





(incorporated in Iceland as a public limited company)

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1. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in its debt instruments, but the inability of the Issuer to pay the principal or other amounts on or in connection with any such instruments may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prior to making any investment decision, prospective investors and their financial and legal advisers should carefully consider all of the information in this document and, in particular, the risks and uncertainties described below should be considered carefully. The matters described below, among other factors, should be carefully considered by any prospective investor.

This document contains forward looking statements that involve inherent risks and uncertainties. Actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below.

All references to "we", "us" and "our" under "Factors that may affect the Issuer's ability to fulfil its obligations" are references to the Issuer.

a. Risk relating to the Issuer

Below is a brief description of the main risks relating to the Issuer in general:

Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with Lýsing or otherwise the failure to perform as agreed. Credit risk is found in all activities where profitability depends on the performance of a counterparty (risk to each party of a contract that the counterparty will not meet its contractual obligations), issuer, lessee or borrower. Lýsing will be exposed to a credit risk that arises any time the Company's funds are committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet.

Market risk

Market risk is the current or prospective risk to earnings and capital arising from adverse movements in bond, security, and commodity prices and foreign exchange rates, amongst other fluctuations.

Liquid assets risk

Lýsing's main operation is the financing of business equipment, commercial premises and private cars through leasing agreements and loans. Lýsing hf. also offers its customers contract guarantees. A large decrease in the value of business equipment, commercial premises and private cars owned by Lýsing and leased to customers could affect the Company's asset portfolio. There is also a risk associated with general developments of lease levels of business equipment and private cars for various sectors. To reduce this risk it is common that Lýsing requires a lump sum payment of 10-30% of the total at the beginning of the agreement.

Interest rate risk

Interest rate risk arises from the Company's exposure, due to its financial obligations, to adverse movements in interest rates. All assets and liabilities are directly or indirectly affected by interest rates. Since Lýsing's hf. main operation is the financing of business equipment, commercial premises and private cars through leasing agreements and loans, it can be affected by unexpected periods of rapid increase in interest rates. The interest rate level could also indirectly affect lease levels by having a negative impact on the revenue of the lessees, but the interest rate level is also relevant when renewing or entering into new leases. Lýsing seeks to minimise interest rate risk by using variable interest rates on both agreements and loans.

Risk posed to Lýsing by lease agreements

Lýsing's activities include the leasing of private vehicles, machines and equipment and business premises. Such leasing activities include the hire purchase and private leasing of private vehicles for private customers

and the finance leasing, hire purchase and operating leasing of vehicles and other machines and equipment for companies. Therefore the ability of Lýsing to meet its financial obligations is determined by the lessees and their ability to discharge these agreements. The non-fulfilment of these agreements could result in Lýsing being required to have recourse to the aforementioned equipment and selling it or leasing it again. This may lead to the loss of some of Lýsing's claims.

Risk posed by defaulted payments

Lýsing's activities involve the hire purchase, private leasing, finance leasing and operating leasing of vehicles, business premises, machinery and equipment. Lýsing also provides loans to private customers and companies to buy such equipment. In relation to these activities, Lýsing may need to seek satisfaction of debts on the vehicles, business premises and machines and equipment which it lends or leases, either by having recourse to its assets on the basis of the lease agreement or by purchasing them at auction. In such case it is necessary to resell the assets. In such case Lýsing may have to accept a significant loss in value of these assets, which may have a significant impact on the financial position of the company, and/or may have to hold the assets for a considerable time without being able to sell them.

Inflation risk

Inflation could have an influence on the Company's asset portfolio. Should inflation increase it could result in an increase in the company's debt and it will also have the effect that interest rates will be higher and therefore lead to an increase in the Company's costs. Lýsing seeks to minimise inflation risk by maintaining equilibrium between indexed assets and liabilities

Currency risk

Lýsing's reporting currency is the Icelandic krona. Lýsing trades currency for its own account and maintains open currency positions in currencies other than the Icelandic krona. Although Lýsing has taken steps to hedge a part of its foreign currency exposure, currency mismatches between assets and liabilities do exist at present. Furthermore, there is no guarantee that future mismatches will not occur. As a result, fluctuations in exchange rates may adversely affect Lýsing's operating results and financial position.

Liquidity and Refinancing risk

Lýsing is exposed to a liquidity risk that could materially affect Lýsing's operating results and financial position. Liquidity risk can be divided into funding risk and market liquidity risk.

The definition of funding risk is the current or prospective risk to earnings and capital arising from the Company's inability to meet its liabilities when they come due without incurring unacceptable losses. Funding risk arises from the inability to manage unexpected decreases or changes in funding sources.

Market liquidity risk is the current or prospective risk to earnings and capital arising from the Company's inability to quickly unwind its positions either at current market rates or at a rate which would not be adversely affected by the unwinding to such an extent which would result in unacceptable losses. Lýsing is particularly exposed to liquidity risk as its holdings are in business equipment, commercial premises and private cars and are therefore illiquid.

Operational risk

Operational risk is the risk of direct loss, indirect loss, or damage as a result of people's reputation, systems, inadequate or failed internal processes, or from external events.

Managing growth

Lýsing intends to continue to grow its business through further expansion by means of acquisitions as well as via further penetration of markets in which it currently operates. The expansion of Lýsing's operations will require significant investment, increased operating costs, the greater allocation of management resources away from daily operations, the continued development and integration of information management control systems, the continued training of management and other personnel, adequate employee supervision, and the delivery of consistent client product and service messages. The failure of Lýsing to effectively manage these issues and the Company's growth, whilst at the same time maintain an adequate focus on its current operations, could have a materially adverse effect on its business, financial condition, and results of operations.

Key employees

Lýsing's financial performance depends on its ability to attract, motivate, and retain highly competent managers and specialists. Lýsing may be unable to attract and retain such people in the future.

Legal risk

Lýsing is a limited liability company which operates in accordance with the Act on Public Limited Companies No. 2/1995. The main rules affecting the Company are the Act on the Sale of Goods No. 50/2000 (lög um lausafjárkaup), the Act on Consumer Credit No. 121/1994 (lög um neytendalán), the Act on Consumer Purchase of Goods No. 48/2003 (lög um neytendakaup). A close watch is kept on pending changes to legislation and rules applicable to Lýsing, and an assessment is made of the most suitable response in each case. The Company furthermore studies how new ventures will affect the Company from a regulatory standpoint. Changes to the applicable company laws, or if the Company becomes subject to different laws, might have an impact on how it continues to conduct its business.

