



# Motions from the board of directors for the 2023 Annual General Meeting

23 March 2023

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Landsbankinn hf.

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## 1. Annual financial statements for the past operating year, together with a report from the auditor, placed before the meeting for attestation (item no. 3 of the Agenda)

The Board of Directors of Landsbankinn moves that the annual general meeting (AGM) approve the Bank's annual financial statements for 2022.

## 2. Decision on the payment of a dividend and disposition of profit from the 2022 accounting year (item no. 4 of the Agenda)

The Board of Directors proposes to the AGM that shareholders be paid a dividend amounting to ISK 0.36 per share for the operating year 2022 and that the payment be in two instalments. The first date of payment (ISK 0.18 per share) shall be 29 March 2023. The latter date of payment (ISK 0.18 per share) shall be 20 September 2023. The total dividend for the accounting year 2022, based on outstanding shares, amounts to ISK 8,504 million, equivalent to 50% of the year's profit.

Right to the aforementioned dividend payments (record date) shall be based on the register of shareholders at end of business on the day of the AGM, 23 March 2023, unless Landsbankinn hf. receives notification of the assignment of dividend through the transfer of shares.

### *Dividend in 2023:*

	Record date	Due date for payment	ISK per share	Amount
First payment	23.03.2023	29.03.2023	0.18	ISK 4,252 m
Latter payment	23.03.2023	20.09.2023	0.18	ISK 4,252 m
<b>Total</b>			<b>0.36</b>	<b>ISK 8,504 m</b>

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### 3. The Board of Directors proposes a Remuneration Policy and submits it to the meeting for approval (item no. 5 of the Agenda)

The Board of Directors moves that the AGM approve the following Remuneration Policy:

#### *Article 1 Objective*

Landsbankinn 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 incorporates objectives on confidence in the Bank's management and operation, that the Bank leads the field in good governance and social responsibility, that its interests are always protected, not least its reputation and credibility, and that it operates in accordance with the principles, values and business ethics that properly apply to a publicly-owned bank.

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 yet moderate and not leading. In determining terms of employment, responsibility and performance shall be taken into account, as well as equal rights perspectives.

#### *Article 2 Remuneration*

The State Ownership Policy for Financial Undertakings from February 2020 states that a remuneration policy shall be competitive yet moderate and not leading.

Competitive remuneration here means that the Bank shall be able to attract and retain qualified personnel and that the Bank can be competitive as regards human resources without offering the highest wages.

The point about wages not being leading means that wage developments in a wider context shall be taken into account, as well as the impact on wage developments in general. Remuneration that falls in the top bracket offered in the labour market, while not the highest, is considered leading.

Moderation involves careful and considered wage decisions that do not promote a great or growing wage gap, having regard for responsibility, duties and performance. Natural regard shall also be had for the terms offered by companies majority-owned by the State to employees in similar job positions. Major salary changes over a short period are to be avoided. Rather, wages should be raised regularly and in line with general wage development. The arrangement of wages and other benefits shall be as simple and transparent as possible.

#### *Article 3 Remuneration Committee*

The Bank's Remuneration Committee is comprised of three Directors of the Board. The role of the Remuneration Committee is to guide the Board of Directors and CEO in determining the terms of employment of key executives. The Committee shall ensure that the terms of employment of the Bank's key executives are within the framework provided by the remuneration policy and report on its implementation yearly in connection with the Bank's AGM. The conclusions of the report shall be included in the Bank's Annual & Sustainability Report. The Committee shall monitor the developments of collective bargaining agreements, trends in salary expenses and employee numbers. The Board of Directors shall set rules of procedure for the Committee, further providing for its role, and publish the rules on the Bank's website.

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#### *Article 4 Directors' terms of employment*

Directors of the Board shall receive a set monthly salary 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. Directors shall also receive a salary for participation in the work of sub-committees of the Board. In determining the salary amount, consideration shall be had for hours spent on the job, the responsibilities borne by the Directors and the Bank's performance. Pension fund contributions shall be paid on salaries to Directors in accordance with labour market rules. The Remuneration Committee presents the Board of Directors with a substantiated proposal for salaries 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 capital region for travel expenses. Directors may not conclude severance agreements with the Bank.

#### *Article 5 Remuneration to the CEO and executives*

Remuneration to the CEO and executives of the Bank shall be competitive yet moderate and not leading, cf. Article 2 of this Remuneration Policy.

Agreements with the CEO and the Bank's key employees shall not include severance pay in excess of provisions in employment contracts, collective bargaining agreements and legal provisions. The contractual notice period of the CEO and key employees shall not exceed twelve months, having regard for duties and responsibilities.

#### *Article 6 Remuneration policies of subsidiaries etc.*

The Board of Directors of the Bank shall encourage subsidiaries to adopt remuneration policies that are competitive yet moderate and not leading.

The Board of Directors shall further promote the clear inclusion of the remuneration guidelines set forth in Article 2 of this Remuneration Policy.

The CEO shall submit to the Board of Directors draft remuneration policies for subsidiaries, as well as a proposal for remuneration to directors of their boards.

