

**SHAREHOLDERS' AGREEMENT
RELATING TO NBI HF.**

NBI HF.

AND

LANDSBANKI ÍSLANDS HF.

AND

THE MINISTRY OF FINANCE

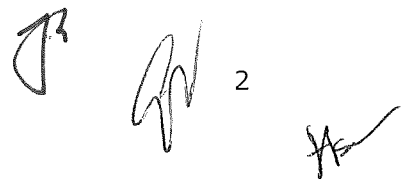


CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION	1
2. CONDUCT OF THE COMPANY'S AFFAIRS	5
3. ORGANISATION OF THE BOARD	5
4. PROVISION OF INFORMATION	7
5. CONDUCT OF THE GROUP	8
6. TRANSACTION DOCUMENTS	8
7. LBI DIRECTOR	8
8. RIGHTS AND DRAG-ALONG RIGHTS	8
9. SHARE TRANSFERS	10
10. MINORITY SHAREHOLDER LIQUIDITY ENHANCEMENT	11
11. NOTIFICATION OF ADHERENCE	12
12. CONFIDENTIALITY	12
13. PUBLICITY	13
14. NOTICES	13
15. TRANSFER OF RIGHTS AND OBLIGATIONS	14
16. AMENDMENT AND TERMINATION	14
17. THIRD PARTY RIGHTS	15
18. MISCELLANEOUS	15
19. COSTS	15
20. GOVERNING LAW AND JURISDICTION	16
SCHEDULES	17
1. THE COMPANY	17
2. PROVISION OF INFORMATION	18
3. CONDUCT OF THE GROUP	20
4. REMUNERATION COMMITTEE TERMS OF REFERENCE	23
5. AUDIT COMMITTEE TERMS OF REFERENCE	23
6. DEED OF ADHERENCE	25

APPENDIX

ARTICLES OF ASSOCIATION

 2

THIS SHAREHOLDERS' AGREEMENT is made on 15 December 2009

BETWEEN:

- (1) **NBI HF.**, a company duly incorporated and organised under the laws of Iceland (registered id. 471008-0280) whose registered office is at Austurstræti 11, 155, Reykjavík, Iceland (the "**Company**");
- (2) **LANDSBANKI ÍSLANDS HF.**, a company duly incorporated and organised under the laws of Iceland (registered id. 540291-2259) whose registered office is at Austurstræti 16, 155 Reykjavík, Iceland ("**LBI**"); and
- (3) **The Ministry of Finance** (registered id. 550169-2829), on behalf of the Government of Iceland whose registered office is at Arnarhvoli, 150 Reykjavík, Iceland (the "**Government**").

WHEREAS:

- (A) The Company has a share capital of 24,000,000,000 ISK.
- (B) The purpose of the Company is to operate as a licensed commercial bank, cf. pg. 1(1), Article 4 of the Act on Financial Undertakings No. 161/2002 and related business.
- (C) As at the date of this Agreement the Government holds 19,520,000,000 Shares and on the LBI Equity Completion Date LBI will hold 4,480,000,000 Shares;
- (D) The Parties enter into this Agreement to regulate their internal relationships and ownership of the Shares and governance of the Company and certain other matters concerning the future operation of the Company and the Group.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

"**Acceptance Period**" is defined in clause 6.2(d);

"**Agreement**" means this Agreement, including all the appendices and schedules attached hereto;

"**Notification of Adherence**" means a notification substantially in the form set out in Schedule 6 with such amendments as the Parties may approve in writing;

"**Affiliate**" in relation to any Party means:

- (a) any other person, directly or indirectly, through one or more intermediaries that Controls or is Controlled by or under direct or indirect common Control with such specified person (which shall include the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise); or
- (b) any other person who is a director or officer, employee, agent or representative (or Family Member of any such person) of (1) such specified person; (2) any subsidiary of such specified person; or (3) any person described in (a) above;



"**Agreed Form**" means a form agreed between or identified by the Parties for the purposes of this Agreement and signed or initialled for identification purposes by them or on their behalf;

"**Alternate LBI Director**" is defined in clause 2.3;

"**Annual Business Plan**" is defined in paragraph 5 of Schedule 2;

"**Applicable Law**" means any Icelandic legislation, statutory instrument or regulation issued by a regulatory body, including without limitation the FME, from time to time in force;

"**Articles**" means the articles of association of the Company, which at the date of this Agreement will be those regulations in the Agreed Form and attached as an Appendix;

"**Audit Committee**" is defined in clause 2.8;

"**Banking Business**" has the meaning set forth in the Bonds;

"**Board**" means the board of Directors of the Company from time to time including any duly appointed subcommittee of the Board;

"**Bonds**" means the EUR Bond A, the USD Bond A, the GBP Bond A and Contingent Bond A;

"**Business**" means the business(es) currently carried on by each Group member;

"**Business Day**" means a day, except a Saturday or Sunday, on which banks in Reykjavík are open for business generally;

"**Capitalisation Agreement**" means the agreement between (1) the Government, (2) LBI and (3) NBI relating to the capitalisation of NBI and delivery of NBI equity to the Government and LBI;

"**CEO**" means the person employed from time to time as the chief executive officer (or equivalent) of the Company, the first such person being Ásmundur Stefánsson;

"**CFO**" means the person employed from time to time as the chief financial officer (or equivalent) of the Company;

"**Change of Control**" has the meaning set forth in the Bonds;

"**Contingent Bond A**" means the Icelandic bond instrument (*Skuldabréf*), set out in schedule 4 to the Framework and Bond Issuance Agreement, constituting the EUR Contingent Bond A due 2018;

"**Contingent Bond A Escrow Agreement**" means the escrow agreement entered into between (1) NBI; and (2) LBI in relation to Contingent Bond A;

"**Contingent Bond A Issue Date**" means 31 March 2013 (or, the a later date as defined in the Framework and Bond Issuance Agreement);

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities, by contract or otherwise;

2

"**Directors**" means the directors of the Company from time to time, including the LBI Director, who, at the date of this Agreement, are as set out in Schedule 1, and "**Director**" means any of them;

"**Drag-Along Shareholder(s)**" is defined in clause 6.1(a);

