

# ARTICLES OF ASSOCIATION

for

## SPAREBANKEN SØR

Adopted at the Board of Trustees meeting of 6 November 2019

### CHAPTER 1 COMPANY NAME. OFFICE MUNICIPALITY. OBJECT.

#### *§ 1-1 Company name. Office municipality. Object.*

Sparebanken Sør was formed through the merger of Sparebanken Pluss and Sparebanken Sør on 1 January 2014. These savings banks had previously been formed through the merger of the various savings banks listed in the annexes to the Articles of Association.

The Bank's registered place of business is in the municipality of Kristiansand.

The Bank's object is to promote saving by receiving deposits from an indeterminate group of investors and securely manage the funds they have at their disposal in accordance with the prevailing legal rules that apply to banks.

The Bank can carry out all common banking transactions and bank services and offer investment services in accordance with the prevailing rules and licences.

### CHAPTER 2 THE BANK'S EQUITY

#### *§ 2-1 Primary capital*

A list of the original primary capital of the merged savings banks, including whether the primary capital has been or is due to be repaid, is provided in the annexes to these Articles of Association.

The founders or others do not have the right to dividends from the business, except dividends from the Bank's equity certificate capital.

With consent of the King/Ministry of Finance, the Board of Trustees can decide to issue negotiable equity certificates entitled to dividends with a right of representation on the Board of Trustees.

#### **§ 2-2** *Equity certificates*

The Bank's issued equity certificate capital comprises NOK 783,197,200, allocated between 15,663,944 equity certificates, each with a nominal value of NOK 50 fully paid up.

The Bank's equity certificates shall be registered in the Norwegian Central Securities Depository. The acquirer of the equity certificate has a right to vote once the acquisition has been registered in the Norwegian Central Securities Depository.

### **CHAPTER 3 BOARD OF TRUSTEES**

#### **§ 3-1** *The composition of the Board of Trustees*

The Bank shall have a Board of Trustees, which must ensure that the Bank acts in accordance with its objects, and with laws, the Articles of Association and the Board of Trustees' resolutions. The Board of Trustees is the Bank's supreme authority.

The Board of Trustees shall have 28 members and 28 substitute members.

Twelve members and twelve substitute members are elected by the customers, see § 3-2.

Two members and two substitute members are elected by Agder County Council, and one member and one substitute member are elected by Vestfold og Telemark County Council, see § 3-3.

Six members and six substitute members are elected by the equity certificate holders, see § 3-4.

Seven members and seven substitute members are elected by and from the employees, see § 3-5.

The members and the substitute members of the Board of Trustees are elected for a term of four years. At least three-quarters of the Board of Trustees shall be individuals who are not employed by the Bank.

If a customer-elected member or substitute member is not re-elected, the member or substitute member is replaced by a person from the same constituency, see § 3-2.

The Board of Trustees establishes more detailed instructions for the elections.

#### **§ 3-2** *The customers' elections to the Board of Trustees*

Any customer (personal customer or representative of a legal person) who holds, and for the last six months has held, a deposit in the bank of at least NOK 2,500 may stand for election and vote in the election of customers' representatives to the Board of Trustees. Only a person of full age and legal capacity can vote in the election as a personal customer or as a representative of another customer. No one may cast more than two votes, one based on their own customer relationship and one as a representative of another customer.

The election is held in the constituencies as stated below:

<b>Constituency (municipalities)</b>	<b>Members</b>	<b>Substitute members</b>
Kristiansand, Vennesla	3	3
Bryne, Farsund, Flekkefjord, Sirdal, Kvinesdal	1	1
Lyngdal, Åseral, Hægebostad	1	1
Lindesnes	1	1
Grimstad, Arendal, Froland	2	2
Birkenes, Lillesand, Iveland, Evje, Bygland, Valle, Bykle	1	1
Tvedestrand, Vegårshei, Åmli, Risør, Gjerstad	1	1
<b>Total for Agder and Rogaland</b>	<b>10</b>	<b>10</b>
Sandefjord, Kragerø, Drangedal, Siljan, Skien, Bamble, Porsgrunn	1	1
Kviteseid, Hjartdal, Nome, Fyresdal, Nissedal, Midt-Telemark, Notodden, Seljord, Tinn, Tokke and Vinje	1	1
<b>Total for Vestfold og Telemark</b>	<b>2</b>	<b>2</b>

The customers' elections to the Board of Trustees shall be made on election days in accordance with the prevailing rules and the Bank's election instructions.

### **§ 3-3** *County Councils' elections to the Board of Trustees*

Agder County Council elects two members and two substitute members, Vestfold og Telemark County Council elects one member and one substitute member.

