



## **ARTICLES OF ASSOCIATION for Glitnir bank hf.**

### **Chapter I Name of the Company, Domicile and Object**

#### **Article 1**

The Company is a public limited company. The name of the Company is Glitnir bank hf. The Company is a commercial bank and operates in accordance with Act No. 161/2002, on Financial Undertakings and Act No. 2/1995, on Public Limited Companies.

#### **Article 2**

The domicile of the Company, headquarters and legal venue is Kirkjusandur 2, Reykjavík.

#### **Article 3**

The purpose of the Company is to provide financial services. The Company may engage in any activities permitted to financial undertakings pursuant to law, and any other activity normally connected with such activities.

### **Chapter II Shareholder's Equity of the Company**

#### **Article 4**

The share capital of the Company shall be ISK 14.264.805.829– Fourteen billion two hundred sixty four million million eight hundred and sixteen thousand three hundred and fifteen Icelandic krónur – divided into an equal number of shares of a nominal value of 1 Icelandic króna.

The Board of Directors of the Bank is authorised to raise the share capital of the Company by up to ISK 1.500.000.000 – one thousand and five hundred million Icelandic krónur – through subscriptions to new shares. The Board of Directors of the Bank shall decide the offering price and payment terms of the new shares and the stages in which the authorisation is to be utilised. Shareholders shall have a pre-emptive right to subscription to new shares in the Company in direct proportion to their shareholdings. The Board of Directors of the Bank may set further rules on the sale of the shares. The authorisation of the Board of Directors of the Bank under this paragraph shall lapse at the end of 2008 to the extent that it has not then been exercised.

The Board of Directors of the Bank is authorised to raise the share capital of the Company by up to ISK 500.000.000 –five hundred million Icelandic krónur – through

subscriptions to new shares. The Board of Directors of the Bank shall decide the offering price and payment terms of the new shares and the stages in which the authorisation is to be utilised. Shareholders shall not have a pre-emptive right to subscription to these new shares. The Board of Directors of the Bank may set further rules on the sale of the shares. The authorisation of the Board of Directors of the Bank under this paragraph shall expire at the end of 2008 to the extent that it has not then been exercised.

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to ISK 200 – two hundred million Icelandic Krónur – to accommodate dividend payments in shares in the Company for the financial year 2006.”

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to ISK 650 – six hundred and fifty million Icelandic Krónur – in relation to the funding of the acquisition of shares in FIM Group.

#### **Article 5**

No privileges are attached to shares in the Company. Shareholders are not required to submit to redemption of their shares.

#### **Article 6**

There are no restrictions regarding the sale or other assignment of shares in the Company.

Transfers of ownership of shares, whether by sale, gift, inheritance, the settlement of an estate or attachment, shall always be notified to the Company’s office as soon as such transfers take place; the Company’s Register of Shares shall then be amended accordingly.

Those who have acquired shares in the Company cannot exercise their rights as shareholders until their names have been registered in the Register of Shares, or if they have given due notice and submitted proof of ownership.

For the Company, the Register of Shares shall be considered valid proof of ownership of shares in the Company. Dividends, bonus shares, announcements of meetings and all notices shall be sent to the party registered at any given time in the Company’s Register of Shares as the owner of the shares in question. The Company assumes no responsibility for payments or notices being lost owing to failure to notify the Company of changes of ownership or address.

In the event that any shareholder owns more than 1/3 of the Company’s share capital and controls the corresponding number of votes, other shareholders, acting severally, may require that such shareholder redeem their holdings. They shall, however, be obliged to submit such demands within eight weeks immediately following their receipt of a notice of their right in this regard. In the event that the parties fail to reach an agreement on the price, reference is made to Articles 22 and 24 of Act No. 2/1995 on Limited Liability Companies.

Shares may be issued electronically, pursuant to the decision of the Board of Directors of the Bank, in a central securities depository, pursuant to the Act on Electronic Registration of Title to Securities.

### **Chapter III**

#### **Activities and Management of the Company**

##### **Article 7**

The Annual General Meeting shall be held before the end of the month of April each year.

Other shareholders' meetings shall be called at the discretion of the Board of Directors, pursuant to the resolution of a meeting, or if the elected auditing firm or shareholders holding a minimum of 1/10 of the shares of the Company so request in writing and specify the business of the meeting.

Shareholders' meetings shall be called with a minimum of one week's and a maximum of four weeks' notice by means of a notice on radio and in the daily press, specifying when and where admission tickets to the meeting and ballots will be distributed. Such distribution shall take place according to the further decision of the Board of Directors.

A shareholders' meeting is valid if lawfully convened, without regard to the number of shareholders attending.

##### **Article 8**

Any shareholder is entitled to have a specific matter addressed at a shareholders' meeting, providing such shareholder submits a written request to this effect to the Board of Directors no later than five business days before the start of the meeting.

Notices of shareholders' meetings shall specify the business on the agenda of the meeting. At least one week before a shareholders' meeting, the agenda, finalised submissions and, in the case of an Annual General Meeting, the Annual Accounts, the Annual Report of the Board of Directors and the Auditors' Report shall be laid open for inspection by the shareholders at the Company's offices, and at the same time sent to any registered shareholder who so requests.