"**Equity Transfer Letter**" means the letter attached as Schedule 6 to the Framework and Bond Issuance Agreement from LBI to (1) the Government; and (2) NBI/entity of NBI employees transferring all or part of the rights of ownership and claim that LBI has in the Claw-back Shares, as defined in the Framework and Bond Issuance Agreement;

"**Escrow Agreement**" means the escrow agreement entered into between (1) NBI; and (2) LBI in relation to possible ISK payments in respect of the Bonds;

"**EUR Bond A**" means the Icelandic bond instrument (*Skuldabréf*), set out in schedule 1 to the Framework and Bond Issuance Agreement, constituting the issuance of EUR secured bond due 2018;

"**Family Member**" means a person's spouse, parent, children and siblings whether by blood, marriage or adoption or anyone residing in such person's home;

"**FME**" means The Financial Supervisory Authority of Iceland;

"**Framework and Bond Issuance Agreement**" means the agreement between (1) the Government, (2) LBI and (3) NBI relating to, among other things, NBI's issuance of EUR Bond A, USD Bond A and GBP Bond A, the signing of Contingent Bond A, the pledge of assets under the Pledge Agreement, the Government capitalization of NBI and delivery of NBI shares to the Government and LBI;

"**GBP Bond A**" means the Icelandic bond instrument (*Skuldabréf*), set out in schedule 3 to the Framework and Bond Issuance Agreement, constituting the GBP secured bond due 2018;

"**Government Bond Certificate**" means the certificate the Government will deliver to NBI in respect of the Government Bond as consideration for its issuance of shares in NBI to the Government;

"**Government Bond**" means each Government bond, relating to the issuance of the ISK 300 billion Treasury Bonds series RIKH 18 1009 due 2018, ISK 121,225,000,000 of which are to be issued to NBI as consideration for the Government's subscription for shares pursuant to the Framework and Bond Issue Agreement;

"**Group**" means the Company and its Subsidiaries from time to time and "**Group member**" and "**member of the Group**" means any such entity;

"**LBI Confirmation**" means an instrument from LBI which an accountant can value in the Accountants Fairness Report to be equal to the LBI Equity Amount;

"**LBI Creditor**" has the meaning set forth in the Framework and Bond Issuance Agreement;

"**LBI Director**" is defined in clause 2.2;

"**LBI Equity Amount**" means ISK 28,000,000,000;

Handwritten signatures and the number 3.Handwritten signature.

"LBI Equity Completion Date" has the meaning set forth in the Framework and Bond Issuance Agreement;

"Liquidity Date" is defined in clause 8.1;

"Managing Directors" means the senior management of the Company from time to time, who, at the date of this Agreement, are as set out in Schedule 1, and **"Managing Director"** means any of them;

"Parties" means the parties to this Agreement and any person who has signed an Notification of Adherence to it and **"Party"** means each of them;

"Pledge Agreement" means any agreement that may be entered into between the Issuer (as pledgor) and LBI (as pledgee) during the period of which any Bond is outstanding which is effective to create perfected security;;

"Proposed Drag-Along Sale" is defined in clause 6.1(a);

"Proposed Tag-Along Transfer" is defined in clause 6.2(a);

"Purchaser" is defined in clause 6.1(a);

"Remuneration Committee" is defined in clause 2.7;

"Security Interest" means all mortgages, pledges, charges (fixed or floating), liens, other security interests, options, equities, claims or other third party rights whatsoever including rights of pre-emption of any nature;

"Tag-Along Shareholder(s)" is defined in clause 6.2(a);

"Shareholders" means the holders of Shares;

"Shares" means all shares in the capital of the Company, the rights of which are set out in the Articles and **"Share"** means any of them;

"Signing Date" means the date of this Agreement;

"Subsidiary" means a subsidiary within the meaning of Article 2 of the Act on Public Limited Companies No 2/1995 or Art. 2 of the Act on Private Limited Companies No. 138/1994, when applicable;

"Transaction Documents" means the Framework and Bond Issuance Agreement, the Bonds, the Capitalisation Agreement, the Contingent Bond A Escrow Agreement, the Contingent Bond A Confirmation Letter, the Pledge Agreement, this Agreement, the Government Bond Certificate, the Equity Transfer Letter and any other document which the parties designate as a Transaction Document and **"Transaction Document"** means any of them; and

"USD Bond A" means the Icelandic bond instrument (*Skuldabréf*), set out in schedule 2 to the Framework and Bond Issuance Agreement, constituting the USD secured bond due 2018.

1.2 In this Agreement:


(a) a clause, paragraph or Schedule is, unless stated otherwise, a reference to a clause or paragraph of, or Schedule to, this agreement;



- (b) a reference to a paragraph in a Schedule is, unless otherwise stated, a reference to a paragraph in that Schedule or, where that Schedule is split into parts, a reference to a paragraph in that part of that Schedule.
- (c) legislation includes a reference to that legislation as amended, re-enacted, or extended before the date of this agreement;
- (d) a "**person**" includes an individual, company, corporation, firm, partnership, joint venture, association, state, state agency, institution or trust (whether or not it has a separate legal personality);
- (e) one gender is a reference to all or any genders;
- (f) the singular includes the plural and vice versa;
- (g) a particular time of day is, unless specified otherwise, a reference to that time in Reykjavík;
- (h) an action that is to take place on a particular day means, unless a time is specified, that that action can take place at any time on or before 11.59 pm Reykjavík time on that day;
- (i) "**including**" means that the words following it are illustrative and not exhaustive; and
- (j) "**month**" means a calendar month.

2. ORGANISATION OF THE BOARD

- 2.1 There shall be five Directors of the Company at all times.
- 2.2 In addition to all other rights that LBI may have as a Shareholder and a Party to this Agreement, LBI is entitled to appoint and maintain during the term of this Agreement a Director to the Board (the "**LBI Director**") and shall have the unfettered right to remove any such Director and appoint another in his place from time to time.
- 2.3 In addition to all other rights that LBI may have as a Shareholder and a Party to this Agreement, LBI is entitled to appoint and maintain during the term of this Agreement an alternate Director to the Board (the "**Alternate LBI Director**") who may act for the Principal Director in the Principal Director's absence and shall have the unfettered right to remove any such LBI Alternate Director and appoint another in his place from time to time.
- 2.4 Each Party agrees that time can be of the essence in removing the LBI Director or the Alternate LBI Director and commits to calling and/or approving calling a Shareholders meeting as soon as possible after receiving LBI's request and waive Applicable Laws time limits and notifications requirements for such a shareholder meeting if necessary.
- 2.5 To the extent that LBI is given a right to appoint a Director under another Transaction Document that Director (if so appointed) shall constitute the LBI Director under this Agreement so that there shall not be more than one person acting as the LBI Director at any given time.



