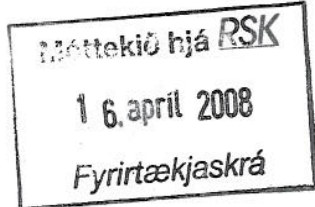


# STRAUMUR-BURDARAS INVESTMENT BANK HF.



## ARTICLES OF ASSOCIATION

### Chapter I Company name, domicile and purpose

#### Article 1

The Company is a public limited liability company, and its name is Straumur-Burðaras Fjárfestingabanki hf. Its supplementary name for foreign purposes is Straumur-Burdaras Investment Bank hf. The Company operates pursuant to the Act Respecting Public Limited Companies, no. 2/1995, and the Act on Financial Undertakings, no. 161/2002.

#### Article 2

The Company's domicile and legal venue shall be in Reykjavík. The address of the Company is Borgartún 30, Reykjavík.

#### Article 3

The purpose of the Company is to provide financial services. The Company shall be authorised to engage in those operations that banks are permitted to carry out in accordance with the law and with the Company's operating permit. The Company is authorised to achieve its objectives through the establishment and operation of subsidiaries.

## CHAPTER II Company's share capital

#### Article 4

The initial capital of the Company shall be ISK 10,359,144,971<sup>12345678</sup>, divided into an equal number of shares of a value of ISK 1. The Board of the Company is authorised to determine the issue of Company share capital in euros instead of ISK, in accordance with the authority contained in Article 1, Paragraph 4 of the Act Respecting Public Limited Companies, no. 2/1995. The conversion of the share capital shall be carried out in accordance with the provisions of the Act on Financial Statements, no. 3/2006; cf. Article 1, Paragraph 5 of the Act Respecting Public Limited Companies, no. 2/1995. The Board shall also be authorised to make any amendments to the Company's Articles of Association that are necessitated by the issue, including changing the amounts that appear in Article 4, Paragraph 1, Item 1 of the Articles of Association and pertain to the change, using the same conversion method.

The Board of the Company is authorised to increase its share capital, by means of a single decision or in stages, by up to ISK 2,000,000,000 through a subscription for new shares. The Board shall determine the price of the new shares and the terms of payment, as well as whether it is permissible to pay for them otherwise than with cash. Shareholders shall not have the pre-emptive right to subscribe for the new shares; instead, the Board shall decide who may subscribe. The Board may set further rules concerning the subscription. The new shares may be sold or hypothecated in the same manner as previous shares in the Company, cf. Article 9 of the Company Articles of Association. The new shares shall grant rights in the Company from the date of record of the share capital increase. The authority of the Board of Directors to increase share capital in accordance with this paragraph shall expire on 8 March 2010 to the extent that it has not been exercised by that time.

Only a shareholders' meeting can take a decision to decrease share capital.

#### Article 5

The Company's shares shall be electronically registered (de-materialised) as provided for in Act No. 131/1997, on Electronic Registration of Title to Securities

#### Article 6

The Company's Board of Directors shall keep a register of shares in such form as provided for by law.

A transcript from a securities depository attesting to ownership of shares in the Company shall be regarded as satisfactory basis for a register of shares and shall confer full rights as provided for by the Company's Articles of Association.

The register of shares shall be kept at the Company's office and be accessible to all shareholders wishing to acquaint themselves with it.

#### Article 7

No privileges are conferred by shares in the Company. Shareholders shall not be subject to redemption of their shares.

#### Article 8

The Company may own or accept as collateral its own shares as provided for in Chapter VIII of Act No. 2/1995, on Limited-liability Companies, and Article 29 of Act No. 161/2002, on Financial Undertakings.

#### Article 9

Shares in the Company may be sold or mortgaged unless otherwise indicated by law.

Changes in share ownership, whether resulting from a sale, gift, inheritance, estate settlement or execution, must always be notified to the Company's office as soon as effected; the register of shares shall be revised accordingly.

A party acquiring shares in the company may not exercise his/her rights as a shareholder unless his/her name has been entered in the register of shares or he/she has given notification and proof of ownership of the shares.

