of the business:

- 1. cannot be deemed to have the experience necessary to fill the position or office,
- 2. has been convicted of a criminal offence, and the offence committed gives reason to assume that the person in question would not discharge the position or the office in a satisfactory manner, or

3. in his post or in the performance of other office has displayed conduct that gives reason to assume that he would not discharge the position or the office in a satisfactory manner.

The King may authorise a credit institution with its head office in a state outside the European Economic Area and which can be equated with a savings bank to carry on banking activities in Norway through a branch, to accept deposits from an undefined range of depositors and to use the word "bank", "savings bank" or the like in its name or when describing its activities in Norway. Authorisation may only be given to a credit institution which is authorised in its own state to carry on identical activities and is subject to satisfactory supervision in that state.

In the case of branches of credit institutions authorised pursuant to the fourth paragraph, the provisions of this Act apply with the exception of chapters 2, 3, 7, 8 and section 25. Sections 18 to 21 inclusive nonetheless apply. The King may lay down further rules for the activities of such branches in Norway.

Before a credit institution starts activities in Norway through a branch, satisfactory collaboration on supervision shall have been established between the supervisory authorities in the credit institution's home state and Kredittilsynet.

A decision on an application for authorisation pursuant to the first and fourth paragraphs shall be communicated to the applicant within six months of receipt of the application. If the application does not contain the information needed to decide whether authorisation should be granted, the time-limit shall be reckoned from the date that such information was received.

Kredittilsynet may entirely or in part revoke authorisation granted pursuant to the first and fourth paragraph if the authorised activity has not commenced within one year of the date that authorisation was granted.

Section 4 The articles of association of a savings bank shall contain provisions concerning:

1. the name (firm) of the savings bank,
2. the municipality in which the bank has its head office,
3. the amount of the primary capital and, if applicable, the rate of interest payable on, and the repayment of, such capital,
4. municipalities in which the savings bank has one or more branches having a local board of directors, cf. section 17a,
5. the branch or branches having a local committee or representatives, cf. section 17b, and the branch or branches which have a local control committee, cf. section 17c,
6. the composition and election of the committee of representatives, control committee and board of directors and in the event the composition and election of local committees of representatives, control committees and boards of directors and of one or more election committees,
7. the activities of the saving bank, and the application of its profits,
8. the depositing and withdrawal of money and the fixing of interest rates on deposits and loans,
9. accounting, auditing, annual report and accounts,
10. the safe custody and supervision of the assets for which the bank is responsible,
11. who may bind the bank with his signature,

12. the retirement age for the bank's employees.

Section 5 Amendments to a bank's articles of association may be adopted by the committee of representatives when a proposal to such effect has been made at an earlier meeting. Such resolution is valid when at least two-thirds of those present and at least half the total number of the committee of representatives vote in favour. The resolution may not be implemented until approved by the King.

Section 6 When the articles of association of the savings bank have been approved, the board of directors shall notify the bank to the Register of Business Enterprises for registration. Such notification shall be accompanied by confirmation from the board of directors that the savings bank's primary capital has been paid up in full.

Chapter 3 Savings banks' bodies

Section 7 A savings bank shall have the following controlling bodies:

1. committee of representatives (main committee of representatives),
2. control committee (main control committee),
3. board of directors (main board of directors),

A savings bank may in addition have the following controlling bodies:

1. one or more local committees of representatives,
2. one or more local control committees,
3. one or more local boards of directors
4. one or more election committees.

Without the consent of the King only Norwegian citizens who are resident in Norway may be elected as members or deputy members of the said bodies.

An elected member or chairman of the committee of representatives or control committee or board of directors or an officer in a corresponding local body may not hold such office in the same bank for a continuous period of more than 12 years or hold such offices in the same bank for a longer combined period than 20 years.

Section 8 The committee of representatives shall have the number of members prescribed by the articles of association with at least one quarter as many deputies as there are members.

The committee of representatives shall have an equal number of members and deputy members elected by the saving's bank's depositors and by the municipal council (municipal councils, county council). The employees of the bank elect from among their number one quarter of the members of the committee of representatives and one quarter of the deputy members. If the number of members of the committee of representatives is not divisible by four, at least one quarter of the members and of the deputy members shall be elected by the employees. The provisions of the preceding two sentences must not result in more than one quarter of the employees becoming members of the committee of representatives. In savings banks that have issued negotiable primary capital certificates, cf. section 2, second paragraph, one quarter of the members of the committee of representatives and deputy members are elected by the owners of the primary capital certificates.