### **§ 3-4** *Equity certificate holders' elections to the Board of Trustees*

Equity certificate holders' elections to the Board of Trustees are carried out in accordance with the prevailing framework conditions.

No equity certificate holder may vote for more than 50 per cent of the votes that are represented at the election meeting.

### **§ 3-5** *Employees' elections to the Board of Trustees*

Employees at the Bank have a right to vote in the election of employee representatives and substitutes to the Board of Trustees. Employees' elections to the Board of Trustees are carried out in accordance with the prevailing rules and instructions for employees' elections at Sparebanken Sør.

The election is held in the constituencies listed below so that employees have balanced representation in relation to the Bank's geographical area of business.

<b>Constituency</b>	<b>Members</b>	<b>Substitute members</b>
Kristiansand, Vennesla	3	3
Arendal, Froland, Grimstad	1	1
Other branches in Agder	2	2
All branches in Vestfold og Telemark	1	1

### **§ 3-6** *Notice of Board of Trustees' meetings*

The Annual Meeting of the Board of Trustees shall be held by the end March each year.

If the documents relating to the matters that are to be reviewed by the Board of Trustees are made available to members electronically, the legal requirement for the documents to be sent to the members of the Board of Trustees does not apply. The same applies to documents that are required by law to be included in or appended to the notice of the meeting. Notwithstanding this, a member of the Board of Trustees may request that they be sent documents relating to matters to be considered by the Board of Trustees.

Members who cannot participate in the Board of Trustees' meeting shall inform the Bank of this as soon as possible and no later than five days before the meeting. Substitute members are called to the meeting when ordinary members cannot attend.

### **§ 3-7** *Meetings and resolutions of the Board of Trustees*

Members and substitute members of the Board of Trustees meet in person. It is not permitted to meet through a proxy or with an adviser.

Board of Trustees meetings are opened and chaired by the Chair of the Board of Trustees.

Each member of the Board of Trustees has one vote. A decision requires a majority of the votes cast unless otherwise established in the prevailing rules and these Articles of Association. In the event of a tied vote, the Chair shall have the deciding vote.

### **§ 3-8** *The Board of Trustees' duties*

The Annual Meeting of the Board of Trustees shall consider and vote on the following matters:

- Election of Chair and Deputy Chair of the Board of Trustees
- Election of the Chair and Deputy Chair of the Board of Directors, and other Board members and substitute members, with the exception of members and substitute members elected by the employees
- Approval of the annual financial statements and Report from the Board of Directors, including the appropriation of profit and distribution of dividends
- Review of the statement on corporate governance
- Review of the Board of Director's declaration on the determination of the salary and other remuneration paid to senior executives
- Holding of an advisory vote on the Board of Directors' guidelines for determining the remuneration of management
- Approval of guidelines concerning allocation of equity certificates, subscription rights, options and other forms of remuneration relating to equity certificates at the Bank, for senior executives
- Election of members of the Nomination Committee for the election of the Board of Trustees
- Election of auditor
- Determination of remuneration paid to elected representatives and the auditor
- Other matters which, pursuant to legislation or the Articles of Association, fall to be reviewed by the Board of Trustees

The Chair of the Board of Trustees is covered by the rules for extending credit to employees and elected representatives.

Decisions concerning or the authority to assume subordinated loans or subordinated bonds are to be approved by the Board of Trustees with an overall majority in the same way as for amendments to the Articles of Association. Decisions concerning or authorisations to raise other loan capital are approved by the Board or in accordance with delegation decisions taken by the Board.

## **CHAPTER 4 BOARD OF DIRECTORS**

### **§ 4-1 *Composition of the Board of Directors***

The Board of Directors shall consist of seven to eight members and three substitute members, of whom at least four shall come from Agder and at least one member from Vestfold og Telemark. Of these, two members and two personal substitute members are elected from the employees. For the other Board members, a regularly attending substitute member is elected with the right to speak at meetings. The geographical spread of the members, including regularly attending substitute members, shall as far as possible reflect the counties where the Bank is represented. Only members of the Board of Trustees who are

elected by the employees have the right to propose members for election as employee representatives.

The Chair and Deputy Chair are elected by the Board of Trustees in separate elections.

All members and substitute members are elected for a term of two years. Outgoing members and substitute members may be re-elected, see notwithstanding chapter 9.

**§ 4-2** *Board of Directors. Notification. Decision. Meeting minutes.*

The Chair convenes the Board as often as expedient in accordance with the Bank's business, or at the request of a Board member.