The register of shares shall be regarded by the Company as fully valid proof of ownership rights to shares in the Company and any dividend payments, bonus issues, announcements of meetings and all notifications shall be sent to the party currently recorded in the register as the owner of the respective shares. The Company shall bear no responsibility for payments or notifications which may go astray as a result of failure to notify the Company of changes in ownership or residence.

#### Article 10

All shareholders are obliged, without a specific undertaking, to comply with the provisions of the Company's Articles of Association, as they now stand or as subsequently amended in lawful fashion.

Shareholders bear no responsibility for the obligations of the Company above and beyond their share in the Company.

### **CHAPTER III**

#### **Shareholders' meetings**

#### Article 11

Final authority in all company dealings, within the limits set by these Articles and national law, rests with the duly constituted shareholders' meeting.

Shareholders, their agents and advisors, the Company's auditor and managing-director, shall be entitled to attend the Company's shareholders' meetings.

A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf. A proxy must produce a written, dated power of attorney. The power of attorney may not be valid for more than five years from its date. Power of attorney may be withdrawn at any time.

A shareholder may attend a meeting accompanied by an advisor. An advisor shall not have the right to speak, make a motion or vote at a shareholders' meeting.

The Company's auditor and managing director shall have full rights to speak and make motions at shareholders' meetings, even if they are not shareholders.

The Company's Board of Directors may invite experts to attend certain meetings, if their opinion or assistance is required.

#### Article 12

The annual general meeting (AGM) shall be held before the end of May each year.

The AGM shall be announced by advertisement in daily papers or by other verifiable means. The agenda of the meeting shall be specified in the announcement. If a motion to amend the Company's Articles of Association is to be discussed, the substance of such a motion shall be included in the announcement of the meeting.

The AGM shall be announced with at least one week's notice and no more than four weeks' notice. An AGM is properly constituted if it has been lawfully announced, regardless of how many people attend.



### Article 13

The following items shall be on the agenda of the annual general meeting:

1. a report from the Board of Directors on Company activities during the past operating year;
2. the Company's financial statements for the past operating year, together with a report from the auditor, shall be placed before the meeting for attestation;
3. a decision on the disposition of the Company's profit or loss during the accounting year;
4. Board's proposal for a Company policy on terms of employment.
5. a decision on remuneration to Directors for the coming operating year and to the auditor for the past operating year;
6. motions for amendments to the Company's Articles of Association, if any have been received;
7. election of the Board;
8. election of the Company's auditor or auditing firm, as provided for in Article 23;
9. other matters.

If so requested in writing at an AGM by shareholders controlling at least one-fifth of share capital, a decision on items 2 and 3 shall be postponed to a continuation of the AGM, to be held no sooner than one month and no later than two months after the AGM. No further postponement may be requested.

### Article 14

Other shareholders' meetings shall be held when the Company's Board of Directors deems necessary, in accordance with a resolution, or if the elected auditor or shareholders controlling at least one-tenth of the Company's share capital so request in writing, specifying the subject of the meeting; in such case a shareholders' meeting must be called within two weeks' of receipt of such request by the Board of Directors.

A shareholders' meeting shall be announced with at least one week's notice and no more than four weeks' notice. If all shareholders are present, they may grant an exception to this provision. A shareholders' meeting shall be announced by advertisement in daily papers or by other verifiable means. The same rules concerning legal constitution shall apply to shareholders' meetings as apply to the AGM, cf. the third paragraph of Article 12.

### Article 15 a

Each shareholder has the right to speak at shareholders' meetings. In the event that the Board of Directors has made a decision to hold a meeting partially by electronic means, shareholders so participating in the meeting should submit questions concerning the agenda or submitted documents etc. in connection with the meeting no later than five days prior to the meeting.

### Article 15

Any shareholder is entitled to have a specific matter dealt with at a shareholders' meeting, if he submits a written request for such to the Board with sufficient notice to allow this to be placed on the agenda of the meeting as provided for in these Articles of Association.

The announcement of the meeting shall list the items of business to be discussed at the shareholders' meeting. No later than one week prior to a shareholders' meeting the agenda and final motions, as well as the annual financial statements, report from the Board of Directors and auditor's report in the case of an AGM, shall be available to shareholders for inspection at the Company's office.