The articles of association of the savings bank may provide that the members to be elected by the depositors (municipal councils, county council), shall wholly or partly be elected by the local committee(s) of representatives.

The King may lay down further regulations on the elections. In special cases the King may make exceptions from the provisions of the second paragraph. In savings banks that have been formed by a merger of a savings-bank-owned commercial bank and a savings bank, the King may authorise up to one quarter of the members and deputy members of the committee of representatives to be elected by savings banks which own primary capital certificates.

The members of the committee of representatives are elected for four years. Deputy members elected by the employees are elected for two years. Deputy members elected by the municipal council (municipal councils, county council) and by the primary capital certificate owners are elected for four years. The term of office of members of the committee of representatives expires when the annual report and accounts for the preceding calendar year have been adopted and new members have been elected.

Only persons of full age who are resident or have their livelihood in the municipality or municipalities prescribed by the articles of association may be elected members or deputy members.

The following may not be elected members or deputy members:

1. board members and auditors of the savings bank,
2. persons whose estate is subject to bankruptcy proceedings, debt settlement proceedings or private administration,
3. employees of the savings bank, unless elected pursuant to the rules of section 8c.

A member of the committee of representatives whose term of office has expired shall not retire from the committee of representatives until a new member is elected to replace him.

Section 8a Depositors who are resident or have their livelihood in, or, in the case of corporate depositors, their registered office in the municipality or municipalities prescribed by the articles of association, and who for the past six months have had a minimum sum of NOK 500 on deposit in the bank, elect each year the number of members of the committee of representatives and deputy members as prescribed by the articles of association. Only a person of full age may, as a personal depositor or as the representative of another depositors, vote at an election. No-one may cast more than two votes, one on the basis of his own deposit and one as representative of another depositor.

Only personal depositors who are entitled to vote under the first paragraph of this section may be elected members and deputy members.

Any depositor who is entitled to vote and is eligible for election pursuant to the first and second paragraph of this section is obliged to accept election as member or deputy member, unless he has served as a member of the committee of representatives, on the board of directors or as a member of the control committee in savings banks for at least one election period.

At least one quarter of the members elected by the depositors at the initial election retire by drawing of lots at each of the three following elections and thereafter each year those who have been longest in office.

Pursuant to further provisions in the articles of association and in accordance with regulations laid down by the King, the depositors' election of members and deputy members shall take place on one or more election days or at one or more election meetings.

The election of members and deputy members pursuant to this section must be held by the end of April. When special circumstances so indicate, Kredittilsynet may consent to the election being postponed to a later date.

Kredittilsynet may declare an election pursuant to this section void and order a new election if errors in connection with the election may have influenced its outcome.

Section 8b The municipal council (municipal councils) elect every fourth year as many members of the committee of representatives and deputy members as prescribed by the articles of association. If the electoral district covered by a savings bank constituency encompasses several municipalities, the articles of association shall contain further provisions on the election of members and deputy members by the municipal council.

The articles of association may provide that the county council shall wholly or partly replace the municipal council (municipal councils) for the purpose of elections pursuant to the preceding paragraph.

Elections pursuant to this section must be held by the end of January.

Section 8c The employees of the savings bank elect members of the committee of representatives and deputy members in accordance with the provision of section 8, second paragraph.

The King lays down further rules on the election, including conditions of eligibility.

Elections pursuant to this section must be held by the end of January.

The provision of section 8a, seventh paragraph, applies correspondingly.

Section 9 A member of the committee of representatives retires when:

- a. he becomes a director or auditor of the savings bank,
- b. he is no longer resident or has his livelihood in the municipality or municipalities prescribed by the articles of association,
- c. his estate becomes subject to bankruptcy proceedings, debt settlement proceedings or private administration.

A member of the committee of representatives who has been elected by the depositors, by primary capital certificates owners or by the municipal council (municipal councils, county council) retires from the committee of representatives also when he becomes an employee of the bank. Furthermore, a member elected by the depositors retires from the committee of representatives when he no longer has the minimum deposit prescribed in section 8a, first

paragraph. A member elected by the employees retires from the committee of representatives if he ceases to be an employee of the savings bank.

To replace a member who retires from the committee of representatives, a new member is elected at the earliest opportunity for the remainder of the retired member's election period.