The Board of Directors forms a quorum when half the members are present. For a resolution to be valid, at least three members must have voted for it. Resolutions are adopted by a majority decision. In the event of a tied vote, the Chair of the Board of Directors or the Meeting Chair shall have the deciding vote.

Minutes of the Board of Directors' meetings shall be signed by those present, who are jointly liable unless any of them have requested their objections be recorded in the minutes. Absent Board members shall acquaint themselves with resolutions adopted in their absence.

**§ 4-3** *The Board of Directors' responsibilities and duties*

The Board manages the Bank's activities. The Board of Directors is responsible for ensuring that the funds at the Bank's disposal are managed in a secure and appropriate manner, and that the Bank's activities are properly organised. The Board shall keep itself informed of the Bank's financial position and duties, and ensure that its business, accounting and asset management are subject to adequate control.

The Board shall oversee the day-to-day management and the Bank's business in general. The Board adopts rules of procedure for the CEO with a particular emphasis on duties and responsibilities and shall ensure that the CEO regularly informs the Board of Directors of the Bank's activities, position and performance.

The Board of Directors shall ensure that the Bank has effective management and control systems in order to meet the provisions applicable to the business, including the Bank's core values and Code of Conduct.

The Board establishes the necessary authorities for the Bank's activities.

The Bank's CEO, the Chair of the Board of Directors or two of the Board's other members jointly represent and bind the Bank through their signature. The Board of Directors may also grant powers of attorney and special authorisations.

**§ 4-4** *The CEO's responsibilities and duties*

The CEO is responsible for the day-to-day management of the Bank and shall follow all rules and guidelines set by the Board.

Day-to-day management does not include decisions on matters that, given the Bank's circumstances, are of an unusual nature or major significance.

The CEO shall ensure that the Bank's accounting records comply with legislation and regulations and that assets and risk are managed in a satisfactory manner.

## **CHAPTER 5 NOMINATION COMMITTEES**

### **§ 5-1 *Nomination Committee for elections to the Board of Trustees***

The Board of Trustees shall elect a Nomination Committee from the members of the Board of Trustees consisting of up to eight members and a minimum of four substitute members and shall include representatives of all four categories that are represented on the Board of Trustees. Members are elected for a term of two years.

The Nomination Committee shall nominate candidates for election as the Chair and Deputy Chair of the Board of Trustees, and the Chair, Deputy Chair and other members and substitute members of the Board of Directors, excluding employee representatives, and the Chair, members and substitute members of the Nomination Committee. Only the representatives of the employees on the Nomination Committee give a recommendation for Board members and substitute members elected from employees.

The Nomination Committee's recommendations shall be justified.

If a member or substitute member of the Nomination Committee has to step down due to illness or on other grounds, a new member/substitute member shall as far as is possible be elected from the same category to the Board of Trustees. At the end of the election period, the Nomination Committee shall nominate candidates for election to the Bank's Board of Trustees, which shall be composed in accordance with § 3-1.

### **§ 5-2 *Nomination Committee for the customers' election***

The customer-elected members of the Board of Trustees elect a Nomination Committee. The Nomination Committee shall have four members and two substitute members. The provisions set out in § 5-1 on the election period and term of office apply correspondingly.

The Nomination Committee shall nominate members and substitute members to be elected to the Board of Trustees by the customers, and members and substitute members to be elected to the Nomination Committee for the customers' election.

The Nomination Committee's recommendations shall be justified.

### **§ 5-3** *Nomination Committee for equity certificate holders' election*

Members of the Board of Trustees elected by the equity certificate holders elect a Nomination Committee. The Nomination Committee shall have four members and two substitute members.

The provisions set out in § 5-2 on the election period and term of office apply correspondingly.

The Nomination Committee shall nominate members and substitute members to be elected to the Board of Trustees by the equity certificate holders, and members and substitute members to be elected to the Nomination Committee for the equity certificate holders' election.

The Nomination Committee's recommendations shall be justified.

## **CHAPTER 6. ANNUAL REPORT**

### **§ 6-1** *Annual Report. Reports. Deadlines.*

The Board of Directors shall ensure that the Annual Report (annual financial statements and Report from the Board of Directors) are presented to the auditor. The Annual Report must as far as possible be completed and ready for audit by the end of January.

Once the auditor has presented their report, see section 5-6 of the Norwegian Auditor's Act, the Board of Directors shall send the Annual Report and the Auditor's Report to all representatives within 21 days of the meeting of the Board of Trustees that reviews the annual financial statements.

The Board of Trustees meets each year to review the Report from the Board of Directors and the Auditor's Report and approve the Bank's financial statements and the annual dividend for equity certificates.