- 2.6 Throughout the period that a LBI Director is appointed, the Company shall and the Government shall for as long as it remains a Shareholder use its reasonable endeavours to procure that the Company shall (subject always to the appropriate ratification at a meeting of the Shareholders) pay to the LBI Director, fees equal to those received by the other Directors, plus expenses reasonably incurred in connection with the Company's Business and applicable VAT.
- 2.7 Each Party agrees to procure (to the extent it is within its powers to do so) that there is a committee of the Board called the remuneration committee (the "**Remuneration Committee**") which must comprise three Directors from time to time, one of which must be the LBI Director, and whose terms of reference (and powers and authorities) will be those set out in Schedule 4. The quorum necessary for the transaction of business by the Remuneration Committee is two provided that all Remuneration Committee members have been properly notified of the relevant Remuneration Committee meeting and its schedule. Matters not detailed in the schedule may not be decided upon unless all Remuneration Committee members agree.
- 2.8 Each Party agrees to procure (to the extent it is within its powers to do so) that there is a committee of the Board called the audit committee (the "**Audit Committee**") which must comprise three Directors from time to time, one of which must be the LBI Director, and whose terms of reference (and powers and authorities) will be those set out in Schedule 5. The quorum necessary for the transaction of business by the Audit Committee is two, provided that all Audit Committee members have been properly notified of the relevant Audit Committee meeting and its schedule. Matters not detailed in the schedule may not be decided upon unless all Audit Committee members agree.
- 2.9 The Company agrees to send to all Directors:
- (a) unless otherwise agreed by the Board in relation to matters where time is of the essence, not less than ten Business Days' advance notice of each meeting of the Board or of a committee of the Board (including the Remuneration and Audit Committee's) and an agenda of the business to be transacted at such meeting (together with all papers to be circulated or presented to the same to be delivered as soon as reasonably practicable after the notice of such meeting subject always to any banking secrecy laws or rules of any supervisory or governmental body); and
 - (b) as soon as practicable after each such meeting, the draft minutes.
- 2.10 The quorum necessary for the transaction of business at any Board meeting shall be a majority of the Directors from time to time, or more if required under Applicable Law or the Articles.
- 2.11 Board meetings shall be held at least twelve times per year provided that any Director may ask the Chairman to call a Board meeting, c.f. Article 70(2) of the Act on Public Companies No. 2/1995.
- 2.12 Minutes shall be kept from the meetings of the Board and verified by all members of the Board. The minutes shall be prepared in the Icelandic language. If one Director, or more, is not Icelandic the minutes shall also be prepared in the English language.



- 2.13 The meetings of the Board shall be held in the Icelandic language and all written Board materials shall be in Icelandic. If one Director, or more, is not Icelandic the materials shall also be prepared in the English language and the meetings of the Board either conducted in English or a translator be allowed to attend for the non Icelandic Director(s).
- 2.14 Any Director shall be authorised to attend via telephone, videophone or any other teleconference mechanism of his choosing acceptable to the Company.
- 2.15 The Parties shall procure that the provisions set out in clauses 2.1-2.14 shall apply to the board of directors of any Subsidiary falling under clause 2.16 mutatis mutandis.
- 2.16 If a substantial part of the Group's revenue is derived from the operations of its Subsidiaries, then the Company and its Subsidiaries, as case may be, shall, grant the LBI Director an observer status at the meetings of the board of directors of each Subsidiary from which a substantial part of the Group's revenue is derived. The observer status shall not involve a payment from the Company. In addition, if any Director is appointed to the board of director of a Subsidiary the LBI Director shall also be appointed on the board of director's of the relevant Subsidiary. This clause 2.16 does not apply to Reginn, Vestia and SP-fjármögnun, and other stand-alone companies that the Company may invest in from time to time, not having direct connection with the Company's Banking Business.

3. PROVISION OF INFORMATION

- 3.1 The Company agrees to comply with the provisions of Schedule 2 and to procure that each Subsidiary, on the board of directors of which the LBI Director has the right to attend under clause 2.16, shall comply with the provisions of Schedule 2. If and when LBI has distributed shares to LBI Creditors such LBI Creditors shall not be provided information about the Annual Business Plan under Section 2 unless and to the extent it is information generally provided by companies in Iceland listed on stock exchanges.
- 3.2 The LBI Director may only disclose information received from the Company or a Group member to LBI in accordance with Applicable Law and the Board Procedure Rules, adopted by the Board in accordance with FME Guidelines No. 4/2006 (it being understood that this Agreement does not impose any additional restrictions on such disclosure).
- 3.3 Each Party may, as permitted by Applicable Laws, disclose information received from the Company, a Group member or a Director to:
- (a) its professional advisers;
 - (b) a person to whom it is required to pass the information by law or by any rule of, or by, any regulatory body or authority or any taxation authority or permitted under a Transaction Document.
- 3.4 Any information passed on under clauses 3.2 or 3.3 must be delivered on the basis that it is to be held confidential by the recipient.

7

3.5 LBI may disclose information received from the Company, a Group member or the LBI Director (or any information, whether confidential or not, of or relating to, a Group member) to creditors of LBI to the extent permitted by Applicable Laws and in line with information generally provided to shareholders of companies in Iceland.

4. CONDUCT OF THE GROUP

4.1 To the extent it is legally able to do so the Company agrees with LBI that, except as provided for in this Agreement, the Company will not and will procure that no Group member will do, or agree to do, any of the acts set out in Part 2 and Part 3 of Schedule 3 without a written consent from LBI or the LBI Director respectively.

4.2 LBI has the right to veto the Company entering into any material transactions with the Government and/or the Government's Affiliates which could reasonably be expected to have an adverse effect on the Company other than transactions (i) made in the ordinary course of business on the same terms offered to other customers of the Company in comparable transactions or (ii) otherwise shown by the Company to the satisfaction of the LBI Director (acting reasonably) to be on arms' length terms.