Section 10 (Revoked)

Section 11 The committee of representatives convenes:

- a. within four weeks after the last of the annual elections of members and deputy members, but by 30 April at the latest, for the purpose of electing the chairman and deputy chairman of the committee of representatives and members and deputy members of the board and the control committee,
- b. by the end of February each year or by a later date set by Kredittilsynet, to receive the board's annual report and adopt the profit and loss account and the balance sheet,
- c. when considered necessary by the chairman of the committee of representatives, or demanded by the board of directors, control committee or at least one third of the committee of representatives.

The chairman convenes the committee of representatives and presides over the proceedings. The directors and the auditor shall be summoned to the meetings of the committee of representatives and are entitled to participate in the proceedings, but are not entitled to vote. The same applies to a member of the control committee who is not a member of the committee of representatives.

Notice of the meeting shall be given in writing at not less than eight days' notice. Notice pursuant to the first paragraph, litera c, may nonetheless, if necessary, be given at shorter notice although not shorter than three days. The period of notice runs from the date of mailing.

The committee of representatives may not adopt resolutions in matters other than those specified in the notice. However, it may be decided to call a new meeting of the committee of representatives for the purpose of deciding proposals submitted at the meeting. Furthermore, a meeting of the committee of representatives called pursuant to the first paragraph, litera a or b, may, notwithstanding the provision of the first sentence of this paragraph, deal with the annual report and accounts and elect officers.

In order for the committee of representatives to be quorate, the meeting must be attended by at least one half and in no case less than six members.

Unless otherwise provided in this Act or in the bank's articles of association, resolutions of the committee of representatives are decided by simple majority vote. In the event of a tied vote in the election of officers, lots are drawn. In other cases, the chairman or ad hoc chairman has the casting vote.

Minutes of the proceedings are kept under the chairman's responsibility. The minutes shall be approved and signed by the chairman and two other participants who are elected at the meeting.

The chairman shall notify Kredittilsynet of the elections mentioned in the first paragraph, litera a, of this section.

Section 12 The committee of representatives shall ensure that the purpose of the savings bank is fulfilled in accordance with the law, its articles of association and the resolutions of the committee of representatives.

The committee of representatives fixes the remuneration of the members of the board, the control committee and auditor. Remuneration may not take the form of a share in the profits.

The committee of representatives adopts resolutions on pensioning of the bank's employees. With the consent of Kredittilsynet, resolutions may in special cases be adopted concerning the pensioning of officers.

The committee of representatives may provide that the members of the committee of representatives shall be paid for each meeting in addition to reimbursement of travel expenses. The chairman may be paid an annual fee.

Section 13 A savings bank shall have a control committee of at least three members and at least one deputy member. Members and deputy members are elected by the committee of representatives. One member of the committee shall have the qualifications required of judges pursuant to section 54, second paragraph, of Act no. 5 of 13 August 1915 on Courts of Justice. The election of this member is subject to the approval of Kredittilsynet. The said Commission may grant dispensation from the provisions of the two preceding sentences.

Election and appointment are for two years at a time. The chairman and deputy chairman of the committee of representatives, a director or deputy director, auditor or employee of the savings bank may not be elected member or deputy member of the control committee. Nor may anyone be elected who is under legal disability or is an associate, subordinate, dependent, spouse or relative by blood or by marriage in direct line of ascent or descent or in the first collateral line of any director, deputy director, auditor or senior employee of the savings bank. Nor may anyone be elected who has gone bankrupt, instituted debt settlement proceedings or is under private administration. If any circumstance arises which renders the person no longer eligible, he shall retire from the board. The provision of section 9, third paragraph, applies correspondingly.

The members of the control committee elect the committee chairman and vice-chairman unless the articles of association vest this authority in the committee of representatives.

The committee of representatives shall supervise the activities of the savings bank. It shall examine the minutes of the proceedings of the board of directors, numbered letters, cf. the Auditors Act section 5-4, and the audit report, examine the security for the various loans and verify that the management of the savings bank's funds is in accordance with section 24, cf. sections 25 and 26.

The control committee meets as often as is deemed necessary to ensure efficient supervision. The committee of representatives establishes instructions for the control committee. Such instructions are subject to the approval of Kredittilsynet.

The board of directors and the audit department shall furnish the control committee with all the information it deems necessary for the performance of its duties.

