



Articles of Association

Landsbankinn hf.

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Chapter I

Name, Domicile and Purpose of the Company

Article 1

The Company is a limited-liability company with the name Landsbankinn hf.

Article 2

The address of the Company is Austurstræti 11, Reykjavík.

Article 3

The Company's purpose is to operate a commercial bank. The Company may pursue any and all activities of financial undertakings as provided for by current law, as well as other activities in normal connection with this.

The Company may participate in activities relevant to its operations and acquire holdings in other companies for that purpose.

Chapter II

Share capital

Article 4

The share capital of the Company shall be ISK 24,000,000,000.- -twenty-four billion 00/100-. The Company's share capital is divided into shares of one Icelandic króna or a multiple of this amount. One share may be issued for the entire share capital of the Company and the same applies to increased share capital.

Only a shareholders' meeting may decide on increases in share capital, either by new subscriptions or through the issue of bonus shares.

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

Article 5

Shares shall be numbered and issued in the name of the shareholder. Share certificates confer full rights on shareholders as stipulated by the Act on Limited-Liability Companies and these Articles of Association.

The Board of Directors of the Company may issue shares electronically through a securities depository in accordance with Act No. 131/1997, on Electronic Registration of Title to Securities. Once a shareholder has made full payment for his/her shares to the Company, the securities depository will issue the shareholder with an electronic share certificate and register title to the shares, granting the shareholder full rights as provided for in the Company's Articles of Association.

Article 6

The Board of Directors of the Company shall maintain a register of shares, as provided for by law, including information on:

1. the date of issue of share certificates;
2. the nominal value and number of each share certificate; and,
3. to whom the share certificate was issued and any subsequent transfer of ownership; the name, address and identification number of the shareholder; in addition, the date of registration and any transfer of ownership shall be entered on the certificate.

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

Article 7

General rules on commercial instruments apply to shares in the Company.

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

Shares in the Bank 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 Bank's office as soon as effected; the register of shares shall be revised accordingly.

A party acquiring shares in the Bank 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 or proof of ownership of the shares.

The register of shares shall be regarded by the Bank as fully valid proof of title to shares and any bonus shares, announcements of meetings and all notifications shall be sent to the party currently recorded in the register as the owner of the respective shares. Dividends shall be paid to those parties registered in the register of shares at the end of the day of the Annual General Meeting, unless the Company is notified of the assignment of the dividend through the transfer of shares. The Bank shall bear no responsibility for payments or notifications which may go astray as a result of failure to notify the Bank of changes in ownership or residence.

Article 8

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

Chapter III

Shareholders' meetings

Article 9

Final authority in all Company dealings rests with the duly constituted shareholders' meeting.

Shareholders, their proxies and advisors, the Company's auditor and its CEO shall be entitled to attend shareholders' meetings.

A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf. A proxy must produce a written or electronic, dated power of attorney.

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. A shareholder may authorise his/her advisor to speak on his/her behalf.

The Bank's auditor and CEO 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 individual meetings, if their opinion or assistance is required.

Article 10

The Annual General Meeting (AGM) shall be held before the end of April each year.

The AGM shall be called with a notice on the radio and in daily newspapers, or by other verifiable means, with at least two weeks' and at most four weeks' notice. An AGM may be called with at least one week's notice provided that shareholders controlling at least 90% of shares have first given written permission. The agenda of the meeting shall be specified in the announcement.

An Annual General Meeting shall be properly constituted if it has been lawfully convened, regardless of how many people attend.

Article 11

The following items shall be dealt with at the Annual General Meeting:

1. a report from the Board of Directors on the Bank's activities during the past operating year;
2. the annual 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 payment of a dividend and disposition of profit or loss from the past accounting year;
4. the Board of Directors proposes a remuneration policy and submits it to the meeting for approval;
5. motions for amendments to the Articles of Association, if any have been received;
6. election of the Board of Directors;
7. election of the auditor;
8. a decision on remuneration to members of the Board of Directors for the next term of office; and,
9. other business.

Elections to the Board of Directors of the Bank shall be conducted in accordance with legal provisions on limited companies, currently Article 63 of Act No. 2/1995, on Public Limited Companies.

Article 12

Extraordinary shareholders' meetings may be held when the Board of Directors deems it necessary. Extraordinary shareholders' meetings shall be called within 14 days of a written request, detailing the meeting agenda, from elected auditors or shareholders controlling at least 1/20 of shares.

An extraordinary shareholders' meeting shall be announced with at least one week's notice and no more than four weeks' notice. An extraordinary shareholders' meeting shall be announced by advertisement on the radio and in daily newspapers or by other verifiable means. The same rules concerning legal constitution shall apply to extraordinary shareholders' meetings as apply to the Annual General Meeting, cf. the third paragraph of Article 10.