The Company is contractually bound to honour various contracts. Should the Company become unable to fulfil the relevant covenants it might have financial consequences for the Company.

Litigation is not a normal part of the Company's business but because its main business concerns the leasing of property, credit activities and other financial service, litigation is always a possibility. The Issuer is not involved in litigation that could have material effect on the Issuer's operations.

Reputational risk

Reputational risk is the risk that Lýsing will suffer as a loss of revenue due to negative publicity regarding its business practices. This negative publicity may result from mistakes in conducting its business, from wrong decisions, or from Lýsing or some related party not following general laws and regulations. If Lýsing's reputation or credibility is negatively affected, owing to private or public discussion, Lýsing's ability to grow may be impaired and future earnings may be adversely affected.

IT

The IT systems may be vulnerable to disruptions that are beyond Lýsing's control. Possible disruptions could result from viruses, hackers, equipment failure, power failure, natural disasters or human error. Lýsing has taken measures to prevent operating interruptions in case of a possible evacuation of its headquarters and has a plan of action in the possible event of such an evacuation. All IT systems are backed up at another regional location office. Should the need arise, operations may be continued at that back-up location. Lýsing also has various initiatives in place to minimise the risk of failure in the IT systems, but there can be no assurance that these initiatives will adequately prevent disruption to the Company's operations.

Internal controls

Operational risk relates to the inner workings of Lýsing, the competence of its employees, and the reliability of work processes and information systems. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes a risk of loss resulting from failure to comply with the Icelandic laws and regulations under which Lýsing operates. Lýsing is also exposed to incorrect analyses of investment options, which can have a negative impact on its financials.

Tax

Lýsing could be affected by changes in tax legislation in any of the countries that influence its financial results. Lýsing is not aware of any ongoing tax inspection concerning itself or its subsidiaries which may have a material impact on Lýsing's financials. An investigation of Lýsing's tax filings, as for any other Company, may be initiated at a later stage in accordance with relevant regulations and affect the Company's prospects. Lýsing and the tax authorities may potentially have different opinions on how various financial arrangements within the company should be treated from a tax perspective. Lýsing is of the opinion that it is in compliance with the relevant tax regulations and practices and should not expect claims from tax authorities relating to its treatment of income or any other financial issues.

Covenants

Lýsing is contractually bound to honour various financing agreements. Should Lýsing become unable to or for some reason cease to fulfil the respective covenants, the lenders and financiers may become entitled to rescind the agreements, which might have adverse financial consequences for Lýsing.

2. PARTIES RESPONSIBLE

Lýsing hf., in its capacity as the Issuer, Icelandic ID-No.621101-2420, registered office at Sudurlandsbraut 22, 108 Reykjavík, Iceland, hereby declares that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavik, 14 June 2007
On behalf of the Issuer



Sigurdur Valtýsson,
Chairman of the Board

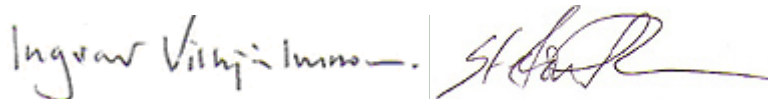


Ólafur Helgi Ólafsson
CEO

3. MANAGER

The Manager, Kaupthing Bank hf - Capital Markets, Icelandic ID-No. 560882-0419 registered office at Borgartun 19, 105 Reykjavik, Iceland has been the advisor to the Issuer in the preparation of this Registration Document. The Manager has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of the information contained or incorporated in this document or any other information provided by the Issuer in connection with the debt instruments. The Manager does not accept any liability in relation to the information contained or incorporated by reference in this document or any other information, in any document, provided by the Issuer.

Reykjavik, 14 June 2007
On behalf of the Manager



Ingvar Vilhjálmsson
Managing Director

Stefán Ákason
Head of Fixed Income Sales

4. STATUTORY AUDITORS

The Company's accounts for the years ending 31 December 2005 and 2006 respectively have been audited and the annual accounts for these years have been endorsed without remarks by KPMG Endurskodun hf., the Company's independent auditor.

5. REFERENCES AND GLOSSARY OF TERMS AND ABBREVIATIONS

References to the "Issuer", "Lýsing" and "the Company" in this Registration Document shall be construed as referring to Lýsing hf., Icelandic ID-No.621101-2420, unless otherwise clear from the context, and its subsidiaries and affiliates, unless otherwise clear from the context. Lýsing hf. is the legal Icelandic name of the Issuer.

References to "ICEX" in this Registration Document shall be construed as referring to the Iceland Stock Exchange, i.e. to Kauphöll Íslands hf., Icelandic ID-No.681298-2829, unless otherwise clear from the context. References to the "admission to trading" and the "admission to trading on a regulated market" in this Registration Document shall be construed as referring to the admission to trading on the bond market of the Iceland Stock Exchange, unless otherwise clear from the context.

References to "ISD" in this Registration Document shall be construed as referring to the Icelandic Securities Depository, i.e. to Verðbréfaskráning Íslands hf., Icelandic ID-No. 500797-3209, Laugavegur 182, 105 Reykjavík, Iceland, unless otherwise clear from the context.

References to the "Manager" in this Registration Document shall be construed as referring to Kaupthing Bank hf. - Capital Markets division, Icelandic ID-No. 560882-0419, unless otherwise clear from the context.

6. DOCUMENTS INCORPORATED BY REFERENCE AND FOR DISPLAY

The following documents are incorporated herein by reference to, and form part of, this Registration Document:

- a. The articles of association for Lýsing hf.
- b. The annual accounts of Lýsing hf. for the operating year 2005.
- c. The annual accounts of Lýsing hf. for the operating year 2006.

Copies of documents incorporated by reference in this Registration Document can be obtained from the Issuer's office and website (www.lysing.is). This Registration Document will be published on the ICEX's news web (<http://omxgroup.com/nordicexchange/Markadsfrettir/Fyrirtaekjatilkyningar/>).

Following the publication of this Registration Document a supplement may be prepared by the Issuer and the Manager approved by the ICEX in accordance with Article 16 of the Prospectus Directive No. 2003/71/EC. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Registration Document or in a document which is incorporated by reference in this Registration Document. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Registration Document.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Registration Document which is capable of affecting the assessment of any Debt Securities, prepare a supplement to this Registration Document or publish a new Registration Document for use in connection with any subsequent issue of such Debt Securities. If a supplement is prepared, statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Registration Document or in a document which is incorporated by reference in this Registration Document. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this document.