The control committee shall submit a statement to the committee of representatives on the annual report and accounts and on whether the profit and loss account and the balance sheet should be adopted, and each year report on its activities to the committee of representatives and Kredittilsynet. If the committee is informed of substantial negligence, error or irregularity of major significance or extent, or if it considers that the bank has sustained heavy losses, it shall promptly take up the matter with Kredittilsynet.

The control committee shall keep a minute book, authorised by Kredittilsynet. The minutes shall be submitted to the committee of representatives.

The provision of section 8, eighth paragraph, applies correspondingly to members of the control committee.

Section 13a The articles of association may prescribe that a savings bank shall have one or more election committees. Kredittilsynet may lay down further rules on election committees.

Section 14 A savings bank shall have a board of at least four directors elected by the committee of representatives for two years. Pursuant to further provisions in the articles of association at least one of the directors is elected either from among those members of the committee of representatives who are elected by the municipal council (municipal councils, county council), or on the proposal of the municipal council (municipal councils, county council). A director elected in his capacity of municipally-elected member of the committee of representatives may be re-elected in the same capacity. In banks which have 15 or more employees, one of the directors is elected from among the employees of the bank. The chairman and deputy chairman are elected separately. No-one who is employed by the bank may be elected chairman or vice-chairman. Of those who are elected at the first election, at least one half retire after drawing lots and thereafter each year those who have served the longest. Concurrently with the election of directors, at least three deputies are elected, of whom at least one from among the members of the committee of representatives elected or proposed by the municipal council (municipal councils, county council) and - if the bank has 15 or more employees - at least one from among the employees of the bank. They are elected for one year.

The King may lay down further regulations on the elections. In special cases the King may make exceptions from the provisions of the first paragraph.

If the articles of association so provide, a savings bank shall have a bank manager (managing director) who shall be a director. The articles of association may also provide that the bank manager shall have a personal deputy on the board. A savings bank may have several bank managers, but only one bank manager may be a director. The Ministry may in special cases grant dispensation from the provision of the preceding sentence. A bank manager is appointed subject to notice and the period of notice given by the savings bank may not exceed six months.

A board member must be of full age, and he may not be subject to bankruptcy proceedings, debt settlement proceedings or private administration. If any circumstance arises which

renders the person no longer eligible, he retires from the control committee. In such case the provision of section 9, third paragraph, applies correspondingly.

The provision of section 8, eight paragraph, applies correspondingly to elected directors.

Section 15 The board of directors conducts the activities of the savings bank in accordance with the law, the articles of association and further regulations laid down by the committee of representatives.

The board of directors acts on behalf of the savings bank and its signature is binding on the bank. A transaction in law which the board of directors was unauthorised to perform on behalf of the savings bank is not binding on the savings bank if the other contracting party knew or ought to have realised that the board of directors was not so authorised.

The articles of association may provide that one or more directors can singly or jointly represent the bank and sign for the bank with binding effect. The articles of association may also provide that the board may confer the authority to sign on behalf of the savings bank per procuracionem, or other special power of attorney.

The board of directors establishes the lending regulations for the savings bank. The lending regulations shall state to what extent persons other than the board of directors may grant loans, furnish guarantees and discount commercial paper. The regulations shall be communicated to the control committee and the auditor.

Section 16 The chairman convenes the board of directors as often as the activities of the savings bank require or when a director so requests.

The chairman conducts the meetings. If neither he nor the deputy chairman is present, the board elects an ad hoc chairman.

The board has a quorum when more than one half the directors and at least three directors are present. Resolutions are adopted by simple majority vote. In the event of a tied vote the chairman has the casting vote. The articles of association may impose stricter requirements in regard to quorums and valid resolutions than provided in this paragraph.

Minutes shall be kept of the proceedings. All directors present shall sign the minutes. Each director may request to have his vote recorded.

Section 17 The committee of representatives and the board of directors decide the following matters in joint session:

1. the establishment and closure of branches in municipalities in which the bank does not have its head office or another branch,
2. the appointment of the savings bank's bank manager (managing director),
3. the distribution of the amount which pursuant to section 32 may be granted for charitable purposes,
4. the raising of subordinated debt.

The chairman of the committee of representatives convenes and conducts the meetings.

For a resolution to be valid, both the committee of representatives and the board of directors must be quorate, cf. section 11, fifth paragraph, and section 16, third paragraph. Resolutions are adopted by simple majority vote. In the event of a tied vote the chairman has the casting vote.

