

Translated from the Icelandic

May 26, 1997 No. 60

THE PRESIDENT OF ICELAND

Announces: Althingi has approved this Act and I confirmed it with my approval:

Article 1

The Government shall work towards the establishment of a credit institution in accordance with Act. No. 123/1993 on Credit Institutions other than Commercial Banks and Savings Banks, which shall be called the Icelandic

Investment Bank Ltd. (Fjárfestingarbanki atvinnulífsins hf.).

The provisions of Act No. 123/1993, and of Act No. 2/1995 Respecting Public Limited Companies, shall apply to the Investment Bank unless otherwise stipulated in this Act.

The Minister of Commerce shall handle the preparations for

the establishment of the Investment Bank and be responsible for the implementation of this Act.

Article 2

The role of the Icelandic Investment Bank Ltd. is to provide financial services for Icelandic business. The Investment Bank shall undertake whatever such activities as are authorized by law to credit institutions other than commercial banks and savings banks, as further specified in its articles of association.

Article 3

The Icelandic Investment Bank Ltd. shall, on 1 January 1998, take over, as its shareholders' contribution in accordance with Article 4, all the assets, liabilities and commitments of the Fisheries Investment Fund (Fiskveiðasjóður Íslands), Industrial Loan Fund (Iðnlánasjóður), Export Credit Fund (Útflutningslánasjóður) and Industrial Development Fund (Iðnþróunarsjóður), apart from those otherwise allocated in accordance with the Act on the New Business Venture Fund (Nýsköpunarsjóður atvinnulífsins).

Article 4

The Treasury is the owner of all share capital in the Icelandic Investment Bank Ltd. upon its establishment.

The Minister of Commerce shall determine the total amount of share capital in the Investment Bank upon its establishment. This amount shall be determined on the basis that its total share capital upon establishment shall not be greater than the equivalence of the own funds of the Fisheries Investment Fund, Industrial Loan Fund, Export Credit Fund and Industrial Development Fund, which are contributed to the Investment Bank under the provisions of Article 3, as stated in the audited financial statements of those funds for the year 1996.

The Minister shall establish a three-man committee to evaluate the total amount of foundation capital of the Investment Bank. The findings of the committee shall be available at the latest on 1 October 1997. The access of the committee to documents and the duty of confidentiality of the committee members is determined in Art 20, paragraph 3. The Minister decides the terms of reference for committee members.

Article 5

The Minister of Fisheries and the Minister of Industry shall jointly administer the Treasury's share in the Icelandic Investment Bank Ltd.

Voting rights on behalf of the Treasury at the Investment Bank's annual general meeting and other shareholders' meetings shall be vested in a three-man committee. Two members thereof shall be appointed by the Minister of Industry, one of them in accordance with the recommendations of the organisation of industrial enterprises, and two shall be appointed by the Minister of Fisheries, one of them in accordance with the recommendations of the organisation of fisheries enterprises. The Minister of Industry and the Minister of Fisheries shall appoint one member jointly.

Article 6

Up to 49% of the Treasury's shares in the Icelandic Investment Bank Ltd. may be sold. The Minister of Industry and the Minister of Fisheries shall begin preparations for the sale of these shares immediately upon the entrance into

effect of this Act.

Article 7

The provisions of Article 6 of Act No. 113/1996, cf. Article 6 of Act No. 123/1993, and, Article 14, paragraph 2 of Act No. 2/1995 Respecting Public Limited Companies, do not apply to the down payment of share capital in the Investment Bank. The provisions of Articles 6 and 7 of Act No. 2/1995 do not apply to payment of share capital in accordance with Article 4 and 5 of this Act.

The provisions of Article 3, paragraph 2, Article 20, paragraph 1 and Article 107, paragraph 1, point 2 of Act No. 2/1995 shall not apply to the number of founders and number of shareholders in the Icelandic Investment Bank Ltd.

Article 8

It is not authorised to grant shareholders in the Icelandic Investment Bank Ltd. more favourable terms than its other customers, or other special privileges in the business they do with it as a result of their shareholding.

Article 9