



**RESULTS OF THE ANNUAL GENERAL MEETING OF LANDSBANKINN HF.  
held in the Silfurberg hall of the Concert Hall and Convention Centre Harpa  
on 14 April 2016**

**1. Annual financial statements for the past operating year, together with Auditor's Report**

The meeting approved the Bank's annual financial statements for 2015, together with the Auditor's Report and the Report of the Board of Directors and CEO.

**2. Decision on payment of dividend and disposition of profit from the 2015 financial year**

The AGM approved the motion of the Board of Directors to pay shareholders a dividend amounting to ISK 1.20 per share for the 2015 financial year. Payment of the dividend will be made in two distributions, each equivalent to ISK 0.60 per share. The payment date for the former distribution will be 20 April 2016 based on the record date 14 April 2016. The payment date for the latter distribution will be 21 September 2016, based on the record date 14 April 2016, unless Landsbankinn hf. receives notification that the dividend has been assigned with the assignment of shares. The total dividend, based on outstanding shares, therefore amounts to ISK 28,538 million, or equivalent to a dividend payout ratio of 78%.

Dividends in 2016

	I	II
ISK per share	0.60	0.60
Record date	14/04/2016	14/04/2016
Payment date	20/04/2016	21/09/2016

**3. Remuneration policy proposed by the Board of Directors**

The AGM approved the following Remuneration Policy proposed by the Board:

***Art. 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 should contribute to sound operations in the long term without encouraging immoderate risk appetite. Landsbankinn emphasises offering management and other employees competitive terms of employment without being a market leader in this respect. In determining terms of employment, responsibility and performance shall be taken into account, together with gender equality considerations.

In accordance with Art. 79 a of Act. No. 2/1995, on Public Limited Companies, Landsbankinn's Remuneration Policy shall be submitted to the AGM for approval.

#### **Art. 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 determining the terms of employment of key executives and to advise on 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 developments in collective bargaining agreements, trends in salary expenses and employee numbers. The Board of Directors has issued protocols for the Committee, defining its role and duties.

#### **Art. 3 Directors' remuneration**

Directors shall receive a fixed monthly remuneration in accordance with the decision of the AGM each year as provided for in Art. 79 of Act No. 2/1995, on Public Limited Companies. In determining the remuneration amount, consideration shall be given to the time spent on their duties, 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 discusses the Committee's proposal and submits a final motion 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.

#### **Art. 4 Terms of employment of key executives**

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

#### **Art. 5 Contingency remuneration**

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

#### **Art. 6 Information disclosure**

Landsbankinn provides an account of the terms of employment of directors and key executives in its Annual Report.

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

#### **Art. 7 Approval of the Remuneration Policy etc.**

Landsbankinn's Remuneration Policy shall be 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 frequently than once yearly and any amendments submitted to a shareholders' meeting for approval.

The Remuneration Policy serves as a 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 meeting minutes. Deviations must be presented to the bank's next AGM.

### **4. Motions to amend the Articles of Association**

No motions were made to the meeting for amendments to the Articles of Association.

### **5. Election of the Board of Directors**

A list presented of candidates for directors and alternates of Landsbankinn's Board of Directors was withdrawn. Another list was submitted by Icelandis State Financial Investments. The meeting chairman considered this proposal to have been submitted too late and decided to postpone elections to the Board of Directors to a follow-up meeting. The incumbent Board of Directors was

entrusted with advertising a special follow-up AGM, to be held on Friday, 22 April 2016, at 1:00 pm at Austurstræti 11, Reykjavík. The incumbent Board of Directors will therefore continue until a new Board is elected at that meeting.

**6. Election of auditor**

The AGM elected the National Audit Bureau as the Company's auditor for the 2016 financial year.

**7. Decision on remuneration to the Board of Directors for the next term of office**

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 and to the Vice-chairman of the Board ISK 425,000 per month. Remuneration to directors appointed to a sub-committee of the Board, cf. Art. 8 of the Protocols for the Board of Directors, shall be ISK 100,000 per month for each committee to which a Director is appointed. Remuneration to alternates shall be ISK 175,000 for each board meeting attended yet never higher than the fixed monthly remuneration to directors.

**8. Authorisation to purchase own shares**

In accordance with Art. 55 of the Act on Public Limited Companies, No. 2/1995, the AGM agreed 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 2017 AGM of Landsbankinn hf. Disposition of own shares purchased by Landsbankinn based on this authorisation is subject to approval by a shareholders' meeting.

**9. Miscellaneous**

- a. The meeting approved a motion entrusting the Board of Directors to add to its protocols provisions on the competitive independence of Landsbankinn hf. towards other state-owned commercial banks.