



## Minutes of the Annual General Meeting of Arion Bank hf.

The annual general meeting of Arion Bank was held electronically on Tuesday 16 March 2021 at 4:00 p.m.

### Opening the meeting

Brynjólfur Bjarnason, Chairman of the Board of Directors of Arion Bank, began the meeting by welcoming those present and calling the meeting to order. The chairman then proposed that Guðbjörg Hjartardóttir, lawyer, be elected as chair of the meeting and no objections were raised. Guðbjörg then took over the duties of chairing the meeting.

The chair proposed that Snorri Sigurðsson, lawyer in the Legal department of Arion Bank, be elected as secretary to the meeting and no objections were raised. The secretary took over the duties of recording the minutes.

The chair went over the summons to the meeting. She stated that the summons to the meeting had been given with sufficient notice pursuant to Article 88 a. of the Public Limited Companies Act and the provisions of the Bank's Articles of Association. The summons to the meeting had been published in an announcement in the Nasdaq stock exchange system and on the Bank's website on 19 February 2021. The summons to the meeting had also been published in a daily newspaper in Iceland on 20 February 2021 and in Sweden on 23 February 2021. The proposals to be discussed the meeting, and the notes to the proposals, had been published on the Bank's website and in an announcement in the Nasdaq system, and had also been made available to shareholders at the Bank's headquarters.

The chair declared the meeting to be properly constituted to discuss the items on the agenda.

The chair stated that the meeting was the annual general meeting for 2020.

The chair then briefly described the voting arrangements at the meeting, that voting was to be conducted electronically and solely via the electronic voting system Lumi. It was also noted that shareholders had the option of submitting questions and comments digitally via the system. The chair said that according to the information she had on the system, it met the requirements of the Public Limited Companies Act on electronic voting at shareholders' meeting, particularly Article 80 a., provided that the system guaranteed the rights of shareholders to attend a shareholders' meeting, speak at the meeting and cast votes, and the equipment enables the company to confirm which shareholders attend the meeting and what their voting rights are, and the system also keeps a record of the result of voting.

The following agenda and proposals were presented to the meeting:

- 1. The report of the Board of Directors on the Bank's operations during the last financial year**
- 2. Approval of the Bank's annual financial statements**
- 3. A decision on payment of a dividend**
- 4. Election of the Bank's Board of Directors**
- 5. Election of an auditing firm**
- 6. A decision on remuneration to the Board of Directors and compensation to members of the Board's sub-committees**



7. **Proposal concerning the Rules of Procedure of the Nomination Committee and a corresponding amendment to the Articles of Association as to the appointment of the Nomination Committee**
8. **A decision on remuneration to the members of the Bank's Nomination Committee**
9. **Appointment of two members of the Bank's Nomination Committee**
10. **Proposal from the Board of Directors concerning the Bank's Remuneration Policy**
11. **Proposal to authorise the Board of Directors to approve an amendment to the share option plan**
12. **Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association**
13. **Proposal to renew the authorisation to purchase own shares and a corresponding amendment to the Articles of Association**
14. **Authorisation of issuance of Additional Tier 1 notes and a corresponding amendment to the Articles of Association**
15. **Proposal to amend the Bank's Articles of Association**
16. **Other business**

The chair proposed that the items "The report of the Board of Directors", and "The approval of the annual financial statements", i.e. items 1 and 2, be discussed together after the presentation of the annual financial statements. No objections were raised. The chair also announced that the Bank's annual and sustainability report and Pillar 3 Risk Disclosures were available in digital format on the Bank's website.

#### **1. The report of the Board of Directors on the Bank's operations during the last financial year**

Brynjólfur Bjarnason, Chairman of the Board of Directors of Arion Bank, presented the report of the Board of Directors on the operations, activities and financial situation of the Bank in the last financial year.

The chair announced that 96 shareholders or their representatives were in attendance at the meeting, in total representing 66.49% of share capital in Arion Bank hf.

#### **2. Approval of the Bank's annual financial statements**

Benedikt Gíslason, CEO of Arion Bank hf, presented the Bank's annual financial statements for the last financial year.

At the end of the CEO's speech the chair gave the shareholders the opportunity to comment on the Bank's annual financial statements and the report of the Board of Directors.

No questions or comments were received.

The following proposal had been presented to the meeting:

*The Board of Directors of Arion Bank proposes that the Bank's annual financial statement for 2020 be adopted.*

The proposal was put to the vote and approved unanimously.