Article 13

The Board of Directors may conduct shareholders' meetings electronically, either in part or entirely.

If the Board of Directors deems available equipment secure enough to hold meetings electronically and thus decides to avail itself of the authorisation in Paragraph 1, special mention

should be made of this arrangement in the announcement of the meeting. Information on required equipment, how to announce participation, the arrangement of voting, directions regarding the conferencing system and password required to access the meeting, as well as other relevant information, shall be included in the announcement of the meeting. Entering the password in the specified conferencing system shall be equivalent to the shareholder's signature and is regarded as confirmation of his/her participation in the meeting.

Shareholders intending to participate in shareholders' meetings which the Board has decided to convene electronically in accordance with Paragraph 1, shall notify the Company's office at least five days in advance and at the same time submit written questions or, as the case may be, any documents they wish to submit to the meeting.

If, in the opinion of the Board, it is not practicable to invite shareholders to participate in electronic shareholders' meetings, shareholders shall be invited to vote on proposals or participate in elections via mail. The announcement of the meeting shall include a description of voting procedures. Shareholders can request to have voting ballots sent to them by mail and must submit such requests to the Company's office at least five days prior to the advertised shareholders' meeting. Shareholders can also collect their ballots from the Company's office as of the same time or vote on the premises.

Article 14

Any shareholder is entitled to have a specific matter dealt with at a shareholders' meeting, if he/she submits a written or electronic request for such to the Board with sufficient notice to allow this to be placed on the agenda of the meeting. Candidature to the Board of Directors must be announced with at least five days' notice.

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 (other than the AGM), the agenda and final motions shall be available to shareholders for inspection at the Bank's office. No later than two weeks prior to an AGM (unless shareholders controlling at least 90% of shares approve a shorter time limit) the agenda, final motions, annual financial statements, consolidated financial statements, report from the Board of Directors, report from the auditor as well as the Board of Directors' proposed remuneration policy shall be available to shareholders for inspection at the Bank's office and simultaneously mailed to any registered shareholder who so requests. Information on nominations to the Board of Directors shall be made available two days prior to the shareholder's meeting.

Items which have not been listed on the agenda of a shareholders' meeting may not be resolved at the meeting without the approval of all 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, an Annual General Meeting may always finalise items which it is required to handle by law or the 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 15

The Chairman of the Board of Directors or elected Chairman of the meeting shall preside over 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 convened and is legally constituted in other respects and declare whether such is the case. He/She 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 16

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 their 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 Bank's office no later than fourteen days after the shareholders' meeting. Minutes of meetings shall be preserved securely.

Recorded minutes shall be conclusive proof of what has taken place at meetings.

Article 17

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

A 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 demands.

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

1. oblige shareholders to contribute funds etc. for Company purposes, in excess of their obligations;
2. oblige shareholders to be subject to redemption of their shares in part or in full beyond the provisions of statutory law, unless the Bank is dissolved or its share capital lawfully written down;
3. alter the purpose of the Company to a substantial extent; and,
4. amend the provisions of these Articles regarding voting rights or shareholder equality.

Chapter IV

Board of Directors

Article 18

The Company's Board of Directors shall consist of seven persons and two alternates. The Chairman of the Board of Directors shall be elected individually but the Board divides responsibility for other tasks between its members. Elections to the Board shall be by secret ballot if the number of nominations exceeds the number of Directors to be elected.

In electing members to the Board, the aim shall be to ensure that the Board as a whole possesses in-depth knowledge of banking activities. Furthermore, care shall be taken to ensure that both genders have at least 40% representation among Directors and alternates. The overall gender ratio among Directors and alternates shall be as balanced as possible. If the aforementioned gender balance is not achieved in the election of Board members at the AGM, the Board of Directors may call a shareholders' meeting and move for re-election of members or alternates in order to achieve the aforementioned gender balance.

The term of office of members of the Board of Directors shall be one year.

Article 19

The Chairman shall call Board meetings and direct them. A meeting shall be held whenever the Chairman deems it necessary. In addition, the Chairman is obliged to call a meeting of the Board of Directors if one of the directors or the CEO so requests. Board meetings shall be called with at least 24 hours' notice. It shall constitute a quorum if a majority of the Board members, or their alternates, are in attendance. Questions shall be decided by a majority of votes. In the case of a tie, the Chairman's vote shall determine the outcome.

The Board of Directors shall have minutes taken of Board meetings and attest them with their signatures.