7. NOTICE TO INVESTORS

In making an investment decision, potential investors should carefully consider the merits and risks of an investment in any Debt Securities and carefully review the terms and conditions of the Debt Securities described in the relevant Securities Note. This Registration Document is to be read in conjunction with the documents which are deemed to be incorporated herein by reference (see "Documents incorporated by reference"). This Registration Document shall be read and construed on the basis that such documents are incorporated and form part of this Registration Document.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Manager.

This Registration Document is not (a) intended to provide the basis of any credit or other evaluation; or (b) a recommendation by the Issuer or the Manager that any recipient of this Registration Document should purchase any Debt Securities. Each investor contemplating purchasing any Debt Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Registration Document nor any other information supplied in connection with the Issuer constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Debt Securities.

Neither the delivery of this Registration Document nor the sale or delivery of any Debt Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, inter alia, the most recently published documents incorporated by reference into this Registration Document when deciding whether or not to purchase any Debt Securities.

ICEX has scrutinized and approved this Registration Document which is only published in English.

8. DESCRIPTION OF THE ISSUER

a. History

Lýsing hf., Icelandic ID-No. 621101-2420, Sudurlandsbraut 22, 108 Reykjavík, Iceland, telephone number +354-5401500, was established in the autumn of 1986 and commenced operations and registered as an Icelandic limited liability company in the autumn of 1987. Its operations are governed by Act No. 2/1995 on Private Limited Companies. Its articles of association state that its purpose is the leasing of property, credit activities and other financial services and also all other activities deemed necessary for the aforementioned purpose. The Company regards itself as a financing company which specialises in the financing of business equipment, commercial premises and private cars through leasing agreements and loans. Lýsing hf. also offers its customers contract guarantees. For a further description of the Issuer's business see the chapter 'Description of the business'.

Lýsing was founded by Búnadarbanki Íslands and Landsbanki Íslands with the participation of the insurance companies Sjóvá and Brunabótafélag Íslands. The Company initially had three employees but now employs 61 people. Ownership of Lýsing remained unchanged until the autumn of 2001, when the company became a subsidiary of Búnadarbanki Íslands and subsequently Kaupthing Bank on its merger with Kaupthing. VÍS acquired the Company in 2005, but in the spring of 2006, Exista acquired VÍS Holding Company. Exista is now the sole owner of the Issuer.

b. Description of Business

Lýsing Ltd. is a subsidiary of Exista hf. The company was established in the autumn of 1986 and commenced operations at the beginning of 1987. Currently the Icelandic market generates almost 100% of the operating income of Lýsing hf.

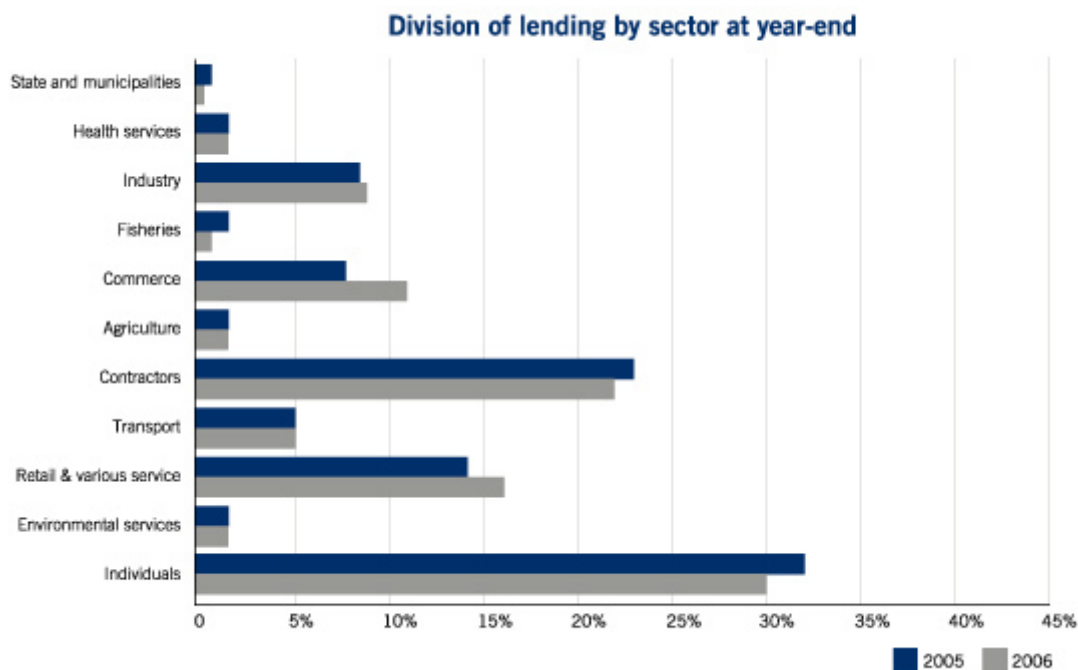
The company specializes in the financing of business equipment, commercial premises and private cars through leasing agreements and loans. Lýsing hf. also offers its customers contract guarantees.

Lýsing's market share has been growing with increased awareness among companies and individuals of the benefits that leasing can offer. Three types of contracts are offered - financial lease, hire purchase and the increasingly popular operational lease. Contract details differ, but a characteristic feature of them all is that the equipment remains under the ownership of Lýsing and as a rule no other collateral is required. Contract length is determined on the basis of estimated use and service life. In many cases the lessee enjoys tax concessions on this form of financing.

Lýsing offers private individuals a comprehensive solution for personal car finance through car loans, lease contracts and operational lease contracts, depending upon their requirements. The application process may take only a few minutes, since main car agents and dealers are connected on-line to Lýsing through internet-based financial software. Swift, quality service is Lýsing's motto for car finance.

Customers of Lýsing come from all sectors of business. One of Lýsing's objectives is to build up long-term business relationships with its customers so that customers will leave content and return later. Credit facilities are not granted solely against collateral. Lýsing offers its customers fairness and integrity, along with professional expertise and broad experience.