Items which have not been listed on the agenda of a shareholders' meeting may not be dealt with finally at the meeting without the approval of all the Company's shareholders, although resolutions on these items may be passed as guidelines for the Board of Directors. Even if an item was not listed on the meeting agenda, this shall not preclude the calling of an extraordinary shareholders meeting to discuss this item; in addition, the AGM can always deal with items which it is obliged to handle according to law or the Company's Articles of Association.

Supplementary motions or amendments, legally submitted, may be raised at the meeting itself despite not having been available to shareholders beforehand.

### Article 16

The Chairman of the Board of Directors or elected Chairman of the meeting shall direct a shareholders' meeting and the election of a meeting Secretary. The meeting Chairman shall, upon the commencement of the meeting, check whether it has been lawfully announced and is thus legally constituted and declare whether this is so. He shall direct all discussion and voting.

Once the meeting is in session, a list of the shareholders and their proxies attending the meeting shall be compiled, in order to clarify how many shares and votes each of them controls. This list shall be used until the shareholders' meeting alters it.



#### Article 17

The meeting Secretary shall take minutes of the meeting. Decisions by the shareholders' meeting, together with voting results, shall be recorded in the minutes. A list of the shareholders present and proxies shall be entered in the minutes or accompany them. The minutes shall be read aloud prior to the end of the meeting and any comments made recorded therein. The Chairman and Secretary of the meeting shall sign the minutes.

The minutes of the meeting or a certified copy of the minutes shall be available at the Company's office no later than two weeks after the shareholders' meeting. Minutes of meetings shall be preserved securely.

Recorded minutes shall be complete and lawful evidence of what has taken place at meetings.

#### Article 18

Each *króna* of share capital entitles the owner to one vote at a shareholders' meeting.

The majority of votes shall determine the outcome at shareholders' meetings, unless otherwise provided for by national law or these Articles. Should two or more persons receive an equal number of votes in elections, the outcome shall be determined by lot. Voting shall be by secret ballot if any of the voting shareholders attending the meeting so demand.

The Board of Directors may resolve that shareholders should be permitted to participate by electronic means in the proceedings of shareholders' meeting, including voting, without being present at the venue of the meeting. However, shareholders must be permitted to vote on items of business on the agendas of shareholders by mail or electronically.

The agreement of all shareholders must be obtained in order to:

- a) oblige shareholders to contribute capital or anything else for Company purposes in excess of their obligations;
- b) subject shareholders to redemption of their shares, in full or in part, except upon the winding-up of the Company or the legal writing down of its share capital;
- c) place restrictions on utilisation of shares in excess of what is provided for in Article 9 of these Articles of Association;
- d) change the provisions of the Articles on privileges, voting rights, issuance of preferential shares, relative holdings of persons in the Company or the equal rights of shareholders.

### Chapter IV Board of Directors

#### Article 19

The Company's Board of Directors shall be comprised of five persons and a equal number of alternates elected each year at its AGM. The provisions of the Acts on Limited-liability Companies and Financial Undertakings shall apply concerning eligibility of Board members. Those persons willing to stand for election to the Board of Directors shall give notice thereof in writing to the Company's Board no later than five days prior to the commencement of the shareholders' meeting where elections to the Board are to be held. The notice declaring candidacy for the Board shall include, in addition to the name, address, and national ID number of the candidate, information on the candidate's primary occupation, other board memberships, education, experience, and share capital holdings in the Company. It shall also include information on connections with the customers and competitors of the Company, as well as connections with shareholders who hold more than 10% in the Company. Information received by the Board concerning candidates for Board membership of a public limited liability company shall be made available for shareholder perusal at the company offices no later than two days prior to the shareholders' meeting.

If more persons are nominated than are to be elected to the Board, elections shall be by cumulative voting.

The Board of Directors shall elect its Chairman and divide tasks among themselves as deemed necessary.

#### Article 20

The Chairman shall call Board meetings and direct them. A meeting shall be held whenever he deems it necessary. In addition, the Chairman is obliged to call a meeting of the Board of Directors if one of the Board members or the managing director so requests. A meeting of the Board of Directors is legally constituted if attended by a majority of the Board. It is permissible to hold Board meetings with the assistance of electronic media to the extent that this is consistent with the execution of the tasks of Board. Despite the provisions of Item 4 of this paragraph, a Board member or Managing Director may demand that a Board meeting be held in the conventional manner. The majority of votes shall determine the outcome of questions. In the case of a tie, the Chairman's vote shall determine the outcome.