## **CHAPTER 7 AUDIT**

### **§ 7-1** *Election of auditor. Remuneration. Responsibility.*

The Board of Trustees elects the Bank's auditor and determines their remuneration. The Audit Committee's statement on the proposed auditor is presented to the Board of Trustees before the election.

## **CHAPTER 8 ALLOCATION OF PROFITS AND COVERAGE OF LOSSES**



### **§ 8-1 Profits – gifts**

Profits from the Bank's business are allocated to equity certificate holders and the Bank proportionate to the ratio between the equity certificate capital plus the premium reserve and the primary capital plus the compensation fund and in general in accordance with the prevailing rules.

Profits that are allocated to the Bank can be added to the primary capital, used for donations for the public benefit or transferred to a gift fund.

### **§ 8-2 Losses**

For losses per the income statement for the last financial year, endeavours shall first be made to cover the loss by a proportional transfer from primary capital, including the gift fund, and the equity certificate capital that exceeds the equity certificate capital stipulated in the Articles of Association, including the dividend equalisation fund.

Losses not covered in this way are covered by a proportional transfer from the premium reserve and the compensation fund. Further losses are covered by reducing the equity certificate capital stipulated in the Articles of Association and, if necessary, by reducing other capital.

## **CHAPTER 9 TERM OF OFFICE. AGE LIMIT**

### **§ 9-1 Term of office of elected representatives**

An elected member or the Chair of the Board of Trustees or Board of Directors may not hold that office consecutively for longer than 8 years or hold these offices for a total period of more than 12 years. A person cannot be elected or re-elected to any of these offices if, in accordance with the provision above, the person cannot sit for the entire term for which he or she has been elected.

### **§ 9-2 Upper age limit for employees**

The upper age limit for the CEO and permanent employees is 70.

## **CHAPTER 10 OTHER PROVISIONS**

### **§ 10-1 Winding up resolution**

The Board of Trustees shall make a decision on the Board of Director's proposal to wind up the Bank. Winding up resolutions are adopted with the same majority as for amendments to the Articles of Association.

### **§ 10-2** *Allocation of the Bank's funds in decisions involving structural changes*

On a merger with another bank, conversion to a savings bank limited by shares, winding up or other event, which in accordance with a special resolution of the Board of Trustees results in full or partial release of the Bank's primary capital, the released funds shall within the prevailing legal framework at the time of implementation and with the authorities' consent be transferred to savings bank foundations in Arendal and Kristiansand municipalities. The primary capital is established as the book value of the primary capital of respectively Sparebanken Sør and Sparebanken Pluss, as stated based on the audited annual financial statements as of 31 December 2012. Profits that have been allocated to the primary capital of the merged savings bank after 31 December 2012 shall be divided equally between the saving banks foundations in Arendal and Kristiansand.

## **CHAPTER 11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

### **§ 11** *Amendments to the Articles of Association*

Amendments to these Articles of Association may be adopted by the Board of Trustees with an at least a two-thirds majority of the votes cast.

## APPENDIX 1: HISTORY

Sparebanken Sør was formed on 1 January 2014 through the merger of Sparebanken Pluss and Sparebanken Sør, when Sparebanken Pluss changed its name to Sparebanken Sør.

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Sparebanken Sør was formed on 1 May 1984 through a merger of 30 savings banks in Aust-Agder, Vest-Agder and Telemark.

\*

SPAREBANKEN PLUSS was established on 1 October 1984 under the name Sparebanken Agder. As of 1 July 1997, Sparebanken Pluss was an amalgamation of the following savings banks:

Christianssands Sparebank, established on 9 October 1824

Finsland Sparebank, established on 16 September 1907

Halse og Harkmark Sparebank, established on 4 July 1928

Høvaag Sparebank, established on 6 June 1863

Iveland Sparebank, established on 18 April 1867

Oddernes Sparebank, established on 7 December 1877

Sør-Audnedal Sparebank, established on 12 April 1866

Vennesla Sparebank, established on 7 April 1850

Øverbø og Hægeland Sparebank, established on 12 June 1858, Sparebanken NOR's regional branch in Kristiansand

\*

On 1 October 1984, Sparebanken Agder was established through a merger of:  
Christianssands Sparebank

Halse og Harkmark Sparebank

Iveland Sparebank

Oddernes Sparebank

Vennesla Sparebank

Øvrebø og Hægeland Sparebank

On 1 October 1985, Høvaag Sparebank merged with Sparebanken Agder.

On 1 December 1986, Finsland Sparebank merged with Sparebanken Agder.