The following chart illustrates the Issuer's operations by showing lending by sectors:



Lýsing's has 61 employees and most of them have served at the company for a long time and key personnel have more than 10 years' experience in the leasing industry. Knowledge and experience are an integral part of the company and the value of putting the customers' interests first. In order for employees to fulfil the goal of providing outstanding service, every effort is made to ensure that they are well trained, not only at job-related courses but also on personal development programmes.

Lýsing's financial position is strong, its infrastructure is solid and its owner is dynamic.

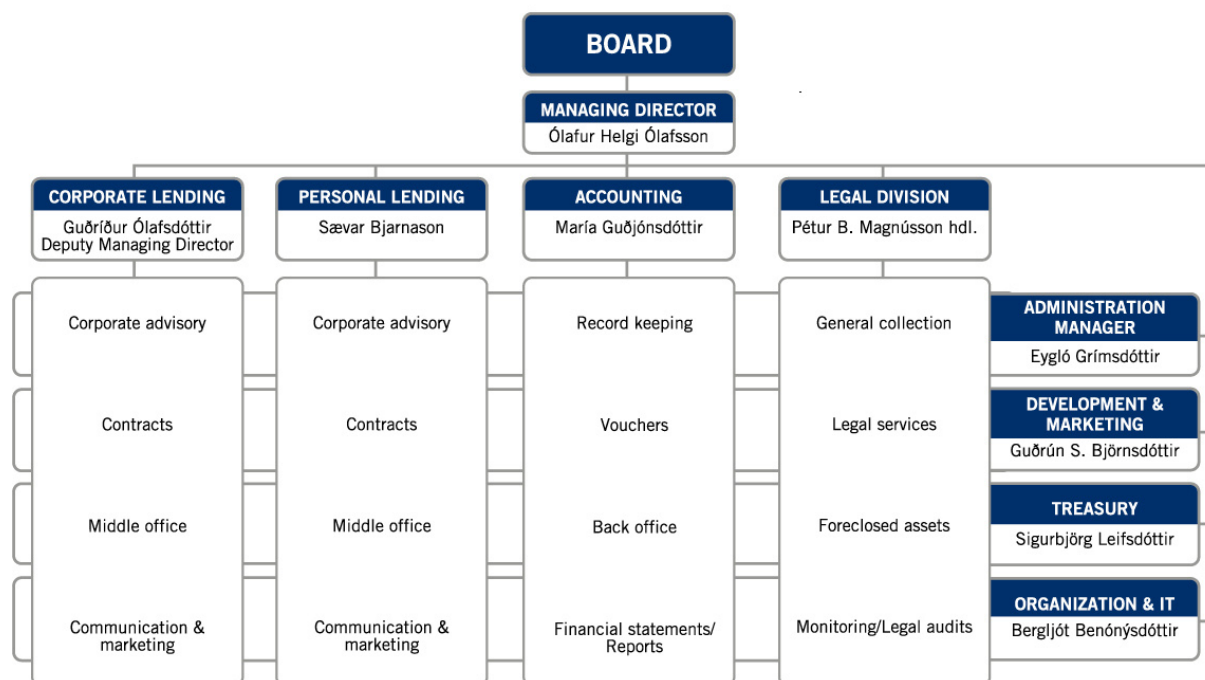
c. Organisational structure

At the date of issue of this Registration Document, Lýsing hf is a fully owned subsidiary of Exista hf. Lýsing hf. has no subsidiaries and therefore all its operation is conducted through Lýsing hf. The following chart illustrates the Issuer's organisation:

The Issuer is divided into eight different divisions as set forth in the organisational chart above, but its income mainly comes through corporate lending and personal lending.

As the Issuer is a subsidiary of Exista hf., Exista hf. elects all the members of Lýsing's board. Lýsing has no subsidiaries.

LYSING HF ORGANISATION CHART



d. Administrative, management, supervisory bodies and senior management

As an Icelandic limited liability company, the organisational structure of Lýsing hf. is governed by Act No. 2/1995 on Public Limited Companies.

Corporate governance

Corporate governance at Lýsing hf. is defined as the framework by which the Company is directed and controlled and the means by which relationships among the Company's management, its board, its shareholders and other stakeholders are conducted. This framework is largely set out in its articles of association and is supplemented by the relevant provisions of Act No. 2/1995 on Public Limited Companies. Even though the Company has not implemented the corporate governance programme developed by the Icelandic Chamber of Commerce, the ICEX and the Confederation of Icelandic Employers in 2004, the Company believes it is, inter alia, outlined in the internal rules of the Company. The Company believes it is fully compliant with these guidelines, and intends to follow them with respect to its future structure and management.

The aim of corporate governance at Lýsing hf. is to ensure disclosure and transparency, define the responsibilities of the board of directors and the management, define the rights and obligations of shareholders and stakeholders, ensure the equal treatment of shareholders, and avoid conflicts of interests between the parties. The board is ultimately responsible for the group's system of internal controls and for reviewing their effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement or loss.

Statutory bodies

The supreme authority in the affairs of Lýsing hf., within the limits established by its articles of association and statutory provisions, is in the hands of the Company's shareholders' meetings. Shareholders' meetings

may be attended by shareholders, their representatives and advisors. Shareholders' meetings are also open to representatives of ICEX. Its annual general meeting shall be held before the end of June each year. At shareholders' meetings each share carries one vote. Decisions at shareholders' meetings are made by majority vote unless otherwise provided for in the articles of association or prescribed by law.

Board of directors

The board of directors of Lýsing hf. manages the Company's general affairs and endeavours to keep the organisation and operations consistent with the Company's mission and strategy. The Company's board of directors directs Company's affairs and works to ensure that the Company's organisation and activities are in good order at all times and that the accounting and the handling of the Company's funds are sufficiently supervised. The board of the Company shall be composed of six members. They are to be elected at the annual general meeting for a term of one year. The eligibility of members of the board shall be subject to statutory law.

The board of directors appoints the CEO of the Company and defines the terms of his remuneration. The board plans to assess the activity, work practices and procedures of the board annually in light of the Company's progress, with the assistance of outside parties, when appropriate. The internal rules governing the operations of the board of directors of the Company, state that board members should familiarise themselves with the provisions of law, the Company's articles of association, securities regulations, any rules which the Company may adopt and relate to the handling of inside information and insider trading, and other relevant rules. None of the members of the board of directors of Lýsing hf. are employees of the Company. The following section lists the current members of the board of directors and their activities. It details the main occupations and/or other occupations that are linked to the ownership or operations of Lýsing hf. In references made to "related parties" that hold shares in the Company, related parties are linked to board members, where the board members have extensive influence over the investment activity of the related party.