Board members shall have minutes taken of the meetings and attest them with their signatures.

#### Article 21

The Company's Board of Directors shall have ultimate authority in company dealings between shareholders' meetings.

The Company's Board of Directors shall engage a managing director for the Company and determine the terms of his/her employment. The Board of Directors and managing director shall jointly direct Company affairs.

Only the Board of Directors may grant authority to sign for the Company.

The signature of three Board members obliges the Company. In other respects the authority, responsibility and duties of the Board members shall be as provided for by law and rules adopted by the Board for its activities.

#### Article 22

The managing director shall handle the Company's everyday operations, implementing the policy and instructions prescribed by the Board of Directors. Everyday operations do not include extraordinary actions or actions of major importance. The managing director may only take such action by special authorisation of the Board, unless it is not possible to await a decision by the Board without causing substantial detriment to the Company. In such instances the Board must be notified of the action without delay.

The managing director shall ensure that the Company's accounting and finances comply with law and good business practice and that handling of the Company's assets is secure.

The managing directors shall engage Company employees. He shall also dismiss employees and deal with issues concerning remuneration.

### Chapter V Accounts and auditing

#### Article 23

At the AGM, a certified public accountant or accounting company shall be elected as the Company's auditor for one year at a time. An auditor may not be chosen from among the members of the Board of Directors or employees of the company. In other respects, legal provisions shall apply concerning the eligibility and qualifications of an auditor.

#### Article 24

The Company's operating year and fiscal year shall be the calendar year. The Company's Board of Directors and managing director shall compile its annual financial statements each year, including a profit and loss account, balance sheet, statement of cash flow and explanatory notes.

The annual financial statements shall be compiled in accordance with the law and good accounting practice, both with regard to assessments of various items, format, breakdown, explanations and terminology. The annual financial statements shall include or be accompanied by a summary of the principal classes of investments undertaken by the Company and the return provided by each individual class.

#### Article 25

The auditor shall audit the Company's annual statements in accordance with law and good auditing practice, examining the company's accounting documentation and other aspects concerning its operations and situation.

Following his audit, the auditor shall attest to the annual financial statements; such attestation shall accompany the accounts as a report.

### CHAPTER VI Amendments to the Company's Articles of Association.

#### Article 26

These Articles of Association may be amended by a legally constituted AGM or other shareholders' meeting by the votes of shareholders controlling at least 2/3 of the Company's share capital represented at the meeting, provided no other majority is specified in these Articles or by national law.

Motions for amendments to the Articles of Association must be mentioned in the Agenda for the meeting.



## CHAPTER VII

### Winding-up of the Company

#### Article 27

Motions for the termination and winding up of the Company are subject to the same provisions as amendments to these Articles. The same shall apply to any type of merger or union of the Company with other companies and to sale of its total assets.

The approval of shareholders controlling at least two-thirds of the Company's total share capital is required for a decision on winding it up. A shareholders' meeting, which has legitimately decided to wind up or dissolve the company, shall decide whether a public settlement court or winding-up committee, elected by a shareholders' meeting, shall direct the winding-up.

If a shareholders' meeting has decided on winding-up the company, it must immediately notify such decision to the Register of Companies.

## CHAPTER VIII

### Miscellaneous provisions

#### Article 28

The provisions of the Acts on Limited-liability Companies and on Financial Undertakings, together with provisions of other Acts as applicable, shall apply concerning matters not expressly provided for in these Articles of Association.

Reykjavík, the 15<sup>th</sup> day of April 2008

Articles of Association of Straumur Investment Bank Hf. (previously Straumur Investment Company Hf. and the Equity Fund Hf.), as adopted by its initial shareholders' meeting on 28 October 1986, including amendments made at the AGMs on 14 May 1990, 29 April 1991, 27 April 1993 and 23 March 1995, a shareholders' meeting of 10 October 1995, the AGMs of 25 April 1997, 22 April 1998, 18 March 1999, 27 March 2000, 15 March 2001 and 9 April 2002, a shareholders' meeting of 18 December 2003, the AGM of 19 March 2004 and the shareholder's meeting of 15 September 2005.