The chairman is responsible for the minutes of the meetings. It shall be approved and signed by the chairman and two other participants.

Appointment of a bank manager shall be notified immediately to Kredittilsynet.

Section 17a Subject to authorisation as mentioned in section 3, final paragraph, the articles of association may provide that the bank shall have one or more branches with their own boards of directors (local boards of directors) each of which shall have at least three members.

The articles of association may provide that the manager of the branch shall be a member of the local board of directors. He is appointed by the main board of directors based on a recommendation from the local board of directors. If the branch has a local committee of representatives, cf. section 17b, the recommendation is made by the local committee of representatives and the local board of directors in joint session. The articles of association may provide that the manager is to be appointed by the local committee of representatives and the local board of directors in joint session following consultation with the main board of directors.

The other members of the local board of directors are elected by the local committee of representatives. If the branch, having a local board of directors, does not have a local committee of representatives, the members are elected by the savings bank's committee of representatives. The chairman and vice-chairman are elected separately.

Unless otherwise provided in the Act or the articles of association, the provisions of the Act concerning the composition of the main board of directors and on the members of the main board of directors apply correspondingly for the local board of directors insofar as appropriate. However, remuneration to the members of the local board of directors is fixed by the savings bank's committee of representatives or the main board of directors as further provided by the articles of association. When applying the provision of section 14, first paragraph, fourth sentence, the number of employees at the branch is taken into account.

The main board of directors draws up instructions for the local board of directors, cf. section 17b, second paragraph, subparagraph 5. The instructions are subject to the approval of the committee of representatives of the savings bank.

Section 17b Where a savings bank has a local branch with its own board of directors, cf. section 17a, the articles of association may provide that the branch shall have a local committee of representatives. The rules of sections 8, 8a, 8b, 8c and 9 apply correspondingly to the local committee of representatives insofar as appropriate. When applying the provisions of section 8, second paragraph, second to fourth sentences, the number of employees at the branch shall be taken into account.

The local committee of representatives shall:

1. elect the committee chairman and deputy chairman,
2. elect members and deputy members to the local board of directors, cf. section 17a, third paragraph,
3. elect members and deputy members to the local control committee, cf. 17c,
4. examine the accounts of the branch and the annual report of the local board of directors,
5. express its opinion on proposed instructions for the local board of directors.

The provisions which apply to the committee of representatives pursuant to section 11, second to seventh paragraphs, apply correspondingly to the local committee of representatives.

The local committee of representatives and board of directors in joint session shall:

1. apportion the amount which by resolution of the savings bank's committee of representatives and board of directors shall be distributed as gifts in the region served by the branch,
2. make a recommendation to the main board of directors on the appointment of the manager (bank manager) of the branch or adopt a resolution on the appointment, cf. 17a, second paragraph.

The provisions of section 17, second, third and fourth paragraphs, apply correspondingly to the joint session.

Section 17c For a branch with a local board of directors, cf. section 17a, the articles of association may provide that a local control committee shall be elected for the purpose of local control under the supervision of the main control committee. The members of the local control committee are elected by the local committee of representatives if the branch has a local committee of representatives. Moreover, the provisions of section 13, first and second paragraphs, apply correspondingly.

Section 18 A member of the committee of representatives, control committee, or board of directors, a bank manager, business manager or branch manager may not participate in the proceedings in or decision of any matter in which he personally or his spouse or any relative by blood or by marriage as close as first cousin has a special personal or financial interest. Nor may he participate in the proceedings in or decision of any matter which is of special financial interest to a municipality, company, association or other public or private institution whose interests he is responsible for safeguarding in his capacity as chairman of the

municipal council, director, managing director, business manager or representative. The rules of this paragraph do not however apply to the election of officers or to the fixing of their fees.

Before a matter as mentioned in the preceding paragraph is dealt with, any person who is not entitled to participate in the proceedings in or decision of such a matter shall speak up accordingly.

Section 19 A bank manager, business manager or branch manager may not engage in trade, manufacturing or shipping or participate as an unlimited liability partner or director in a company that is engaged in such activity. Nor may he act as agent or commission agent for anyone carrying on such activity or insurance activity.

The provisions of the first paragraph do not apply to the office of director in a company that is under administration or liquidation. Kredittilsynet may in special cases and on the recommendation of the bank's board of directors and control committee make an exception from the provisions of the first paragraph.