Sigurður Valtýsson (b. 1963), Kópavogur, Iceland

Chairman of the board of Lýsing since 2006. CEO of Exista hf., since May 2006. Current CEO of Svalt ehf. and Sigurlind ehf. Current board member of SA-Confederation of Icelandic Employers, Vátryggingafélag Íslands (chairman), Líftryggingafélag Íslands (chairman), Exista fjárfestingar ehf. (chairman), Öryggismidstöð Íslands hf., Tölvur ehf., VÍS International Invest ehf., IGI Group Ltd (chairman), Svalt ehf. and Sigurlind ehf. Mr. Valtýsson's business address is at Ármúli 3, 108 Reykjavík, Iceland.

Related party: Exista hf.

No service contracts providing benefits for Sigurður Valtýsson have been made with the Issuer or any of its subsidiaries upon termination of employment.

Erlendur Hjaltason, (born 1957)

Elected to the board of Lýsing in 2006. CEO of Exista hf. since September 2004. Current board member of Bakkavör Group hf., Iceland Telecom, Sparisjóður Reykjavíkur og nágrennis (SPRON), Fram Foods hf., Flaga Group hf., Pond Street Investments ehf., Eignarhaldsfélagid Exista ehf. Vátryggingafélag Íslands hf., Lýsing hf., Líftryggingafélag Íslands hf., Öryggismidstöð Íslands, Tölvur ehf. (chairman), VÍS International Invest ehf. (chairman), and Flutningar ehf. (chairman) and Sp/f 14. Erlendur Hjaltason is the chairman of the Iceland Chamber of Commerce. Mr. Hjaltason's business address is at Ármúli 3, 108 Reykjavík, Iceland.

Related party: Exista hf.

No service contracts providing for benefits for Erlendur Hjaltason have been made with the issuer or any of its subsidiaries upon termination of employment.

Sveinn Thor Stefánsson (b. 1964)

Elected to the board of Lýsing in 2006. CFO of Exista hf. Joined Exista hf. in December 2004 after 16 years of experience in the financial market. Graduated with a degree in economics and business administration from the University of Iceland in 1988. From 1995 to 2004 Mr Stefánsson served as the financial manager of Lýsing hf., the largest provider of asset finance in Iceland. He is currently a board member of Lýsing hf., VÍS, Lífis and Flaga Group. Mr. Stefánsson's business address is at Ármúli 3, 108 Reykjavík, Iceland.

Related party: Exista hf.

No service contracts providing benefits for Sveinn Thor Stefánsson have been made with the Issuer or any of its subsidiaries upon termination of employment.

Bjarni Brynjólfsson (b. 1966)

Elected to the board of Lýsing in 2006. Joined Exista hf. in December 2005 and is currently its CIO. Mr Brynjólfsson is also the manager of Pond Street Investments ehf. He gained a BS in marketing from the University of Bridgeport in 1992 and qualified as a certified stockbroker in 1998. He is currently a board member of VÍS International Invest ehf., Lýsing hf., B2 ehf., Líftryggingarfélag Íslands hf. Vátryggingarfélag Íslands and Eignarhaldsfélag lífeyrissjóða um verðbréfathing ehf. Mr. Brynjólfsson's business address is at Ármúli 3, 108 Reykjavík, Iceland.

Related party: Exista hf.

No service contracts providing benefits for Bjarni Brynjólfsson have been made with the Issuer or any of its subsidiaries upon termination of employment.

Jóhann Ásgeir Baldursson (b. 1972)

Elected to the board of Lýsing in 2006. Mr Baldursson graduated with a BSc in business administration and marketing from Johnson & Wales University, Providence USA in 1994 and an MBA from the University of Iceland in 2004. He is currently the CEO of VÍS-Iceland Insurance Company and serves on the board of directors of SPRON - Savings bank, IGI Group Ltd. UK based insurance company, Lýsing hf. and Iceland Security Center. Related Party: VÍS hf. Mr. Baldursson's business address is at Ármúli 3, 108 Reykjavík, Iceland.

Ásgeir Thoroddsen (b.1942)

Elected to the board in 2007. He is an attorney to the supreme court of Iceland, chairman of the board of directors of Frjálsi lífeyrissjóðurinn and Plastprent hf. and a member of the board of directors of Bakkavör Group hf. and Kaupthing Bank hf. Mr. Thoroddsen's business address is at Laugavegur 99, 101 Reykjavík, Iceland.

No service contracts providing for benefits for Ásgeir Thoroddsen have been made with the issuer or any of its subsidiaries upon termination of employment.

In the Company's opinion there are no conflicts of interest between individual members of the board of directors of Lýsing hf., its managers, auditors and compliance personnel, on the one hand, and the Company, on the other.

None of the members of the board of directors of Lýsing hf. has, during the course of the last five years, received any convictions in relation to fraudulent offences. Furthermore none of them has, in the last five years, been a senior manager, member of the administrative, management or supervisory bodies of a company which has been a part of or associated with bankruptcy, receivership or liquidation in the previous five years. None of them has in the last five years been convicted for any criminal act or been subjected to sanctions by statutory or regulatory authorities. Furthermore, none of them has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Senior Management

The CEO is in charge of the day-to-day operations of the Company and represents the Company in all matters concerning normal operations. The CEO manages the accounts of the Company and hires its employees. The CEO provides the board of directors and auditors with all necessary information on the operations of the Company which they might request and should be granted according to statutory law.

The CEO of Lýsing hf. is Ólafur Helgi Ólafsson, born in 1945. Mr Ólafsson graduated with a cand. oecon in business from the University of Iceland in 1970. He was employed as a divisional manager for ÍSAL (now ALCAN hf.) from 1970-1976, divisional manager for Heimilistæki from 1976-1979 and chief financial officer for Orkubú Vestfjarda from 1979 - 1987. He started working for Lýsing in 1987 and he became the CEO of Lýsing hf. in 1992. Mr Ólafsson currently serves on the board of directors of VÍS.

During the course of the last five years Mr Ólafsson has received no convictions in relation to fraudulent offences. Furthermore he has not in the last five years been a senior manager, member of the administrative, management or supervisory bodies of a company which has been a part of or associated with bankruptcy, receivership or liquidation in the previous five years. Mr Ólafsson has not in the last five years been the subject to any official incrimination and/or sanctions by statutory or regulatory authorities and has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the previous five years.

