



Proposals

Annual General
Meeting 2014

Landsbankinn hf.

Annual General Meeting 2014, 19 March 2014

Proposals for the Annual General Meeting

1. Decision on the payment of dividends and disposition of profit from the past accounting year (item no. 3 of the Agenda).

The Board of Directors has decided to propose to the AGM that shareholders be paid a dividend amounting to ISK 0.84 per share for the accounting year 2013, which is equivalent to 70% of the year's profit. Dividends shall be paid to parties registered in the shareholders' registry on 19 March 2014 and payment will be made on 26 March 2014.

2. The Board of Directors proposes a remuneration policy and submits it to the meeting for approval (item no. 4 of the Agenda).

The Board of Directors moves that the AGM approve the following remuneration policy:

Article 1 Objective

Landsbankinn hf. emphasises hiring and employing outstanding 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 appetite. 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 of the Board. 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 rules of procedure for the Committee, defining its role and duties.

Article 3 Directors' terms of employment

Directors of the Board 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 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 key executives

The terms of employment of key executives shall be competitive with the terms offered to managers in larger companies in the financial market and in accordance with laws, without leading the market.

Article 5 Varying terms

Landsbankinn hf. has not adopted an incentive scheme for its employees. Any move by the Board of Directors to instigate such a system must first be approved by a shareholders' meeting.

Article 6 Information disclosure

Landsbankinn lists the terms of employment of Directors and key executives in the Bank's 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 is approved by its Board of Directors. Furthermore, the remuneration policy shall 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.

3. Motion to amend Landsbankinn's Articles of Association (item no. 5 of the Agenda).

The Board of Directors proposes the following amendments to the Bank's Articles of Association in order to achieve greater harmony with current laws, namely Act No. 2/1995, on Securities Transactions, Act No. 161/2002, on Financial Undertakings, and Act No. 3/2006, on Financial Statements:

a) Motion to amend the third paragraph of Article 9.

The third paragraph of Article 9 shall read as follows:

"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."

b) Motion to amend the fourth paragraph of Article 9.

The fourth paragraph of Article 9 shall read as follows:

"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."

c) Motion to amend the second paragraph of Article 10.

The second paragraph of Article 10 shall read as follows:

"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."

d) Motion to amend the second paragraph of Article 12.

The first paragraph of Article 12 shall read as follows:

"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."

e) Motion to amend the second paragraph of Article 12.

The second paragraph of Article 12 shall read as follows:

"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."

f) Motion to amend the first paragraph of Article 14.

The first paragraph of Article 14 shall read as follows:

“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 for the Board of Directors must be announced at least five days prior to the Annual General Meeting.”

g) Motion to amend the second paragraph of Article 14.

The second paragraph of Article 14 shall read as follows:

“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.”

h) Motion to amend the second paragraph of Article 18.

The second paragraph of Article 18 shall read as follows:

“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.”

i) Motion to amend the first paragraph of Article 22.

The first paragraph of Article 22 shall read as follows:

“At the Annual General Meeting, a certified public accountant or accounting firm shall be elected as the Company’s auditor for one year at a time. 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.”

j) Motion to amend the first paragraph of Article 24.

The first paragraph of Article 24 shall read as follows:

“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.”

k) Motion to amend the second paragraph of Article 24.

The second paragraph of Article 24 shall read as follows:

“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.”

4. Elections to the Board of Directors (item no. 6 of the Agenda).

A motion had been submitted to the AGM 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
Jóhann Hjartarson
Jón Sigurðsson
Kristján Th. Davíðsson

Alternates:

Ragnar Lárus Gunnarsson
Tinna Laufey Ásgeirsdóttir

It is further proposed that Tryggvi Pálsson be elected Chairman of the Board of Directors.

5. Election of the auditor (item no. 7 of the Agenda).

It is proposed that the AGM elect Ríkisendurskoðun as the company's auditor for the 2014 financial year.

6. Decision on remuneration to Directors for the next term of office (item no. 8 of the Agenda).

It is proposed 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.