Except with the consent of the committee of representatives, officers or employees or the auditor of a savings bank may not serve as officers or employees of another credit institution. Kredittilsynet may request that such consent be withdrawn. The provisions of this paragraph do not apply to credit institutions which in accordance with their articles of association have been wholly or partly established by savings banks.

Officers' and employees' own-account trading in financial instruments is subject to the provisions of the Securities Trading Act (No. 79 of 19 June 1997) sections 2a-1 to 2a-7.

Section 20 No board member, bank manager, business manager or any of their subordinates may in connection with transactions in law for the bank accept remuneration from parties other than the bank.

However, the committee of representatives may with at least two-thirds of the votes cast authorise a director who is not involved in the day-to-day management and who carries on business as an intermediary, to act as intermediary vis-à-vis the bank in return for ordinary brokerage insofar as transactions of a specifically designated nature are concerned. Such authorisation shall not apply if such person on the occasion also represents the bank. The authorisation may at any time be withdrawn by the committee of representatives by simple majority vote.

Remuneration which may not be accepted by a director, bank manager or business manager may not be accepted by their spouses either or by anyone related to them by blood or by marriage in direct line of ascent or descent, or by a company in which any person mentioned in this paragraph has a prominent interest. For relatives of a board member who does not participate in the day-to-day management, and for a company in which such director or his relatives hold interests, however, the provisions of the second paragraph apply correspondingly if they carry on business as intermediaries.

Remuneration which has been agreed or received in contravention of the provisions of this paragraph accrues to the bank.

Section 21 Officers, employees and auditors of a savings bank are obliged to treat as confidential any information concerning the bank or a customer thereof or another bank or its customer which comes to their knowledge by virtue of their position, unless they are obliged to disclose information pursuant to this or any other Act. The duty of confidentiality does not apply to information which the board of directors or anyone authorised by the board discloses on behalf of the bank to another bank.

Notwithstanding this provision, the bank may carry on credit reference activity in accordance with the laws applying to such activity.

Chapter 4 Savings banks' activities

Section 22 A savings bank may accept deposits on the conditions prescribed in its articles of association, cf. section 4, subsection 8.

Any person placing money in a new account shall state the name, occupation or business, and address of the depositor. He receives a certificate of deposit with the number of the account in the bank's deposit books, and with the depositor's name and address. If the bank has issued a passbook for deposits subject to notice, the depositor may only demand repayment against presentation of the passbook.

Kredittilsynet may issue further regulations regarding the form of the certificate of deposit, announcement of the terms of deposit and the procedure for deposits and withdrawals.

A savings bank may only accept school savings deposits when the savings scheme has been approved by the Savings Banks' Guarantee Fund; cf. chapter 7.

A depositor may require the bank to make available for inspection the present Act, the bank's articles of association and its latest annual report and accounts and audit report.

If no deposit or withdrawal has been made on a deposit account for a period of ten years, and the bank receives no reply to its notice to the depositor or his heirs, it may discontinue crediting interest on the deposit.

If a certificate of deposit which the bank may require to be presented in order to repay the deposit has been lost, the bank may with two months' notice summon the possible holder with the effect that the certificate of deposit becomes inoperative and a new certificate may be issued if no-one comes forward. The notice shall be published in the Norwegian Gazette and in at least one newspaper which is generally read in the locality where the depositor lives or was last resident in Norway.

Section 23 A savings bank may not furnish its assets as security for the obligations of the bank or other parties.

The provision of the first paragraph does not apply to loans from Norges Bank and from the Savings Banks' Guarantee Fund. Notwithstanding the provision of the first paragraph, a

savings bank may furnish its real properties as security for loans for the purpose of refinancing its own bank buildings. Kredittilsynet may grant dispensation from the provision of the first paragraph.

Section 24 A savings bank may carry out all customary banking transactions and banking services in accordance with this and other laws and regulations issued pursuant to law.

It shall manage the funds at its disposal in a safe manner.

The following restrictions shall apply in all cases:

1. - - -
2. The book value of a savings bank's holding of shares and participations, except shares and participations as mentioned under subsection 3, may not exceed 4 per cent of the savings bank's total assets according to last year's accounts. Kredittilsynet may grant dispensation from the provision of the preceding sentence.
3. The book value of a savings bank's real properties and of shares and participations in a company whose purpose is to own or utilise real property may not exceed 4 per cent of the savings bank's total assets according to last year's accounts. Kredittilsynet may grant dispensation from the provision of the preceding sentence.
4. A savings bank must not acquire any ship or share in a ship.