4.3 The veto rights of LBI pursuant to clause 4.2 shall be deemed to have been exercised if the LBI Director votes against such matter at a duly convened Board meeting.

4.4 All Shares shall rank *pari passu* in relation to the right to receive payment of distributions and/or dividends by the Company. Any distributions and/or dividends shall be applied by the Company amongst the Shareholders on a pro rata basis in accordance with the number of Shares held by them.

5. LBI DIRECTOR

5.1 Each Party (by its execution of this Agreement or a Notification of Adherence to it) waives, except in the case of conflicts of interest between LBI and the Company, fraud or deliberate or wilful default, any claim it may have now or in the future against:

the LBI Director relating to or otherwise connected with any act or exercise of any right or discretion by the LBI Director under a provision of this Agreement.

5.2 The consent, approval or direction of LBI or the LBI Director may only be validly given (whether under this Agreement, the Articles or otherwise) if that person (or a representative of that person in the case of LBI):

(a) gives that consent, approval or direction in writing or through electronic means to the Board or other recipient; or (in the case of a consent or approval or direction, required from a LBI Director), signs a written resolution of the Board or gives his verifiable verbal approval during a Board meeting or signs the minutes of the Board meeting approving the relevant transaction.

6. TAG-ALONG RIGHTS AND DRAG-ALONG RIGHTS

6.1 (a) If one or more Shareholders wish to sell Shares (or any interest in Shares) amounting to at least 51% in aggregate of the total number of the Shares then in issue (the "**Selling Shareholders**"), in respect of a single transaction or a series of connected transactions, and find a bona fide arm's-length purchaser which is not an Affiliate of a Selling Shareholder

(the "**Purchaser**") and agree terms for the sale to the Purchaser of a portion (the "**Relevant Portion**") of the Shares of all the Selling Shareholders (a "**Proposed Drag-Along Sale**") then, on receipt of written notification from the Company, each other Shareholder (each a "**Drag-Along Shareholder**") is bound to accept any cash offer from the Purchaser for the Relevant Portion of any Shares it holds on the same terms and conditions as accepted by the Selling Shareholders and for the same price per Share as will be received by the Selling Shareholders of the Shares to be transferred. Each Party agrees to waive all pre-emption, veto or similar rights in respect of the Proposed Drag-Along Sale that arise under the Articles, this Agreement or otherwise for the purposes of the acceptance of the Proposed Drag-Along Sale.

- (b) On a Proposed Drag-Along Sale the Drag-Along Shareholders will not be required to give any representations, warranties or indemnities, other than giving warranties concerning unencumbered ownership and capacity to sell. The Selling Shareholders shall be responsible for all reasonable costs of the Proposed Drag-Along Sale (including Drag-Along Shareholders costs) to the extent not paid or reimbursed by the Purchaser.
 - (c) The Selling Shareholders must give notice to the other Shareholders of any Proposed Drag-Along Sale as soon as practicable after reaching commercial agreement in respect of the Proposed Drag-Along Sale but in any event no less than fifteen Business Days prior to signing a definitive sale and purchase agreement. That notice must set out the number of Shares proposed to be transferred, the name and address of the proposed Purchaser, the proposed form of consideration and any other terms and conditions of payment offered for the Shares.
- 6.2
- (a) No transfer of any Shares, except under clause 7.2, (or any interest in any Shares) held by a Shareholder owning more than 33,2% of Shares, representing in aggregate 20% or more of the Shares then in issue may be made by any Shareholder(s) (the "**Tag-Along Shareholder(s)**") (a "**Proposed Tag-Along Transfer**"), in respect of a single transaction or a series of connected transactions, unless the proposed transferee has first made a written offer in accordance with this clause 6.2 to the other Shareholders to purchase at least the same proportion of Shares held by it on the same terms and conditions as accepted by the Tag-Along Shareholders and for the same price per Share as will be received by the Tag-Along Shareholders, provided that in respect of the other Shareholders holding less than 2% of the Shares then in issue, such offer must extend to all of their Shares.
 - (b) Each Shareholder shall be responsible for its own costs incurred pursuant to the Proposed Tag-Along Transfer to the extent not paid or reimbursed by the Purchaser or the Company.
 - (c) The Tag-Along Shareholder(s) must give written notice to other Shareholders of each Proposed Tag-Along Transfer at least fifteen Business Days or, in the event that only the Government and LBI are Shareholders, ten Business Days prior to signing a definitive sale and purchase agreement relating to the Proposed Tag-Along Transfer providing details of the Purchaser and its proposed price and, to the extent it is able, the other terms and conditions.

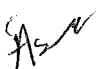


- (d) The written offer required to be given by the Purchaser under this clause 6.2 must be given not more than fifteen Business Days or, in the event that only the Government and LBI are Shareholders, ten Business Days after the signing of the definitive agreement relating to the Proposed Tag-Along Transfer and must be open for acceptance for at least five Business Days after the date on which the other Shareholders receive or are deemed to receive the offer (the "**Acceptance Period**"). The Tag-Along Shareholder(s) must deliver or cause to be delivered to other Shareholders copies of all transaction documents relating to the Proposed Tag-Along Transfer promptly as the same become available.
- (e) If a Shareholder wishes to accept the Purchaser's offer it must do so by means of a written notice to the Tag-Along Shareholder(s) (to be sent in accordance with clause 12) indicating its acceptance of the offer in respect of its Shares.
- (f) If a Shareholder does not accept such offer within the Acceptance Period, the Proposed Tag-Along Transfer is permitted to be made:
 - (i) so long as it is made within 45 Business Days after the expiry of that period;
 - (ii) so long as it takes place on terms and conditions no more favourable to the Tag-Along Shareholder(s) than those stated in the written offer; and
 - (iii) on the basis that all of the Shares proposed to be sold under the Proposed Tag-Along Transfer must be transferred.

6.3 Tag-Along Rights and Drag-Along Rights under this clause 6 first become effective after the Contingent Bond A Issue Date.