On 1 November 1987, the following savings banks were merged with Sparebanken Agder:

Heddal Sparebank, established on 16 July 1886

Saude og Nes Sparebank, established in 1867

Skien Sparebank, established on 28 March 1933

Tokke-Vinje Sparebank, established on 1 January 1970

After the merger, the bank changed its name to Sparebanken Agder og Telemark.

On 1 July 1988, Sør-Audnedal Sparebank was merged with Sparebanken Agder og Telemark.

From 1 October 1988, Sparebanken Agder og Telemark changed name to Sparebanken Pluss.

At the start of 1997, Sparebanken Pluss and Sparebanken NOR signed an agreement on exchange of property. On 1 July 1997, the bank's four branches in Telemark were taken over by Sparebanken NOR, while Sparebanken NOR's regional branch in Kristiansand was merged with Sparebanken Pluss.

\*

On 1 October 1986, Christianssands Sparebank and Oddernes Sparebank were merged under the name Sparebanken Agder, Kristiansand.

On 1 April 1992, Vennesla Sparebank and Øvrebø og Hægeland Sparebank merged under the name Sparebanken Pluss – Vennesla.

On 25 February 1993, Sparebanken Pluss – Finsland changed name to Sparebanken Pluss – Songdalen.

On 1 May 1994, Sparebanken Pluss – Halse og Harkmark Sparebank changed name to Sparebanken Pluss – Mandal.

On 1 May 1994, Sparebanken Pluss – Sør-Audnedal Sparebank changed name to Sparebanken Pluss – Lindesnes.

On 1 November 1998, Sparebanken Pluss, Iveland and Sparebanken Pluss, Vennesla merged under the name Sparebanken Pluss, Vennesla.

The local boards of directors of Sparebanken Pluss, Høvåg, Sparebanken Pluss, Lindesnes, Sparebanken Pluss, Mandal and Sparebanken Pluss, Songdalen were closed down effective 1 May 2000.

The local board of directors of Sparebanken Pluss, Vennesla was closed down effective 31 December 2000.

## **APPENDIX 2: ORIGINAL PRIMARY CAPITAL**

### **1. List of savings banks that formed Sparebanken Pluss and contributed to the merged bank's original primary capital**

List of the savings banks that formed Sparebanken Pluss including a list of mergers that had been completed before 1 October 1984.

Christianssands Sparebank, established on 9 October 1824

Finsland Sparebank, established on 16 September 1907

Halse og Harkmark Sparebank, established on 4 July 1928

Holum Sparebank, established in 1928, and merged with Halse og Harkmark Sparebank on 1 November 1965

Høvaag Sparebank, established on 6 June 1863

Iveland Sparebank, established on 18 April 1867

Oddernes Sparebank, established on 7 December 1877

Randesund Sparebank, established on 22 May 1908 and together with Tveit Sparebank, established on 17 July 1874, merged with Oddernes Sparebank on 13 August 1964

Vennesla Sparebank, established on 7 April 1850

Øverbø og Hægeland Sparebank, established on 12 June 1858

### **2. List of the original primary capital of the savings banks that joined together to form Sparebanken Pluss**

Christianssands Sparebank, 1,181 speciedaler, paid by private investors. Finsland Sparebank, NOK 2,000, paid by Finsland municipality and private investors.

Halse og Harkmark Sparebank, NOK 25,300, paid by Halse og Harkmark municipality and private investors has been repaid.

NOK 10,000 in Holum Sparebank, paid by Holum municipality and private investors has been repaid.

Høvaag Sparebank, 369 speciedaler, paid by private investors. The primary capital has been repaid.

Iveland Sparebank, 294 speciedaler, paid by local investors. The primary capital has been repaid.

Oddernes Sparebank, NOK 1,600, paid by Oddernes municipality has been repaid.

Randesund Sparebank, NOK 2,570, paid by private investors has been repaid.

Tveit Sparebank, 566 speciedaler, paid by 112 investors has been repaid.

The primary capital of Vennesla Sparebank was paid by private individuals and has been repaid.

Øvrebø og Hægeland Sparebank, 328 speciedaler was paid by farmers in Øvrebø og Hægeland municipality through several years of higher land rent.

Sør-Audnedal Sparebank, 62 speciedaler, 12 marks and 5½ skillings paid by private investors.

There was no obligation to repay the original primary capital of Christianssands Sparebank, Sør-Audnedal Sparebank and Øvrebø og Hægeland Sparebank.

### **3. The original primary capital of Sparebanken Sør**

The Bank's original primary capital comprised a total of 4,825.60 speciedaler and NOK

175,934.34 comprising the merged saving banks' funds. Of this, 518 speciedaler and NOK 68,000 have been repaid.