Notwithstanding the provisions of subsections 2, 3 and 4 of the preceding paragraph, a savings bank may take over assets as mentioned therein for the satisfaction of its claims or the performance of a guarantee, but it shall in such case dispose of such assets as soon as it can obtain satisfaction of its claim or within a period prescribed by Kredittilsynet, unless it by other means brings the book value of such assets below the limits mentioned in the preceding paragraph.

Section 25 A savings bank shall at all times maintain a capital ratio of at least 8 per cent of the bank's on-balance-sheet and off-balance-sheet items calculated according to risk-weighting principles.

The King may stipulate:

- a. a minimum amount of capital
- b. rules concerning the basis of measurement
- c. what shall be eligible for inclusion in capital
- d. a ratio other than the one stated in the first paragraph in order to bring Norwegian provisions into line with international standards.

The King may in special cases and for a limited period consent to a savings bank having a lower capital ratio than the one prescribed.

Section 26 (Revoked)

Section 27 A savings bank shall ensure that it is at all times able to meet its liabilities as and when they fall due.

The King may issue further rules for the minimum ratio of a savings bank's cash holdings to the bank's liabilities, including off-balance-sheet liabilities.

Section 28 Profit on a savings bank's operations after deduction of interest on any primary capital certificates pursuant to section 2, second paragraph, shall be added to the savings bank's reserves. Up to 10 per cent of the remaining profit may nonetheless be used for charitable purposes. Kredittilsynet may grant dispensation from the provision of this paragraph.

The amount that may be used for charitable purposes under the preceding paragraph may be set aside entirely or in part to a gift fund with the same purpose.

Chapter 5 Accounts (revoked)

Chapter 6 Audit

Section 34 A savings bank shall have a registered or state authorised public accountant.

The committee of representatives appoints the auditor and fixes his remuneration, cf. section 12, second paragraph.

Section 35 Persons who are under legal disability or whose estate is subject to bankruptcy proceedings, debt settlement proceedings or private administration, may not serve as auditor.

Officers and employees of the savings bank may not serve as auditor. The same applies to anyone who is an associate, subordinate, dependent, spouse or relative, by blood or by marriage in direct line of ascent or descent or in the first collateral line as close as sibling, of the chairman of the committee of representatives or a member of the control committee or the board of directors or an employee who is responsible for or participates in the performance of the savings bank's bookkeeping or asset management.

The auditor may not have any loan with the savings bank or against the savings bank's guarantee or stand surety for or act as endorser of any loan with the savings bank. Kredittilsynet may when special reasons obtain, grant dispensation from the provision of the preceding paragraph.

Section 36 The auditor shall comply with the instructions and orders laid down by the committee of representatives, provided they do not conflict with provisions laid down in or pursuant to law or with the savings bank's articles of association or generally accepted auditing standards.

Section 37 The management of the savings bank shall give the auditor access to carry out the investigations he considers necessary and shall likewise ensure that the auditor receives the information and assistance he requires for the performance of his assignment.

Matters which the auditor has drawn to the attention of the savings bank's board of directors or managing director, cf. the Auditors Act section 5-2 fourth paragraph, shall be entered in a journal. The savings bank shall keep the journal in a satisfactory manner.

Section 38 (revoked)

Section 39 The auditor serves until another auditor is appointed or elected to replace him.

When special reasons so indicate, the auditor is entitled to retire from his position even if his term of office has not expired. He shall give reasonable notice of retirement to the bank.

If the auditor no longer fulfils the requirements for serving as auditor of the bank, or if his assignment ceases for other reasons prior to the expiry of his term of office, a new auditor shall be appointed or elected without delay. The chairman of the committee of representatives and the control committee may undertake such appointment or election subject to the approval of the committee of representatives at the latter committee's first meeting.

When changing auditor, the chairman of the committee of representatives shall notify Kredittilsynet and the Savings Banks' Guarantee Fund accordingly, stating the cause of such change.

Section 40 (Revoked)**Chapter 7 The Savings Banks' Guarantee Fund**
(revoked)**Chapter 8 Merger or liquidation**

Section 47 Any resolution to wind up the business of a savings bank, or to merge it with or transfer it to another bank, shall be adopted pursuant to the rules of section 5. Before any such resolution is approved, the municipal council(s) shall be invited to express its (their) opinion. The resolution shall be notified to the Register of Companies and published twice in the Norwegian Gazette and in the newspapers generally read in the district.

