

## **Results of the AGM of Landsbankinn hf., held in Silfurberg, Harpa on 17 April 2013**

1. The meeting approved the annual financial statements of Landsbankinn hf. for the year 2012 and the auditor's report.
2. The company approved the Board's proposal to pay shareholders dividends in the amount of ISK 0.42 per share for the year 2012, or what amounts to 39% of net earnings. Dividends shall be paid to parties registered in the shareholders' registry on 30 September next and payment will be made on the following 1 October.
3. The AGM approved the following remuneration policy proposed by the Board.

### **Article 1 Objective**

Landsbankinn hf. emphasises hiring and employing exceptional personnel. The aim of the remuneration policy is to make Landsbankinn a desirable workplace for qualified employees to ensure the bank's competitiveness, continued development and acceptable profitability. The remuneration policy shall support sound operations in the long term and not encourage unreasonable risk-taking. It is the bank's aim that the terms of employment of executives and other employees are competitive without being leading in the market. In determining terms of employment, responsibility and performance shall be taken into account, as well as equal rights perspectives.

In accordance with Article 79(a) of Act. No. 2/1995, on Public Limited Companies, Landsbankinn's remuneration policy shall be submitted to the AGM for approval.

### **Article 2 Remuneration Committee**

The Remuneration Committee of Landsbankinn is comprised of three Directors. The role of the Remuneration Committee is to guide the Board of Directors and CEO in deciding on the terms of employment of key executives and to advise on the remuneration policy. The Committee shall ensure that the terms of employment of the bank's executives are within the framework provided by the remuneration policy and report on its implementation yearly in connection with the bank's AGM. The Committee shall monitor the developments of collective bargaining agreements, trends in salary expenses and number of employees. The Board of Directors has issued Terms of Reference for the Committee in which its role and duties are defined.

### **Article 3 Directors' terms of employment**

Directors shall receive set monthly remuneration in accordance with the decision of the AGM each year as provided for in Article 79 of Act No. 2/1995, on Public Limited Companies. In determining the remuneration amount, consideration shall be had for the hours spent on the job, the responsibilities borne by the Directors and the company's performance. The Remuneration Committee presents the Board of Directors with a substantiated proposal for remuneration to Directors in the coming operating year. The Board of Directors deliberates on the Committee's proposal and submits a final proposal on remuneration to the AGM. The bank reimburses Directors domiciled outside the capitol region for travel expenses. Directors may not conclude severance agreements with the bank.

### **Article 4 Terms of employment of the CEO and key executives**

The Board of Directors appoints the Bank's CEO. The terms of employment of the CEO shall be competitive with the terms offered managers in larger companies and in the financial market without leading the market.

The CEO hires the bank's key executives and their terms of employment shall be competitive without leading the market.

#### **Article 5 Varying terms**

The agreement made by the Minister of Finance on behalf of the State, Landsbankinn hf. and Landsbanki Íslands hf. dated 15 December 2009 provides that Landsbankinn offer an employee incentive scheme. The incentive scheme shall comply with FME rules on performance-linked remuneration with financial undertakings. Proposals for a performance-linked salary system and accompanying changes to the remuneration policy shall be submitted to an extraordinary shareholders meeting. Until such time, the Board of Directors may not approve linking salaries to performance.

#### **Article 6 Information disclosure**

Landsbankinn makes public the terms of employment of Directors and key executives in its annual report.

This remuneration policy shall be published on the bank's website.

#### **Article 7 Approval of the remuneration policy etc.**

The remuneration policy of Landsbankinn shall be approved by its Board of Directors. Furthermore, the remuneration policy be submitted to the bank's AGM for approval or rejection.

The remuneration policy may be reviewed more than once yearly and any amendments submitted to a shareholders' meeting for approval.

The remuneration policy serves as an indicative guideline for the bank and the Board of Directors. The Board of Directors shall enter any deviations from the remuneration policy and substantiation thereof in the minutes. Deviations shall be presented to the bank's next AGM.

4. The AGM approved amendments to the Articles of Association, so that the first paragraph of Article 18 shall be as follows:

*"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."*

5. The AGM approved a motion that the following persons be elected as Directors and alternates, to sit on the Board of Landsbankinn hf. until its next Annual General Meeting.

Directors:

Tryggvi Pálsson

Danielle Pamela Neben

Eva Sóley Guðbjörnsdóttir

Helga Björk Eiríksdóttir

Jón Sigurðsson

Kristján Davíðsson

Thórdís Ingadóttir

Alternates:

Helga Loftsdóttir

Tinna Laufey Ásgeirsdóttir

Tryggvi Pálsson was elected Chairman of the Board of Directors.

6. The AGM elected Ríkisendurskoðun as the company's auditor for the 2013 financial year.
7. The AGM agreed that remuneration to Directors for the next term of office shall be ISK 350,000 per month, paid in accordance with salaries paid to bank employees. Remuneration to the Chairman of the Board shall be ISK 600,000, remuneration to the Vice-chairman of the Board ISK 425,000 per month. Remuneration to Directors for services to sub-committees of the Board shall be ISK 100,000 per month. Remuneration to alternates shall be ISK 175,000 for each board meeting attended yet never higher than set monthly remuneration to Directors.