

KREDITILSYNET - NORWAY

(Translation)

This translation is for information purposes only. The original Norwegian version as published in "Norsk Lovtidend" is the authoritative legal text.

Act no. 2 of 15 March 1991 on the Government Bank Insurance Fund as amended, last by Act no 1 of 8 January 1993.

Section 1 Purpose

The purpose of the Government Bank Insurance Fund (the Fund) is to grant loans on special terms (support loans) to the Commercial Banks Guarantee Fund and the Savings Banks Guarantee Fund, and in special cases to be able to acquire shares, primary capital certificates or other equity capital instruments in Norwegian banks, and to issue equity capital guarantees in favour of Norwegian banks.

Section 2 Resources of the Fund

- (1) The Fund's resources are appropriated by the Storting.
- (2) Resources which are not granted for support loans or invested in shares, primary capital certificates or other equity capital instruments, shall be placed on deposit with the Treasury and carry the same interest rate as that received by the Treasury on its deposits on ordinary current account with Norges Bank.

Section 3 Organisation of the Fund

- (1) The Fund is an independent legal entity.
- (2) The Fund shall have a board with a chairman and two other members and deputy members appointed by the King. The board members and deputy members are appointed for a term of up to three years. The Banking, Insurance and Securities Commission and Norges Bank each nominate a representative who attends the meetings of the board as adviser without being entitled to vote.
- (3) The board is responsible for the activity of the Fund and manages its resources. The board nominates a business manager. Before the board adopts decisions of special importance the case in question shall be submitted in writing to the Ministry. The King may in special cases instruct the board in individual cases. The board of the Fund shall have the opportunity to state its opinion in writing before the King adopts a decision pursuant to the fourth sentence. The King shall inform the Storting of his decision. The Ministry issues further rules on the secretariat, as well as on the Fund's accounting and auditing arrangements.
- (4) The Fund shall have articles of association established by the Ministry.

Section 4

Activity of the Fund

(1) The Fund may grant support loans to the Commercial Banks Guarantee Fund and to the Savings Banks Guarantee Fund. The Fund may in special cases grant interest-free support loans. Resolutions to grant interest-free support loans are only valid when the Storting has given its consent for such loans to be granted. The Fund may in special cases acquire shares and primary capital certificates issued by Norwegian banks. The Ministry may decide that the Fund shall be able to deposit resources in other equity capital instruments in Norwegian banks, and that the Fund shall be able to issue equity capital guarantees in favour of Norwegian banks.

(2) Support loans may only be granted to the Commercial Banks Guarantee Fund or the Savings Banks Guarantee Fund pursuant to application if the Guarantee Fund in question does not have sufficient resources available to carry on its activity.

(3) The Fund shall attach conditions to support loans. Such conditions may apply both to the Guarantee Fund which receives a support loan and its activity and the member bank which is to be the beneficiary of the loan. Such conditions may encompass:

a) the application of the support loan, including whether support to a member bank shall be given in the form of preference capital,

b) write-down of share or primary capital or other capital in the bank which receives the support, and restriction on the member bank's right to pay dividend on such capital.

c) supply of fresh equity capital or other capital in addition to the support received by a member bank,

d) measures to be implemented by the member bank which receives support, including measures designed to strengthen profits,

e) changes in the controlling bodies and management of the bank,

f) repayment of the support loan,

g) other conditions in accordance with the purposes of the support loan arrangement.

(4) The Fund shall submit questions of resolutions concerning support loans or acquisition of shares or primary capital certificates, or deposit in other equity capital instruments, to the governor of the central bank and the director of the Banking, Insurance and Securities Commission for comment.

(5) The Fund may, when it considers such action appropriate, request the Banking, Insurance and Securities Commission to obtain information about the member bank when considering

the granting of a support loan. The same applies when considering the question of acquisition of shares, primary capital certificates or deposit in other equity capital instruments.

Section 5 The application of support loans

(1) The Guarantee Fund in question shall apply the resources supplied through support loans from the Government Bank Insurance Fund in accordance with the conditions which are stipulated and also in accordance with the rules and articles of association which apply for the activity of the Guarantee Fund.

(2) The Guarantee Fund in question shall ensure that the conditions stipulated for support loans are brought to bear on the member bank which receives support.

(3) The Guarantee Fund in question may not allow remission of loans which the Guarantee Fund has granted to a member bank. The Government Bank Insurance Fund may only in special cases allow remission of a claim against the Savings Banks Guarantee Fund or the Commercial Banks Guarantee Fund if either is in substantial deficit. Such a resolution is only valid when the Storting has approved the remission.

Section 6 Changes in the board of the Guarantee Fund

(1) Notwithstanding section 30 of the Commercial Banks Act and section 46 of the Savings Banks Act, the Fund may before disbursement appoint up to two members with deputy members to the board of the Guarantee Fund which receives the support loan.

(2) The board member(s) appointed by the Fund shall in such case replace one, alternatively two, of the five members who have been elected by the general meeting of the Guarantee Fund. The general meeting of the Guarantee Fund decides which of these members shall step down.

(3) The Fund's appointment of board members pursuant to this section shall be approved by the Ministry.

Section 7 Relationship to the provisions of the Public Administration Act, etc.

(1) The Public Administration Act, Civil Service Act and Government Service Dispute Act do not apply to the Fund.

(2) The rules of the Public Administration Act concerning disqualification and confidentiality nevertheless apply to the officers and employees of the Fund. The duty of confidentiality does not apply to the disclosure of information to the Ministry, the Banking, Insurance and Securities Commission and Norges Bank.

Section 8 Annual accounts, annual report, etc.

The Fund shall each year prepare annual accounts and an annual report. The annual accounts and annual report shall be sent to the Ministry by the end March each year and form the basis for information to the Storting.

Section 9 Audit

The accounts of the Fund are audited by the Office of the Auditor General.

Section 10 Winding up of the Fund

Upon the winding up of the Fund, its resources shall revert to the Treasury. Parts of the Fund's resources may revert to the Treasury by decision of the Storting.

Section 11 The King may by regulation lay down further rules concerning the Fund, its activity and administration.

III **Coming into force**

This Act comes into force on such date as is decided by the King.

The King lays down transitional arrangements.