#### *Article 7 Varying terms*

The Bank shall not conclude or authorise agreements that provide for performance-linked payments, i.e. not authorise agreements that provide for remuneration based on performance which is not included in regular terms of employment, whereby the final amount or scope of payment cannot be determined in advance.

Any move by the Board of Directors to instigate a bonus system within the Group must first be approved by a shareholders' meeting.

#### *Article 8 Directors' and officers' (D&O) insurance*

Landsbankinn shall ensure that it has an active D&O insurance policy in place at each time, covering the Directors of the Board, the CEO and key personnel, both current and former, for their work for the Bank in accordance with the provisions of the policy in question.

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### Article 9 Information disclosure

The Bank shall disclose information on remuneration to the Directors of the Board, remuneration to the CEO and remuneration to each Managing Director in the Executive Board in its annual report.

This Remuneration Policy shall be published on the Bank's website.

### Article 10 Approval of the Remuneration Policy etc.

Landsbankinn's Remuneration Policy has regard for Article 57 (a) of the Act on Financial Undertakings.

The Remuneration Policy is approved by the Board of Directors and submitted to the Bank's AGM for approval, rejection or amendment, in accordance with Article 79 (a) of Act. No. 2/1995, on Public Limited Companies.

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

The Remuneration Policy is guiding for the Bank and the Board of Directors. The Board of Directors shall record any deviations from the Remuneration Policy along with substantiated grounds for such deviation. Deviations shall be presented to the Bank's next AGM.

## 4. Motions to amend the Articles of Association (item no. 6 of the Agenda)

The Board of Directors submits the following motions to amend the Articles of Association:

- a) Amendment to Article 2 of the Articles of Association:

Article 2 currently reads:

*The address of the Company is Austurstræti 11, Reykjavík.*

It is proposed that Article 2 be amended to read:

*The Company is domiciled at Reykjastræti 6, Reykjavík.*

Note: The amendment to Article 2 is based on the impending move of the Bank's headquarters from Austurstræti 11 to Reykjastræti 6, Reykjavík.

- b) Amendment to Article 5 of the Articles of Association:

Article 5 currently reads:

*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 Public Limited Companies and the Company's Articles.*

*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.*

It is proposed that Article 5 be amended to read:

*The Company's share certificates are de-materialised, as provided for in Act No. 7/2020, on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments. Share*

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*certificates confer full rights on shareholders as stipulated by the Act on Public Limited Companies and the Company's Articles.*

Note: The amendment calls for simplification of Article 5 and alignment with the legal text.

c) Amendment to Article 6 of the Articles of Association:

Article 6 currently reads:

*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;*
- 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.*

It is proposed that Article 6 be amended to read:

*The Board of Directors shall maintain a register of shares as provided for by law.*

Note: The proposed amendment to Article 6 simplifies the Article, leaving out specifications as to the content of the register of shares, its physical location and access rights. These points are provided for in the Act on Public Limited Companies and repetition thereof in the Articles is redundant.

d) Amendment to the first sentence of the second paragraph of Article 10 of the Articles of Association:

The first sentence of the second paragraph of Article 10 currently reads:

*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.*

It is proposed that the first paragraph of Article 10 be amended to read:

*The AGM shall be called with a notice in the media, one or more, and through electronic means, such as the Company's website, with at least two weeks' and at most four weeks' notice.*

Note: The proposed change affords greater flexibility in calling AGMs and reflects developments of technology and in media.

e) Amendment to the second sentence of the second paragraph of Article 12:

The second sentence of the second paragraph of Article 12 currently reads:

*An extraordinary shareholders' meeting shall be announced by advertisement on the radio and in daily newspapers or by other verifiable means.*

It is proposed that the second sentence of the second paragraph of Article 12 be amended to read:

*An extraordinary shareholders' meeting shall be called with a notice in the media, one or more, and through electronic means, such as the Company's website.*

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Note: The proposed change affords greater flexibility in calling AGMs and reflects developments of technology and in media. The proposed amendment is similar to the proposed change to calling of AGMs.

f) Amendment to the third paragraph of Article 13 of the Articles of Association:

The third paragraph of Article 13 currently reads:

*Shareholders intending to participate in shareholders' meetings which the Board has decided to convene electronically in accordance with paragraph 1, shall notify the Bank'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.*

It is proposed that the third paragraph of Article 13 be amended to read:

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

Note: Article 1 of Act No. 119/2022 amended the Act on Public Limited Companies to authorise listed companies to include provisions in their Articles of Association, stating that shareholders shall notify the company of intention to participate in a shareholders' meeting with a set time limit. As this authorisation is limited to listed companies, it is proposed that the provisions of the third paragraph of Article 13 be amended, rescinding the authorisation to require shareholders to give prior notice of their intention to participate in remote meetings. The Article will as before provide for a time limit to submit questions and documents, in accordance with the fifth paragraph of Article 80 (a) of the Act on Public Limited Companies.

g) Amendment to the second paragraph of Article 20 of the Articles of Association:

The second paragraph of Article 20 currently read:

*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.*

It is proposed that the second paragraph of Article 20 be amended to read:

*The Board shall adopt its own rules of procedure, providing in detail for the implementation of its tasks, cf. the provisions of Act No. 161/2002, on Financial Undertakings.*

Note: The proposal involves simplification of the second paragraph of Article 20 and reference to the Act on Financial Undertakings. The fourth paragraph of Article 54 of the Act sets out demands for Rules of Procedure for the Board of Directors. It is unnecessary to repeat those demands in the Articles of Association.

h) Amendment to the second sentence of the second paragraph of Article 21 of the Articles of Association:

The second sentence of the second paragraph of Article 21 currently reads:

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*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 Public 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.*

It is proposed that the second sentence of the second paragraph of Article 21 be amended to read as follows:

*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 Public Limited Companies, No. 2/1995, cf. Act No. 161/2002, on Financial Undertakings, and these Articles of Association.*

Note: It is proposed that a reference to Act No. 161/2002 be amended to refer not only to the first paragraph of Article 54 of the Act but the entire Act. This motion is put forth in response to the frequent amendments made to the Act, including Article 54.

i) Amendment to Article 27 of the Articles of Association:

Article 27 currently reads:

*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.*

It is proposed that Article 27 be amended to read:

*Unless provided for in these Articles, the provisions of the Act on Public Limited Companies No. 2/1995, the Act on Financial Undertakings No. 161/2002, the Act on the Resolution of Credit Institutions and Investment Firms No. 70/2020 shall apply with subsequent amendments, as well as provisions of other applicable laws.*

Note: It is proposed that Article 27 be amended to include a reference to the Act on Financial Undertakings and the Act on Resolution of Credit Institutions and Investment Firms. These Acts, and the Act on Public Limited Companies, include provisions that pertain to Landsbankinn's Articles of Association. The amendment is primarily intended to clarify and ensure that the Articles do not interfere with resolution proceedings based on the Act on the Resolution of Credit Institutions and Investment Firms No. 70/2020. In the event of resolutions proceedings, the provision of Article 4 of the Articles of Association would not interfere with resolution measures that would require the increase or decrease of share capital. In addition, the provisions of Article 17 of the Articles of Association on redemption requiring the approval of all shareholders, the company's purpose, etc., would not interfere with resolution proceedings that involve such decisions. The provisions of Article 26 of the Articles of Association on winding-up, liquidation or merger would not interfere with resolution proceedings that involve such decisions.

## **5. Election to the Board of Directors (item no. 7 of the Agenda)**

The Bank's Articles of Association provide for the election of seven Directors to the Board for the coming operating year and two alternates, with the Chairman elected specifically.

The announcement of the meeting states that notice of candidature to the Board of Directors must be submitted to the CEO's Office, Austurstræti 11, Reykjavík, no later than by 16:00 (GMT+0) on Saturday, 18 March 2023.



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The AGM has received 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:** Helga Björk Eiríksdóttir, Berglind Svavarsdóttir, Elín H. Jónsdóttir, Guðbrandur Sigurðsson, Guðrún Blöndal, Helgi Friðjón Arnarson and Þorvaldur Jacobsen.

**Alternates:** Sigríður Olgeirsdóttir and Sigurður Jón Björnsson

It is further moved that Helga Björk Eiríksdóttir be elected Chairman of the Board of Directors.

## **6. Election of the auditor (item no. 8 of the Agenda)**

It is proposed that the AGM elect the Auditor General as the company's auditor for the 2023 operating year. The Auditor General, in accordance with an authorisation to outsource tasks, and following a tender process, nominated auditing firm PricewaterhouseCoopers ehf. as auditor of the company's annual financial statement for the operating year 2023.

## **7. Decision on remuneration to Directors of the Board for the next term of office (item no. 9 of the Agenda)**

It is proposed that salaries to Directors be set at ISK 505,000 per month, that the Chairman receive ISK 880,000 per month, and the Vice-chairman receive ISK 625,000 per month. In addition, Directors shall receive ISK 250,000 per month for membership in Board sub-committees and the chairmen of these committees shall receive an additional ISK 56,500 per month. Alternates to the Board shall receive ISK 252,500 for each meeting of the Board or meeting with the Financial Supervisory Authority for eligibility assessment; however, monthly compensation to Alternates shall never exceed monthly compensation to Directors. Alternates shall be compensated by ISK 505,000 per annum at a minimum.

## **8. Authorisation to purchase own shares (item no. 10 of the Agenda)**

In accordance with Article 55 of the Act on Public Limited Companies, No. 2/1995, it is proposed that the AGM agree to authorise Landsbankinn hf. to acquire up to 10% of the nominal value of the Bank's share capital. The minimum and maximum amounts Landsbankinn hf. is authorised to pay for each share shall be equivalent to its book value, i.e. ratio of shareholder equity to share capital, as disclosed in the most recent annual or interim financial statements published before the purchase of own shares takes place. This authorisation is valid until the 2024 AGM of Landsbankinn hf. Disposition of own shares purchased by Landsbankinn hf. based on this authorisation is subject to approval by a shareholders' meeting.

## **9. Other business**