7. **SHARE TRANSFERS**

- 7.1 Subject to clauses 7.2 to 7.4 no transfer of any Shares (including, without limitation, pursuant to any Security Interest, assignment or dealing with any beneficial interest in any Shares) may be made except pursuant to this Agreement and the Articles. For this purpose, an interest in any Shares is deemed to be transferred if a Shareholder enters into an agreement (other than this Agreement) with any person in respect of the exercise of votes attached to such Shares (other than a proxy in which a Shareholder has instructed the holder of the proxy as to how its Shares should be voted).
- 7.2 The Parties may at all times transfer Shares or any interest in any Shares freely to entities under their Control at that time.
- 7.3 After the Contingent Bond A Issue Date the Parties may transfer any Shares or any interest in any Shares (including, without limitation, pursuant to any Security Interest, assignment or dealing with any beneficial interest in any Shares) freely, unless otherwise provided for in the Transaction Documents.
- 7.4 After the Contingent Bond A Issue Date the Parties may not transfer any Shares or any interest in any Shares (including, without limitation, pursuant to any Security Interest, assignment or dealing with any beneficial interest in any Shares) except:



- (a) where such Shares or such interest in Shares would result in the transferee, together with previous transferees, holding in the aggregate less than 10% of the voting rights of the Company; or
 - (b) with the written consent of the other Parties where such Shares or such interest in Shares would result in the transferee, together with previous transferees, holding in the aggregate 10% or more of the voting rights of the Company.
- 7.5 Where the consent of the other Parties is not obtained in relation to clause 7.4(b) above, such transferee shall not be entitled to exercise any voting rights attaching to the amount of its holding which exceeds such 10% threshold, but all other rights in respect of such Shares shall remain unaffected by this clause 7.5.

8. **MINORITY SHAREHOLDER LIQUIDITY ENHANCEMENT**

8.1 Should the Government, or an entity under the Control of the Government in accordance with clause 7.2, five years after the Signing Date (the "Liquidity Date"), still hold, directly or indirectly, 51% or more of the Shares of the Company, it is obligated to do one of the following:

- (a) procure that necessary actions to launch a Qualifying IPO take place within 3 months from the Liquidity Date and that such a Qualifying IPO concludes within 6 months, or if not reasonably practicable to conclude within such time, within 12 months from months from the Liquidity Date (or such later date as shall be agreed by LBI to be reasonable in the circumstances);
- (b) procure that within 6 months a Qualifying Offer is made for all the Shares (the "Qualifying Shares") initially allotted to LBI (and which remain either held by LBI or have been distributed to, and remain held by LBI creditors); or
- (c) offer to purchase all the Shares allotted to LBI (and which remain either held by LBI or have been distributed to, and remain held by LBI Creditors); within 7 months following the Liquidity Date, at a price determined to be the then market price by an internationally recognised investment bank, appointed jointly by LBI and the Government (each party acting reasonably) and to purchase, with a cash only consideration, any Qualifying Shares the holders of which have accepted such offer within 10 days of the acceptance of such an offer.

8.2 A Qualifying IPO means the offer and sale of Shares in any jurisdiction:

- (a) Representing the greater of (i) 10% of the Shares in issue immediately after such sale and (ii) such number of Shares as shall have a market capitalisation of ISK 10,000,000,000 at the issue price and (iii) such number of Qualifying Shares as LBI or LBI Creditors that hold Shares shall indicate that it (they) wishes to be offered for sale in such IPO, such Qualifying Shares counting towards satisfying conditions (i) and (ii). If the underwriter under clause (c) below considers it necessary that the Qualifying IPO consist of a higher or lower percentage or market capitalization of Shares to avoid any illiquidity or redundancy discount on the sale price of the Shares the Qualifying IPO may consist of the percentage or market capitalization of Shares as the underwriter, acting reasonably, advises. In case such advice leads to the exclusion from such offer and sale of Qualifying Shares the holders of which had requested the

inclusion of the excluded Qualifying Shares in such offer and sale, then this clause 8 shall remain in full force and effect as to such excluded Qualifying Shares as if such offer and sale had not occurred, with a 9 months delay as regards clauses 8.1. (b) and (c) from the date of the Qualifying IPO;

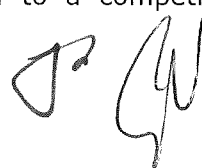
- (b) where such Shares are admitted to trading on any internationally recognised stock exchange;
 - (c) in an underwritten offering to the public (with the underwriter being a reputable firm authorised to performed such an underwriting);and
 - (d) which includes all LBI Shares, the holders of which have asked to be included in the Qualifying IPO.
- 8.3 A Qualifying Offer means a cash offer by any person to acquire all of the Qualifying Shares which is (i) unconditional (save as to satisfaction regarding title to such Shares) (ii) accepted by holders of not less than 75% of the Qualifying Shares and (iii) provides for payment of purchase price within 30 days of acceptance of the Qualifying Offer.
- 8.4 If a Proposed Tag-Along Transfer cash offer, involving a Change of Control and at a price not less than the then market price (according to an internationally recognised investment bank), to purchase all the Shares allotted to LBI (and which remain either held by LBI or have been distributed to, and remain held by LBI Creditors), has been made to LBI or LBI Creditors and a cash payment provided for those who accept the offer, the liquidity rights under this clause 8 do not apply to those Shareholders that have declined the Proposed Tag-Along Transfer.

9. **Notification OF ADHERENCE**

- 9.1 A person (who is not already a Party) acquiring any Shares (whether by allotment, issue, transfer or transmission) must not be registered as the holder of those Shares unless and until that person has entered into and delivered to the Board a Notification of Adherence, substantially in the form provided in Schedule 6, in a legally binding manner, and a Party transferring any Shares must procure that the transferee (if not already a Party), by the time of transfer, enters into and delivers a Notification of Adherence.
- 9.2 A person who has entered into a Notification of Adherence in accordance with this Agreement has the benefit of, and is subject to the burden of, all the provisions of this Agreement as if that person is a Party in the capacity designated in the Notification of Adherence, and this Agreement must be interpreted accordingly.

10. **CONFIDENTIALITY**

- 10.1 LBI and the Government will, and each will procure that each of its Affiliates will, for a period of three years following the date it ceases to be a Shareholder, only use any information relating to another Party or to a Group member which was acquired by that Party as a Shareholder in connection with the transaction described in the Transaction Documents and its investment, and will cause all information so obtained by it or its Affiliates which is not publicly available to be treated as confidential and will ensure that no such information is passed to a competitor of the Company.