Merger with or transfer to another bank may not be undertaken unless all known liabilities have been secured, and may not be completed until three months after the last announcement in the Norwegian Gazette.

When a savings bank liquidates its business Kredittilsynet shall appoint a liquidation board and may establish further rules for such liquidation. After all the savings bank's liabilities have been discharged, the surplus shall be used to promote savings bank activity in the municipality (municipalities) concerned pursuant to resolution of the committee of representatives and approval by the King.

If a savings bank is merged with or transferred to a commercial bank, the Ministry shall appoint a committee of three members to determine the takeover sum. This sum shall in its entirety be used for the purpose provided in the preceding paragraph. The costs of the appraisal are payable by the savings bank.

Section 48 The King may revoke approval of a savings bank's articles of association when he considers there is reason to do so because the board of directors or other bodies of the savings bank are not functioning in accordance with provisions of this Act or the bank's articles of association, or when there are irregularities in the management or activity of the savings bank. Before approval is revoked, the board of directors of the savings bank shall have been given an opportunity to express their opinion within a period fixed by the Ministry.

When approval of a savings bank's has been revoked, the bank's business shall be liquidated as provided in section 47, third paragraph.

Sections 49 - 55 (revoked)

Chapter 9 Liability and penalties

Section 56 Only when a savings bank has been registered may it acquire other rights and obligations than those ensuing from the memorandum of association.

Obligations that have been established on behalf of the savings bank before it is registered are binding on the bank as from its registration. In the interim, those who have established such obligation are liable, jointly and severally, unless another agreement must be deemed to have been made with the creditor.

If any part of a savings bank's profit is employed in any other way than authorised by section 32, those who have participated in the unlawful decision are obliged, jointly and severally, to compensate the bank for the unlawfully disbursed amount. Kredittilsynet may on behalf of the savings bank bring legal action for such compensation.

Section 57 The committee of representatives may adopt a resolution to the effect that a director shall until further notice not serve on the board. A new meeting of the committee of representatives shall as soon as possible be held to decide whether the director shall be deprived of office with final effect. In both these cases a valid resolution requires a majority of at least two-thirds, provided the articles of association do not provide that such resolutions may be adopted by smaller majority.

The board of directors may adopt a resolution to the effect that the bank manager shall until further notice not serve on the board. Such resolution shall as soon as possible be submitted to the committee of representatives for consideration pursuant to the rules of the first paragraph.

A member of the control committee or an auditor who is guilty of breach of duty or proves unfit to hold office shall be removed from office by the committee of representatives. The person concerned may appeal the resolution to Kredittilsynet.

Section 58 Whoever uses the word "savings bank" or similar conjunction of words including the word "savings" in conflict with the provisions of section 1 shall be punishable by fines. Complicity shall be subject to the same penalty.

Section 59 Any officer, employee or auditor of a savings bank who contravenes the provisions of this Act or regulations issued pursuant to this Act, or who acts as an accomplice to such contravention, shall be punishable by fines or in particularly aggravating circumstances by imprisonment for up to three months unless a stricter penalty applies. Contravention is punishable also when committed through negligence.

The provisions of the preceding paragraph apply correspondingly to officers, employees and auditors of the Savings Banks' Guarantee Fund.

Chapter 10 Commencement. Transitional provisions

Section 60 This Act comes into force on the date decided by the King.

The following are repealed as from the same date:

Section 61 Within one year after this Act has come into force, savings banks shall have amended their articles of association to conform with this Act and shall have forwarded them to Kredittilsynet for approval. The articles of association in effect at the time this Act comes into force shall continue to apply until the new articles have been approved.

Any bank manager, business manager, or branch manager who, in contravention of section 20, acts as agent for any person carrying on insurance business, must have rectified the matter within two years of this Act's commencement.

Any savings bank which at the time this Act comes into force has invested its funds in contravention of the provisions of section 24 shall have rectified the matter within five years.

A savings bank which fails to satisfy the requirements of section 27 at the time this Act comes into force, shall have rectified the matter within five years.

The Savings Banks' Guarantee Fund shall have forwarded its articles of association for approval pursuant to section 45 within one year of this Act's commencement.