The other senior officers of Lýsing hf. are Guðrídur Ólafsdóttir, head of corporate lending and deputy managing director, Sævar Bjarnason, head of personal lending, María Guðjónsdóttir, head of accounting, Pétur B. Magnússon, head of the legal division. They all serve under the CEO of the Company. The business address of all of the members of the Senior Management is at Sudurlandsbraut 22, 108 Reykjavík, Iceland.

Auditors

A state authorised public accountant or accounting firm is elected as the auditor at each annual general meeting of Lýsing hf. for a term of one year. The auditor examines the Company's accounts and all relevant accounting documents for each year of operation and has access to all the Company's books and documents for this purpose. Auditors are not elected from among the members of the board of the Company or employees. The qualifications and eligibility of the auditor at elections are in other respects governed by law.

The chartered accountant and registered auditor of Lýsing hf. is Sigurdur Jónsson, Icelandic ID-No. 290256-5269 and Audur Thórisdóttir, Icelandic ID-No. 311261-7549 of KPMG Endurskodun hf., Icelandic ID-No. 590975-0449 Borgartún 27, Reykjavík, Iceland.

Compliance officer

A compliance officer is employed at the Company. The compliance officer is directly responsible to the CEO and is independent in his or her duties. The compliance officer monitors the implementation of insider rules adopted by the Company, including rules regarding securities trading by employees and primary insiders. The compliance officer is responsible for interpreting the rules, and takes decisions based on the rules. The compliance officer makes proposals for improved working procedures for various positions within the Company and helps develop and maintain the compliance monitoring system.

e. Employees

At the end of December 2006 the total number of employees at Lýsing was 61. The Issuer employed on average 40 employees in 2003, 43 employees in 2004 and 52 employees in 2005.

The majority of the employees of Lýsing hf. are based at its headquarters in Iceland, Sudurlandsbraut 22, Reykjavík. However Lýsing also has an office at Glerárgata 24-26, Akureyri. Lýsing hf. also employs an insignificant number of temporary employees.

f. Major shareholders

As of the date of this Registration Document Lýsing is a subsidiary of Exista hf. which owns 99.9% of the Company's total issued share capital.

Exista is a financial services company with operations in the areas of insurance, asset financing and investment activities. Exista's business model is effectively based on utilising income from cash-generating businesses to support highly selective investment activities, made by specialist investment teams and monitored and serviced by centralised finance, risk management and communications.

Exista's operation is based on two foundations: operating businesses and investment businesses. The following is a description of the organisational structure of Exista, the parent company and the subsidiaries.

The **operating businesses** currently consist of three entities;

- **Exista Insurance** is a group of four operating companies, each with its own independent organisation. Two companies, Vátryggingafélag Íslands and Vördur Íslandstrygging, operate in the non-life insurance sector. Líftryggingafélag Íslands (Lífís) is provider of life insurance and IGI Group operates on the UK insurance market.
- Exista Asset Finance operates under the name Lýsing hf. Its core products are various types of leasing contracts which are offered to both corporate and private clients. Lýsing is the largest leasing company in Iceland (according to figures sourced from competitors' annual accounts) with a loan portfolio amounting to ISK 54.5 billion as of 30 June 2006.
- Exista Trading is responsible for proprietary trading for the parent company and asset management for its subsidiaries.

The **investment businesses** consist of three entities:

- Exista Strategic Holding acquires stakes in listed companies with a long-term view. The objective is to in-

vest in companies that Exista considers to be fairly priced or undervalued with respect to risk and potential. The strategy is to buy a major stake in those companies and take an active role as shareholders.

- Exista Private Equity's strategy is to acquire at least an influential stake in private companies. The private equity team looks for companies with solid financial fundamentals, a strong management team and a healthy cash flow which could be suitable for a leveraged buyout or participation in a management buyout. The investment time horizon is open-ended and is in most cases medium to long-term.
- Exista UK will play a key role in the business development of the group. The London office will be central in exploring growth opportunities outside of Iceland, both for the operating businesses and the investment businesses.

g. Related party transactions.

Lýsing hf. does not believe that it has entered into any transactions with its shareholders, employees or related parties other than on arm's length terms and in a context which may be regarded as being in the ordinary course of its business.

h. No material adverse change.

The Issuer submits that there has not been any material adverse change in the prospects of the issuer financial and trading position since the date of its latest published financial information, i.e. the annual account of Lýsing hf. for the operating year 2006.

9. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Operations

The financial statements contain the consolidated accounts of Lýsing hf. and its subsidiaries. The Company's primary activity is the leasing business.

Profit before income tax totalled ISK 841 million in 2005.

The 2006 annual accounts of Lýsing hf. have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company is licensed to operate as financial undertaking pursuant to Act No. 161/2002 and its aim is to offer reliable and professional services to the Icelandic business sector by offering asset lease agreements for business equipment and commercial property and to provide loans to buy equipment and contract guarantees. The Company also provides financing for private vehicles through loans and lease contracts.

In May Exista hf. acquired all the share capital of VÍS eignarhaldsfélag hf. Following this transaction the companies were merged under the name Exista hf., and Lýsing thereby became a subsidiary of Exista hf.

In June Exista hf. contributed new equity to the company of ISK 500 million.

Lýsing hf. performed well during the year and returned an annual net profit of ISK 1,009 million, compared with ISK 689 million in 2005. Equity at year end was ISK 4,955 million, compared with ISK 3,602 million at the end of 2005. Subordinated debt amounted to ISK 1,542 million and the capital adequacy ratio, calculated in accordance with the Icelandic Act on Financial Undertakings, was 10.97%.

The financial position of Lýsing hf. is strong and the outlook for operations is good for 2007.

At the end of 2006 the Company's share capital amounted to ISK 126 million at nominal value. It was divided among two shareholders and Exista owned 99.9%.

The board of directors of the Company proposes that no dividend be paid this year and that profits be disposed of as is set out in the statement of changes in equity.

The board of directors and managing director of Lýsing hf. hereby confirm the company's annual accounts for 2006

The Company returned a profit before income tax of ISK 1,233 million in 2006. The total assets of Lýsing hf. and its subsidiaries at the end of 2006 amounted to ISK 61,321 million and increased by ISK 22,922 million during the year.