10.2 The obligations of confidentiality in clause 10.1 do not apply to information which, after the Signing Date:

- (a) is or becomes generally available to the public;
- (b) is required to be disclosed to a competent tribunal or government agency or other regulatory body (including pursuant to a subpoena, civil investigative demand or similar process);
- (c) is required to be disclosed pursuant to legal requirement promulgated or imposed by a court or by a judicial, regulatory, self-regulatory or legislative body, organisation, agency or committee or permitted to be disclosed under a Transaction Document or clause 3.5 of this Agreement; or
- (d) is required to be otherwise disclosed in connection with any judicial or administrative proceeding (including, in response to oral questions, interrogatories or requests for information or other documents).

11. **PUBLICITY**

Any press release or other external media communication to be made by any Party relating to the conclusion and content of this Agreement may only be made with the prior written approval of both parties.

12. **NOTICES**

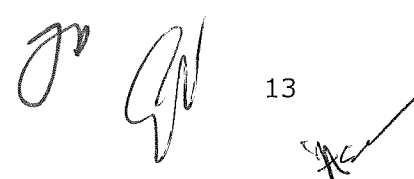
12.1 A notice or other communication to be given under this Agreement must be in writing in English, and signed by or on behalf of the person giving it and marked for the attention of the addressee's authorised recipient and is deemed to have been duly served on, given to or made in relation to a Party if it is left at the authorised address of that Party, posted by first class post (to an Icelandic address) or by recognised international courier (to a non-Icelandic address) to the authorised address of that Party, or sent by fax transmission to the authorised fax number of that Party and if:

- (a) personally delivered, it is deemed to have been received at the time of delivery;
- (b) posted to an Icelandic address, it is deemed to have been received on the second Business Day after the date of posting;
- (c) posted to a non-Icelandic address, it is deemed to have been received on the fifth Business Day after the date of posting; or
- (d) sent by fax transmission, it is deemed to have been received upon receipt by the sender of a fax transmission report (or other appropriate evidence) that the fax has been transmitted to the addressee,

provided that where, in the case of delivery by hand or fax transmission, delivery occurs or transmission completes after 6.00 pm on a Business Day or at any time on a day which is not a Business Day, receipt shall be deemed to occur at 9.00 am on the next following Business Day.

12.2 For the purpose of clause 12.2 the authorised address, authorised fax number and authorised recipient of each Party is:

- (a) for the Government:

Handwritten signatures and initials in black ink, including a large stylized signature and several smaller initials.

- (i) Name: Fjármálaráðuneytið - Ministry of Finance
 - (ii) Address: Arnarhvoli, 150 Reykjavík, Iceland
 - (iii) For the attention of: Thorsteinn Thorsteinsson
 - (iv) Fax number: +354 562 8280
- (b) For NBI:
- (i) Name: NBI HF.
 - (ii) Address: Austurstræti 11, 155, Reykjavík, Iceland
 - (iii) For the attention of: Ásmundur Stefánsson, CEO
 - (iv) Fax number: +354 410 4000
 - (v) with a copy to: Haukur Halldórsson, Chairman of the Board
- (c) For LBI:
- (i) Name: Landsbanki Íslands HF.
 - (ii) Address: Austurstræti 16, 101 Reykjavík, Iceland
 - (iii) For the attention of: Ársæll Hafsteinsson, CEO
 - (iv) Fax number: +354 4103995
 - (v) with a copy to: Lárentsínus Kristjánsson, Chairperson
- (d) for any person who is a Party to this Agreement by their entering into a Notification of Adherence, as set out in the Notification of Adherence,

or such other address and/or fax number as that Party may notify to the others in writing (in accordance with the requirements of clause 12.1) from time to time.

13. TRANSFER OF RIGHTS AND OBLIGATIONS

- 13.1 Except as provided in this Agreement, no Party may assign or in any other way dispose of any of its rights or obligations under this Agreement without the prior written consent of all the other Parties to this Agreement.
- 13.2 Rights under clauses 6.2 and 8 of this Agreement may be assigned (and obligations novated) by LBI to its creditors from time to time (the "**LBI Creditors**"), provided that the other Parties to this Agreement are given ten days notice and consulted in relation to the identity of such LBI Creditors. Other rights under this agreement may be assigned (and obligations novated) by LBI to a joint LBI Creditor representative.
- 13.3 Rights under this Agreement may be assigned (and obligations novated) by the Government to Bankasýsla ríkisins (the Icelandic State Banking Agency) or any other governmental department, organisation or agency.

14. AMENDMENT AND TERMINATION

- 14.1 No amendment, change or addition to this Agreement is effective or binding on a Party unless in writing and executed by all Parties to this Agreement.

- 14.2 No amendment to the Articles can be passed by a Shareholder resolution that would have the effect that this Agreement becomes invalid in whole or in part. This clause 14.2 can be waived in writing by LBI.
- 14.3 This Agreement shall terminate on the earlier of:
- (a) a Qualifying IPO, provided that LBI or LBI Creditors that hold Shares and indicated that they wish that such Shares are to be offered for sale in such an IPO, have been included ;
 - (b) LBI or LBI Creditors ceasing to hold Shares; or
 - (c) the date falling six years after the Signing Date, except when LBI grants an extension under clause 8.1(a) in which case the agreement shall only terminate after such an extension has passed.
- 14.4 Termination does not affect any rights or obligations that have accrued on the date of termination.

15. **THIRD PARTY RIGHTS**

No person who is not a Party to this Agreement may enforce this Agreement.

16. **MISCELLANEOUS**

16.1 Each Party must do, and must use all reasonable efforts to procure (to the extent it is within its powers to do so) that any other person does:

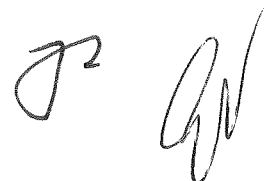
- (a) all such further acts and things;
- (b) execute and perform such further agreements and documents; and
- (c) give such further assurances,

in each case as may reasonably be required to give effect to this Agreement.