<sup>1</sup>Amended to comply with the first paragraph of Article 41 of the Act on Limited-liability Companies, No. 2/1995, in accordance with a division by the Board of Directors of Straumur Investment Co. Hf. on 25 March 2003 to increase share capital by ISK 216,170,647 in nominal value, cf. the authorisation granted by a shareholders' meeting on 9 April 2002.

<sup>2</sup>Increased by ISK 176,103,959 in nominal value in accordance with the first paragraph of Article 42 of the Act on Limited-liability Companies, No. 2/1995, in accordance with a decision by the managing director and Chairman of the Board, on the authorisation of the Board of Straumur Investment Company Hf., granted at a meeting of the Board of Directors on 6 March 2003, cf. the authorisation granted by a shareholders' meeting on 9 April 2002.

<sup>3</sup>Increased by ISK 592,336,763 in nominal value in accordance with the first paragraph of Article 42 of the Act on Limited-liability Companies, No. 2/1995, in accordance with a decision by the managing director and Chairman of the Board, on the authorisation of the Board of Straumur Investment Company Hf., granted at a meeting of the Board of Directors on 22 August 2003, cf. the authorisation granted by a shareholders' meeting on 9 April 2002.

<sup>4</sup>Increased by ISK 360,296,041 in nominal value in accordance with the first paragraph of Article 42 of the Act on Limited-liability Companies, No. 2/1995, in accordance with a decision by the managing director and Chairman of the Board, on the authorisation of the Board of Straumur Investment Company Hf., granted at a meeting of the Board of Directors on 22 August 2003, cf. the authorisation granted by a shareholders' meeting on 9 April 2002.

<sup>5</sup>Increased by ISK 1,250,507,796 in nominal value in accordance with the first paragraph Article 42 of the Act on Limited-liability Companies, No. 2/1995, in accordance with a resolution by the Board of Directors of Straumur Investment Bank on 27 September 2004, cf. the authorisation granted by a shareholders' meeting of 18 December 2003. The original authorisation granted was for an amount totalling ISK 1,500,000,000. Following this increase, the Board was authorised to increase share capital by a total of ISK 249,492,204 but that authorisation was cancelled at the banks general annual meeting on 4<sup>th</sup> February 2005 when new authorisation was issued.

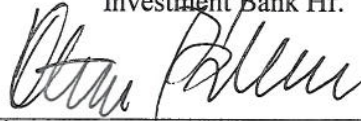
<sup>6</sup>Increased by ISK 700,000,000 in nominal value in accordance with the first paragraph Article 42 of Act No. 2/1995, in accordance with a resolution by the Board of Directors of Straumur Investment Bank on 20<sup>th</sup> March 2005, cf. the authorisation granted by the annual shareholder meeting of 4<sup>th</sup> February 2005. The original authorisation granted was for an amount totalling ISK 1,500,000,000. Following this increase, the Board is authorised to increase share capital by a total of ISK 800,000,000.

<sup>7</sup>Increased by ISK 4,575,747,810 in nominal value in accordance with the first paragraph Article 42 of Act No. 2/1995 due to a merger with Burðarás hf. on 30<sup>th</sup> September 2005 in accordance with the Schedule for Division and Merger of the companies of 1<sup>st</sup> August 2005.

<sup>8</sup> Decreased by ISK 316.602.839 in nominal value in accordance with on the one hand third paragraph of Article 5 of the Schedule for Division and Merger of Landsbanki Islands, Straumur Investment Bank and Burðarás, which was published in the gazette 5<sup>th</sup> August 2005 and on the other hand third paragraph Article 127 of the Act on Limited-liability Companies, No. 2/1995.

Reykjavík 15<sup>th</sup> day of April 2008

On behalf of the Board of Directors of Straumur-Burðarás  
Investment Bank Hf.

A handwritten signature in black ink, appearing to read 'Ottar Pálsson', is written over a horizontal line.

Ottar Pálsson, Supreme Court Attorney