##### **Article 9**

At shareholders' meetings, each share of one króna shall carry one vote.

##### **Article 10**

The Agenda of the Annual General Meeting of the Company shall include the following items of business:

1. The report of the Board of Directors on the activities of the Company in the preceding year;
2. The accounts of the Company for the preceding fiscal year;
3. Decision on the payment of dividends and disposal of the profit or loss of the Company during the preceding fiscal year;
4. Motions to amend the Articles of Associations of the Company, if submitted;
5. Elections to the Board of Directors;
6. Election of an auditing firm;
7. Decision on the remuneration of the Board of Directors for the coming electoral term;
8. Any other lawfully submitted business.

### **Article 11**

The Board of Directors of the Company shall be composed of seven members and an equal number of alternates. Prospective candidates to the Board of Directors shall submit a written notice to such effect to the Board of Directors no later than five working days before the start of the Annual General Meeting. The Board of Directors shall be elected at every Annual General Meeting. The directors shall be elected first, and then the alternates. Alternates shall take a seat on the Board if directors are unable to attend a meeting; the alternate who receives the largest number of votes shall take the first seat, and so on. In the event that it is impossible to decide between alternates on the basis of votes, the Board of Directors shall decide the order in which they take their seats.

The election shall proceed without the use of lists, between individuals. The election procedure is that names of all the candidates shall be placed on a single ballot. Each shareholder may vote for one to seven candidates and divide his votes among the candidates in proportions of his own choice. If he does not divide his votes himself, they shall be evenly divided among the candidates he has elected.

Members of the Board of Directors shall fulfil the general qualifications pursuant to the Act on Financial Undertakings.

### **Article 12**

The Board of Directors shall elect a Chairman and a Vice-Chairman from among Board Members. The Vice-Chairman shall act for the Chairman in the latter's absence. The Chairman shall convene meetings of the Board, preside over them, and prepare them in consultation with the Executive Directors. Meetings shall be held at the discretion of the Chairman or the Executive Directors, or if the Executive Board or any Member of the Board of Directors so request. At Meetings of the Board of Directors, the presence of at least four Members of the Board is required to constitute a quorum. In the event that a meeting of the Board of Directors is not fully constituted, a resolution shall require four votes to pass. Issues shall be decided by majority vote, unless otherwise provided in these Articles of Association or other lawful directives. In the

event of an equality of votes, the Chairman of the Board shall cast the deciding vote. Minutes shall be kept of the proceedings of Board meetings. All those who have the right to attend a meeting of the Board of Directors shall be entitled to have their comments and dissenting opinions entered in the minutes.

### **Article 13**

The Board of Directors shall constitute the supreme authority of the Company, except as otherwise provided in these Articles of Association.

The duties of the Board of Directors include:

1. To supervise the activities of the Company and monitor its operations according to law and these Articles of Association.
2. To approve the main aspects of the Company's organisational structure.
3. To appoint one or more bank managers who shall be referred to as Chief Executive Officers in the Company's organisational structure.
4. To appoint the Managing Director of the Accounting Department.
5. To decide which employees shall be authorized to bind the Company, and to establish rules thereon.
6. To formulate a policy in matters of interest rates and scales of fees, and establish general rules on the Company's granting of credit, guarantees and borrowing of the Company, after comments from the Chief Executive Officer.
7. To decide on writing off the Company's assets and loans. The Board of Directors may delegate responsibility for loan write-offs to Company employees pursuant to rules established by the Board.
8. To submit proposals to the Annual General Meeting on the disposal of profit according to the Annual Accounts.
9. To deal with any other business provided for in the Act on Financial Undertakings at any time, or the Act on Public Limited Companies.

The Board of Directors shall also deal with other matters referred to the Board by shareholders' meetings or the Executive Directors.

### **Article 14**

All documents issued by the Board of Directors shall be signed by the Chairman and one other member of the Board. The Company accepts liability for all commitments undertaken by the Board acting in its capacity on its behalf.

### **Article 15**

The Chief Executive Officers, appointed by the Board of Directors in accordance with Article 13, item 3, are responsible for the day to day administration of the Company. The Chief Executive Officers shall be responsible for ensuring that the operations of the Company are in accordance with law, these Articles of Association and the decisions of the Board of Directors.

Executive Directors shall not be permitted to sit on the Boards of Directors of organisations and enterprises outside the Company, or involve themselves with business enterprises, except as provided by law.

#### **Chapter IV**

#### **Annual Accounts and Auditing**

##### **Article 16**

The fiscal year of the Company shall be the calendar year.

The Annual Accounts shall be audited by an auditing firm.

An auditing firm shall be elected at each Annual General Meeting of the Company for a term of one year.

#### **Chapter V**

#### **Further Provisions**

##### **Article 17**

Where these Articles of Association provide no directions, the Act on Financial Undertakings, the Annual Accounts Act, the Act on Public Limited Companies and other applicable legal provisions shall apply.

So approved,  
Reykjavík, 20 February 2007