16.2 Each Party (and the Company only in relation to votes it controls at board or general shareholder meetings of other Group members) undertakes to each other Party at all times to exercise the votes that it controls at general meetings and/or board meetings of the Company or a Group member to give effect to this Agreement. In particular, but without limitation, each Party (other than the Company) agrees to procure (to the extent it is within its powers to do so) that no person is registered as the legal holder of Shares except according to this Agreement and the Articles.

16.3 Where the provisions of the Articles or the articles of another Group member conflict with a provision of this Agreement, each Party (other than the Company) agrees (and the Company agrees, in relation only to the articles of association of other Group members) that the provisions of this Agreement prevail, as permitted by the laws of Iceland.

16.4 No Group member is bound by a provision of this Agreement to the extent it constitutes an unlawful restriction on any of its statutory powers, but that provision remains valid and binding as regards each other Party to which it is expressed to apply.



- 16.5 This Agreement is binding on each Party's successors in title or assigns, but such a person is not entitled to the benefit of its provisions unless that person has entered into a Notification of Adherence.
- 16.6 This Agreement is not to be construed as creating a partnership or an agency (except to the extent expressly described) relationship between any of the parties.
- 16.7 This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all of which when taken together constitute a single instrument.

17. **COSTS**

Except where this Agreement provides otherwise, each Party must pay its own costs incurred in connection with the negotiation, preparation, execution and implementation of this Agreement.

18. **GOVERNING LAW**

This Agreement is governed by, and to be construed and take effect in accordance with, Icelandic law.





SCHEDULE 1

THE COMPANY

1. Name : NBI HF.
2. Date of Incorporation : 7 October 2008
3. Country of Incorporation : Iceland
4. Type of company : Public limited liability company operating as licensed commercial bank
5. Registered number : 471008-0280
6. Registered office : Austurstræti 11, 155, Reykjavík, Iceland
7. Board of Directors : Haukur Halldórsson
Erlendur Magnússon
Stefanía K. Karlsdóttir
Salvör Jónsdóttir
Ása Richardsdóttir

8. Managing Directors : Ásmundur Stefánsson
CEO

Managing Directors:

Árni Þór Þorbjörnsson, MD
Corporate Banking

Anna Bjarney
Sigurðardóttir, MD Retail
Banking

Atli Atlason, MD Human
Resources

Jón Þorsteinn Oddleifsson,
MD Finance

Gunnar Viðar, MD Legal

Guðmundur Guðmundsson,
MD Operations

9. Subsidiaries at the date of this Agreement

Principal Subsidiaries:



Eignarhaldsfélagið Vestia ehf.
Framkvæmdafélagið Hömlur ehf.
Horn fjárfestingarfélag ehf.
Hömlur 1 ehf.
Hömlur 2 ehf.
Hömlur ehf.
Landsvaki hf.
Reginn ehf.
SP-fjármögnun hf.

Debt acquired subsidiaries:

Fjölhisvegur 9 ehf.
Formaco N ehf.
Húsasmiðjan hf.
Laugahús ehf.
Parlogis hf.
Slippfélagið hf.
Teymi hf.

Non effect subsidiaries:

Blámi fjárfestingarfélag ehf.
Eignarhaldsfélagið HS ehf.
Landsbanki Vatnsafl ehf.
Landsbanki Holdings (UK) plc
Landsbankinn eignarhaldsfélag ehf.

LI InvestmentsEurope Ltd.

LME Eignarhaldsfélag ehf.

Astriger

Aretina Ltd.

Ingratua Limited

Span ehf.

Stofnlánadeild samvinnufélaga

Verðbréfun hf.



SCHEDULE 2

PROVISION OF INFORMATION

GENERAL PRINCIPLE

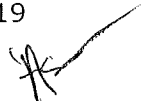
1. The Company shall distribute the same information in the same form to all Shareholders party to this Agreement.
2. The annual general meeting of the Company will be held before 1 May each year and serves as a venue for detailed presentation and discussion of the preceding year.

DELIVERY OF FINANCIAL INFORMATION

3. Consolidated audited accounts for the Group must be delivered to the Shareholders party to this Agreement within **three months** from the end of the relevant financial year.
4. Within 60 days from the end of each quarter, commencing with the first quarter 2010, the Company shall deliver to the Shareholders party to this Agreement consolidated interim reviewed or audited accounts for the Group including a report and/or meeting with the CEO discussing significant developments and trends in relation to the business of the Group during the last quarter.

ANNUAL BUSINESS PLAN PRESENTATION

5. The Company must prepare a business plan for the Group for that forthcoming financial year (the "**Annual Business Plan**"). The Annual Business Plan shall be in such form as approved by the Board but Shareholders party to this Agreement may reasonably request from time to time that it must contain:
 - (a) a statement of business objectives and the proposed method of achieving them; and
 - (b) itemised by significant business units and consolidated revenue, expense and capital budgets each of which must:
 - (i) show all material proposed acquisitions and disposals for the financial year; and
 - (ii) include like-for-like comparisons to the financial performance in the previous financial year (to the extent that such information is available).
6. Within 15 days of being approved by the Board, the Company shall call a meeting, presenting the business plan as described above to the Shareholders party to this agreement.



SCHEDULE 3

CONDUCT OF THE GROUP

PART 1: POSITIVE OBLIGATIONS

FINANCIAL AND ACCOUNTING MATTERS

1. The Company must, and must procure that each other Group member does, keep proper accounting records and in them make true and complete entries of all material dealings and transactions in relation to its business.

BUSINESS MATTERS

2. The business of the Company and each other Group member must be properly managed and comply, in all material respects, with all Applicable Laws and each Group member must maintain all licences, consents and authorisations of any nature whatsoever (public or private) which are necessary to carry on the material businesses of the Group from time to time unless otherwise agreed in this Agreement.
3. Each Group member must procure, according to prudent management practice, that the properties which are leasehold and leased or occupied by it from time to time are maintained during their respective terms in a state of repair and condition consistent with the provisions of the leases relating to them.

INSURANCE MATTERS

4. Insurance cover for Group members must be maintained at all times with a reputable insurance company against all such risks and liabilities in such manner and amounts, and on such terms and conditions, as accord with good commercial practice, having regard to the businesses and assets of the Group, and in any event as reasonably required from time to time by the LBI Director (such insurance to include, without limiting the generality of the foregoing, cover against any liability of the LBI Director up to the amount of the insurance as decided by the Board (currently EUR 20 million) in the lawful performance of his duties and must note the interests (if any) of LBI on the relevant policy or policies).