Key Figures

All amounts in ISK millions	2006	2005
Interest income	4,320,431,697	2,592,672,173
Interest expenses	(2,296,631,125)	(1,210,635,095)
Net interest income	2,023,800,572	1,382,037,078
Service income	124,671,334	69,136,266
Service expenses	(40,240,870)	(16,606,769)
Net service income	84,430,464	52,529,497
Realised gains on financial assets	0	19,786,004
Net foreign exchange gains	48,640,848	38,055,338
Other operating income	102,060,605	88,730,815
Salaries and related expenses	(422,277,562)	(363,592,948)
Other operating expenses	(254,307,908)	(188,052,232)
Depreciation of fixed assets	(54,763,281)	(56,658,757)
Impairment losses	(310,981,241)	(134,547,762)
Gain on foreclosed assets	16,030,352	2,936,684
Profit before income tax	1,232,632,849	841,223,717
Income tax	(223,499,382)	(152,019,596)
Annual net profit	1,009,133,467	689,204,121

Balance Sheet

The Company's total assets as of 31 December 2006 amounted to ISK 61,321 million, compared with ISK 38,399 million at the end of 2005. The Company's equity as of 31 December 2006 totalled ISK 4,955 million, of which ISK 126 million was share capital. Equity at year end 2005 was ISK 3,602 million.

Balance Sheet (ISK millions)	31.12.2006	31.12.2005
Cash	736	993
Lendings to customers	59,993	37,033
Derivative agreements for hedging	151	0
Property, plant and equipment	311	334
Mortgage foreclosed	71	27
Other assets	59	11
Combined Assets	61,321	38,398
Equity	4,954	3,602
Subordinated loans	1,543	708
Derivate agreements for hedging	131	3
Deferred tax liability	896	652
Long-term liabilities	53,640	33,136
Other liabilities	157	298
Total equity, sub. loans, and liabilities	61,321	38,399



ANNEX I

TRANSLATED FROM THE ICELANDIC

Articles of Association for Lysing hf.

Section I

The Company's Name and Object

Article 1

The Company is a Public Limited Liability Company. Its name is Lysing hf. (hereinafter named "the Company").

Article 2

The Company's domicile is at Sudurlandsbraut 22, Reykjavik. The Company's venue is at Reykjavik.

Article 3

The object of the Company is leasing of property, credit activities and other financial service. The object of the Company is also all other activities deemed necessary for the aforementioned purpose.

Section II

The Company's Share Capital

Article 4

The Company's share capital amounts to ISK 125,751,650.-onehundredandtwentyfivemillionsevenhundred andfiftyonethousandsixhundredandfifty kronur - and is divided into that number of one ISK shares and is paid. The Company's Board of Directors are authorized to raise its share capital to the nominal value of ISK 8,250,000.- until 31.03.2010 and sell at the minimum rate of 30.3. Shareholders are authorized to pay for the new share capital by means of valuables other than cash funds and the Board are granted authority to determine how the assessment of these valuables will be undertaken.

A shareholders' meeting alone may make a decision on a rise or reduction of share capital. When a shareholder has paid for his share in full he shall be handed a share certificate which grants him full rights in the Company in accordance with the present Articles of Association. It is permissible to issue one share certificate to each shareholder.

The Company's Board of Directors shall keep a record of shares in accordance with Laws.

Article 5

When a shareholder has paid for his share in full he shall be handed a share certificate granting him complete rights in the Company in accordance with the present Articles of Association. Share certificates shall be numbered and shall be in a name. Share certificates shall be issued by the Company's Board of Directors and all the Directors shall sign their names thereon. Their names may be written electronically. It is permissible to combine the shares of each individual shareholder in a single share certificate. The Company's Board of Directors shall keep a record of shares in accordance with Laws.

Article 6

No privileges attach to shares in the Company. Shareholders are not in duty bound to be subject to redemption of their shares, unless Laws determine otherwise.

Article 7

No restrictions are in force as it pertains to the sale or other conveyance of shares in the Company. Shareholders are, however, entitled to new shares in the Company. The Company is not permitted to purchase own shares or to have these hypothecated except to the limit permitted by Laws. The Company may not grant credit against its shares.

Changes in ownership of shares in the Company shall at all times been given notice of to the Company's Board of Directors in writing as soon as these occur and the record of shares shall then be amended in conformity therewith.

A party acquiring a share certificate in the Company cannot apply his rights in the capacity of a shareholder unless his name has been entered in the record of shares or he has given notice and evidence of his ownership of the share.

Conveyances of shares shall at all times be written on the share certificates.

In accordance with a decision by the Company's Board of Directors it is permissible to issue share certificates in an electronic manner at a securities centre in conformity with the Act respecting Electronic Recording of the Ownership of Securities.

Vis-à-vis the Company the record of shares shall be deemed to constitute fully valid evidence of the ownership of shares in the Company. Dividend as well as compensation shares, calls to meetings and all notifications shall be sent to the party being at each given time the registered owner of the share certificates concerned in the Company's record of shares. The Company is in no way responsible in case payments or notifications go astray in transit due to the fact that it has been neglected to give the Company notice of changes in ownership or residence.

The material items of the present Article shall be printed on each share certificate.

Article 8

Each shareholder is in duty bound, without a special undertaking, to abide by the Company's Articles of Association in the present form or as these may subsequently be amended in a lawful manner.

Shareholders are not responsible for the Company's liabilities in excess of their share in the Company.

Section III

Shareholders' Meetings

Article 9

A shareholders' meeting wields supreme power in Company affairs. Shareholders apply their power of decision at shareholders' meetings. A shareholder may have a representative attend a shareholders' meeting on his behalf. Each share grants voting rights. The Company's own shares do not enjoy voting rights.

Article 10

The Company's Board of Directors shall call an Annual General Meeting and other shareholders' meetings by means of advertisement in daily papers or in another equally verifiable manner at a minimum advance notice of ten days and a maximum of four weeks. An Annual General Meeting shall be held before the end of June each year. The Agenda shall be stated in the call to a meeting.

A shareholders' meeting is lawful if it is legally called irrespective of how many attend. In case a meeting become unlawful due to shortcomings in this respect a new meeting shall be called within a month at a minimum advance notice of seven days and it shall then be stated in the call to the meeting that it be held to replace the meeting which did not become lawful.