Article 20

The Board of Directors shall be ultimately responsible for the Bank's activities, as provided for in the relevant legislation, rules and the Articles of Association, and shall supervise its operations.

The Board shall adopt its own Rules of Procedure, providing in detail for the implementation of its tasks. These Rules shall discuss in particular the authorisation of the Board of Directors to take decisions on individual dealings, the implementation of rules on special eligibility of directors, handling of information on individual customers by the Board, participation of directors in the boards of subsidiaries and affiliated companies, and the implementation of rules on handling business dealings with directors. These Rules of Procedure must be forwarded to the Financial Supervisory Authority, cf. the second paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings.

Only the Board of Directors may grant authority to sign for the Company. The Board of Directors, acting on a proposal from the Company's CEO, shall adopt Rules on Signatures which shall set out employees' authority to oblige the Company.

Chapter V

Chief Executive Officer

Article 21

The Chief Executive Officer (CEO) of the Company shall, in accordance with the Act on Financial Undertakings, be authorised to sign for the Company and oblige it. The Board of Directors shall engage the CEO and determine the number of CEOs and terms of employment in accordance with law. The CEO shall meet all qualifications currently provided for by the Act on Financial Undertakings and the Limited Companies Act.

The Board of Directors shall approve the appointment of a deputy CEO, in accordance with a proposal from the CEO. The Board of Directors shall adopt rules on the division of tasks between the Board of Directors and the CEO, in accordance with provisions of the Act on Limited Companies, No. 2/1995, cf. the first paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings and these Articles of Association.

The CEO shall attend meetings of the Board of Directors, unless the Board decides otherwise. The CEO shall implement decisions taken by majority at meetings of the Board of Directors.

The CEO shall be in charge of the Company's day-to-day operations and is authorised to oblige it. The CEO takes decisions on the authority of individual employees to oblige the Company in accordance with rules set by the Board, cf. Article 20. He/She represents the Board in all matters concerning regular operations. The CEO shall consult with the Board on all unusual and material arrangements.

He shall be responsible for record keeping and hiring of staff. The CEO shall provide members of the Board and auditors with all information concerning Company operations which they may request and are entitled to by law.

Chapter VI

Accounts and auditing

Article 22

At the Annual General Meeting, an auditor shall be elected for the Company in accordance with law. The Auditor shall examine the Company's accounts and all the accounting documents for each year of operation and shall have access to all the Company's records and documents for such purpose.

The Auditor shall meet all the qualifications currently provided for by law.

Article 23

The Company's accounting year shall be the calendar year. The Board of Directors and CEO shall prepare the annual financial statements and the annual report each year. The annual financial statements and annual report shall form a single document.

The annual financial statements shall be compiled in accordance with laws, regulations and good accounting practice, both with regard to the assessment of various items, structure, breakdown, notes and terminology.

Article 24

The Auditor shall audit the Bank's annual financial statements and consolidated financial statements as provided for by law and generally accepted auditing standards. Following the audit, the Auditor shall attest to the annual financial statements and consolidated financial statement; such attestation shall accompany the annual and consolidated financial statements.

The audited and endorsed annual financial statements, together with the report of the Board of Directors, shall be submitted to the Financial Supervisory Authority within ten days of their signing, and no later than three months after the end of the accounting year.

In other respects, the provisions of this Chapter shall apply to the Company's consolidated accounts as appropriate.

Chapter VII

Miscellaneous provisions

Article 25

These Articles may be amended by a legally constituted AGM or extraordinary shareholders' meeting by a majority of 2/3 of votes cast, and by agreement of shareholders controlling at least 2/3 of the Company's share capital represented by the voting rights at the meeting, at least half of shareholders being represented and provided no other majority is specified in the Articles or by national law.

Motions for amendments to the Articles of Association must be mentioned in the announcement of the shareholders' meeting that is to discuss them.

Article 26

Proposals for the winding up or termination or merger of the Company with other companies shall be addressed at an AGM or extraordinary shareholders' meeting, this item on the agenda of the meeting having been specified in its announcement. For a motion proposing the winding up or termination of the Company to be valid, the votes of shareholders controlling at least 2/3 of total share capital of the Company are required.

A shareholders' meeting, which has taken a legal decision on the winding up or liquidation of the Company, shall also decide on the disposal of its assets and payment of debts in accordance with current laws.

Article 27

Unless provided for in these Articles, the provisions of the Act on Public Limited Companies, currently Act No. 2/1995, shall apply with subsequent amendments, as well as provisions of other applicable laws.

Thus adopted at the Annual General Meeting of the Company, 18 March 2015.