OTHER MATTERS

5. The Company must comply with its obligations under this Agreement and must procure that each other Group member acts in the manner contemplated by this Agreement and observes and performs the provisions of this Agreement which are to be observed and performed by that other Group member.



PART 2: ACTIONS REQUIRING LBI CONSENT

THE FOLLOWING ACTIONS REQUIRE THE CONSENT OF LBI UNLESS OTHERWISE AGREED UNDER THIS AGREEMENT

1. Alteration to the Articles of the Company, or the memorandum and articles of association of any other Group member, excluding minor administrative changes or changes immaterial to the rights or obligations of Shareholders.
2. Appoint (except for the reappointment of its existing auditors) or remove its auditors, unless such auditors are replaced by an internationally recognised firm of auditors.
3. Changes in the share capital of the Company, including bonus issues, and the issue of convertible debt instruments, debt instruments with the right of option to subscribe for new shares, participating debt instruments, or any other similar equity related instrument, where the Company does not receive full market value for such share capital change; and
4. Winding up or substantially reorganising the Company's Banking Business, including selling or closing down a substantial part of the Banking Business or merger of the Company.



PART 3: ACTIONS REQUIRING LBI DIRECTOR CONSENT

CORPORATE MATTERS

1. Delegate any powers of the Directors to a committee other than to the Remuneration Committee or the Audit Committee as set out in this Agreement.
2. Adopt a new accounting policy or practice or make a material change to any of its accounting policies and practices or its accounting reference date, except as required by law or to comply with a new accounting standard.

BUSINESS MATTERS

3. Enter into discussions or negotiations with a view to carrying on a new business or changing a business materially.

A handwritten signature in black ink, appearing to be 'J. W.', located in the bottom right area of the page.A small handwritten mark or signature in the bottom right corner of the page.

SCHEDULE 4

REMUNERATION COMMITTEE TERMS OF REFERENCE

1. To provide general guidance and policy on behalf of the Company, and in accordance with Applicable Laws and standards laid down by the Icelandic Chamber of Commerce or other similar authority, on all matters concerning:
 - (a) the salary and other remuneration and benefits (including bonus, share incentive and pension arrangements) and terms and conditions of employment of the employees within the Group (including, without limitation, salary reviews and the setting of bonus levels and performance targets);
 - (b) the appointment or dismissal (and terms of appointment or dismissal) of the chief executive officer (or a person who would on his appointment become the chief executive officer); and
 - (c) any employee share based remuneration schemes.
2. To require the attendance before it of any officer or employee of any member of the Group and to obtain (at the cost of the Group) legal or other professional advice in respect of any matters within its terms of reference.



SCHEDULE 5

AUDIT COMMITTEE TERMS OF REFERENCE

1. To provide general guidance and policy on behalf of the Company, and in accordance with Applicable Laws and standards laid down by the Icelandic Chamber of Commerce or other similar authority, on all matters concerning:
 - (a) the auditing of the Company's accounts, choice of accounting policy, risk policy, internal controls and surveillance; and
 - (b) opining on the appointment or dismissal (and terms of appointment or dismissal) of the Company's auditors and internal auditor.
2. To require the attendance before it of any officer or employee of any member of the Group and to obtain (at the cost of the Group) legal or other professional advice in respect of any matters within its terms of reference.



SCHEDULE 6

Notification of ADHERENCE

THIS NOTIFICATION is made on _____ 200* by the person whose contact details appear in the schedule (the "**New Shareholder**");

WHEREAS:

- (A) By an Agreement dated [_____] (the "**Shareholders' Agreement**") concerning NBI hf., made between LBI, the Government and the Company (as those expressions are defined in the Shareholders' Agreement)

Option A [to be used where Shares are to be transferred]

and to which [_____] (the "**Transferor**") is a party [by virtue of a Notification of Adherence dated [_____]], the Transferor has agreed to sell and transfer to the New Shareholder [*Insert number and class of Shares*] conditional upon the New Shareholder entering into this Notification of Adherence.

Option B [to be used when Shares are to be subscribed]

the Company will issue to the New Shareholder [*Insert number and class of Shares*] conditional upon the New Shareholder entering into this Notification of Adherence.

- (B) The New Shareholder wishes to acquire those Shares, subject to such condition and to enter into this Notification of Adherence pursuant to the Shareholders' Agreement.

THIS NOTIFICATION WITNESSES:

1. The New Shareholder undertakes to and covenants with all the parties to the Shareholders' Agreement from time to time (including any person who enters into a Notification of Adherence pursuant to the Shareholders' Agreement, whether before or after this Notification is entered into) to comply with the provisions of and to perform all the obligations in the Shareholders' Agreement in so far as they remain to be observed and performed, as if the New Shareholder had been an original party to the Shareholders' Agreement [in place of the Transferor].
2. [The Transferor assigns to the New Shareholder its share of its rights under the Shareholders' Agreement in proportion to the number of Shares transferred as against the number of Shares retained by the Transferor (if any).] [**Only relevant for Option A and Transferor will need to be a party for that purpose if not dealt with elsewhere**]
3. Except as expressly varied by this Notification, the Shareholders' Agreement will continue in full force and effect, and the Shareholders' Agreement be interpreted accordingly.
4. Each party shall bear its own costs in relation to this Notification of Adherence.





DETAILS OF NEW SHAREHOLDER

Name :
Registered number (if a company) :
Country of Incorporation (if a company) :
Address :

EXECUTED by the New Shareholder and received by the Company

[insert signature blocks]


26


Haukur Halldórsson
Guðmundur Stefánsson

Signed by)
for and on behalf of **NBI h.f.**)
)

Signed by)
for and on behalf of **Landsbanki**
Íslands h.f.)
)

Guðmundur Stefánsson

Signed by)
for and on behalf of)
The Ministry of Finance)
)

Guðmundur Stefánsson

GN

[Handwritten mark]

APPENDIX
ARTICLES OF ASSOCIATION

Handwritten initials, possibly 'O' and 'GN', in black ink.

A handwritten signature or mark in black ink, located at the bottom right of the page.