A shareholders' meeting will elect a Chairman and a Secretary for the meeting. Extraordinary meetings shall be held in accordance with the Board's decision or upon the requirement of elected Auditors or shareholders controlling a minimum of a tenth of the share capital in the Company. The requirement shall be filed in writing and the Agenda shall be specified and a meeting shall then be called within 14 days. In

case the Board shirks from calling meetings following upon the receipt of such a requirement the Minister's assistance shall be obtained in conformity with the provision of the Public Limited Liability Company Act.

Article 11

Each shareholder is entitled to have a specific matter taken for consideration at a shareholders' meeting if he files a requirement in writing for this with the Company's Board of Directors no later than 14 days prior to the outset of a meeting.

The call to a meeting shall specify the matters to be taken for consideration at a shareholders' meeting. At least ten days prior to a shareholders' meeting the Agenda, final Motions as well as annual accounts, the Board's annual report and the Auditor's report, in case of an Annual General Meeting, shall be submitted on show for shareholders at the Company's office and sent to the registered shareholders requesting this.

Entitled to attend the Company's shareholders' meetings in addition to shareholders or their representatives are the Company's Auditor as well as representatives of an operational and custodial Company. These parties have complete freedom of speech and the right to move at shareholders' meetings although they be not shareholders.

Article 12

The following matters shall be taken for consideration at an Annual General Meeting:

1. Report by the Board of Directors on the Company's activities during the immediate past year.
2. The Company's accounts for the past year of operations along with the audit report by the Company's Auditor shall be submitted for confirmation.
3. Decision on the handling of the Company's profit or loss during the immediate past fiscal year.
4. Motions for Amendments to the Company's Articles of Association, if received.
5. Election of the Company's Board of Directors.
6. Election of an Auditor.
7. Decision on remuneration to Directors and Auditors for their work during the past year.
8. Other matters legally submitted.

Article 13

A simple plurality of votes decides issues, unless alternative instructions be contained in Laws or the present Articles of Association.

The agreement of all shareholders is required for the following purposes:

1. To obligate shareholders to contribute funds for Company requirements in excess of their obligations.
2. To restrict persons' authority in respect of the handling of their shares.
3. To amend the Company's object to a considerable extent.
4. To amend provisions of the Articles of Association thus deranging shareholders' relationship to their position in Law.

Motions relating to Amendments to the Company's Articles of Association, alteration to a Private Limited Liability Company, its administration or merging with another Company/other Companies may not be taken for consideration at its meetings, unless this has been mentioned in the call to a meeting.

A Record of Minutes shall be kept and therein shall be entered that which occurs at shareholders' meetings.

Section IV

The Company's Board of Directors

Article 14

The Company's Board of Directors shall consist of a minimum of five persons and five Reserves. There is an equal number of Directors and Reserves. The qualifications of Directors is subject to Laws. The Board will elect a Chairman, delegate duties among themselves and lay down working rules.

Article 15

The Chairman calls the Board meetings and directs these. Meetings shall be held if any Director, the Company's General Manager, the Board of an operational and custodial Company or the Auditor so requires. Board meetings are lawful if the majority of Directors attend. The plurality of votes will determine the despatch of matters. Minutes shall be kept on that which occurs at Board meetings.

Article 16

The Company's Board of Directors handle the affairs of the Company, unless alternative stipulations be contained in the present Articles of Association.

The Board's tasks are i.a.:

1. To conduct superior supervision of the Company's activities, including the conclusion of agreements with the Company's operational and custodial parties. The Company's Board shall supervise its operation, particularly accounting and finances, in conformity with Laws and resolutions.
2. To confirm the principal sectors of the Company's administrative organization.
3. To engage a General Manager and determine his terms of engagement. His qualification and work will be in accordance with Laws and further instructions by the Board at each given time.
4. To be parties to agreements on the terms of wages of the personnel and their position in Law vis-à-vis the Company.
5. To make policy formulation and major decisions concerning the status, investments and activities of the Company.
6. To submit a proposal to the Annual General Meeting concerning the appropriation of the balance of revenue in accordance with the annual accounts.
7. To undertake such other tasks as are determined in Laws, including the keeping of a record of shares concerning shareholders.

Article 17

The signature of two Directors bind the Company.

Section V

General Manager

Article 18

The General Manager will undertake the Company's daily operation in conformity with the rules laid down for him by the Company's Board of Directors or in accordance with its Articles of Association. The daily operation does not extend to arrangements which are unusual or of a major character. The General Manager shall see to it that the Company's books be entered in conformity with Laws and customs and that the handling of the Company's assets be undertaken in a secure manner.

The Company's General Manager will engage the firm's personnel in consultation with the Board. He will also terminate employment and that shall be done in consultation with the Company's Board.

The General Manager is in duty bound to abide by all of the Board's instructions. He shall grant Auditors all information which they request.

Section VI**Accounts and Audit**

Article 19

The Company's fiscal year is the calendar year.

Article 20

The Company's annual accounts shall be audited by a Chartered (Certified Public) Accountant or an Audit firm. The Auditor shall be elected at the Company's Annual General Meeting for a year at a time.

Section VII**The Company's Own Share Capital**

Article 21

The Company is authorized to acquire up to 10% of own shares subject to the conditions of Art. 55 of the Act respecting Public Limited Liability Companies No. 2/1995. No voting rights attach to the shares.

Section VIII**Amendments to the Company's Articles of Association**

Article 22

The present Articles of Association may be amended at a lawful Annual General Meeting or an Extraordinary Meeting by means of two-third of the votes cast and also by means of the approval of shareholders controlling a minimum of two-third of the shares represented by votes at the meeting, provided that an alternative number of votes be not stipulated in the Articles of Association or national Laws.

Section IX**Dissolution of the Company or its Merger with Another Company or Companies**

Article 23

Dissolution of the Company or merging with other Companies shall proceed in accordance with the provisions of the Act respecting Credit Establishments other than Commercial Banks and Savings Banks, the provisions of the Act respecting Public Limited Liability Companies as well as other provisions of Laws which may be applicable.

Section X**Other Provisions**

Article 24

Where the provisions of the present Articles of Association do not stipulate proceedings there shall be applied the provisions of the Act respecting Credit Establishments other than Commercial Banks and Savings Banks, the provisions of the Act respecting Public Limited Liability Companies, the provisions of the Act respecting Annual Accounts as well as other provisions of Laws which may be applicable.

These Articles of Association were approved at the Company's shareholders' meeting on 7 March 2006.
On the Company's Board of Directors:-