#### **3. Decision on payment of a dividend**

The chair presented the following proposal of the Board:

*The Board of Directors proposes that a dividend of ISK 2,990,000,000.00 will be paid to the Bank's shareholders. The dividend will be the equivalent of ISK 1.74 a share.*

*If approved by shareholders, the Bank's shares traded on and after 17 March 2021 (ex-date) will be ex-dividend.*



*The right to a dividend will be paid to shareholders registered in the Bank's shareholders registry at the end of 18 March 2021 (record date).*

*The payment date of the dividend will be 24 March 2021.*

The chair gave the shareholders the opportunity to discuss this matter. A query was raised by a shareholder on further dividends during the year and Brynjólfur Bjarnason, chairman, answered that further dividends were certainly a possibility but also referred to the recommendations issued by the Central Bank of Iceland and said that the Bank would follow them. No further comments or queries were received.

The proposal was put to the vote and approved unanimously.

#### **4. Election of the Bank's Board of Directors**

The chair said that by law and according to the Bank's Articles of Association, a board of directors must be elected at an annual general meeting. According to the Bank's Articles of Association the Board of Directors should have 5-8 members and the Alternate Board should have up to three members, and the chair informed the people attending the meeting that the Board of Directors had decided that the election would be such that the Board of Directors would have five members and the Alternate Board two members.

The election of the Board of Directors took place first.

The chair noted that according to the Bank's Articles of Association, prospective candidates to the Board of Directors should announce their candidacies to the Board no later than five days before the annual general meeting.

The following people announced they wished to stand for election to the Board of Directors:

- Brynjólfur Bjarnason
- Gunnar Sturluson
- Liv Fiksdahl
- Már Wolfgang Mixa
- Paul Horner
- Steinunn Kristín Þórðardóttir

The chair said that information on candidates, which must be provided in accordance with Article 63 a. of the Public Limited Companies Act, i.e. name, information on main occupation, other board engagements, education, experience and information on common interests with the main clients and competitors of the company, had been published on the Bank's website and the information had been made available to shareholders at the Bank's headquarters.

The chair said that the Nomination Committee had examined the nominations and, in accordance with the committee's rules, had assessed the independence of the candidates. The Nomination Committee proposed in its report, which has been published in a press release to Nasdaq and on the Bank's website, that Brynjólfur Bjarnason, Gunnar Sturluson, Liv Fiksdahl, Paul Horner and Steinunn Kristín Þórðardóttir be elected to the Board of Directors.

The chair briefly discussed the format of the election. The election then took place and the following people were elected to the Board of Directors:

- Brynjólfur Bjarnason



- Gunnar Sturluson
- Liv Fiksdahl
- Paul Horner
- Steinunn Kristín Þórðardóttir

Next was the election of the Alternate Board of Directors.

The chair said that according to the Bank's Articles of Association, prospective candidates to the Alternate Board of Directors should announce their candidacies no later than five days before the annual general meeting.

The following people announced they wished to stand for election to the Alternate Board of Directors:

- Sigurbjörg Ásta Jónsdóttir
- Þróstur Ríkharðsson

The chair said that the Nomination Committee had examined the nominations and, in accordance with the committee's rules, had assessed the independence of the candidates. The Nomination Committee proposed in its report, which has been published in a press release to Nasdaq and on the Bank's website, that both the above candidates be elected to the Alternate Board of Directors of Arion Bank.

The chair announced that since no other candidacies had been announced, the above people were duly elected to the Alternate Board of Directors.

The following people now serve on the Board of Directors of Arion Bank:

- Brynjólfur Bjarnason
- Gunnar Sturluson
- Liv Fiksdahl
- Paul Horner
- Steinunn Kristín Þórðardóttir

and the Alternate Directors are:

- Sigurbjörg Ásta Jónsdóttir
- Þróstur Ríkharðsson

Next was the election of the Chairman of the Board of Directors.

The chair announced that the Nomination Committee had proposed that Brynjólfur Bjarnason be re-elected as Chairman of the Board. Next was the election of the Chairman from among the newly elected members of the Board of Directors. Brynjólfur Bjarnason was re-elected as Chairman of the Board of Directors.

Finally, there was the election of the Vice Chairman of the Board of Directors.

The chair announced that the Nomination Committee had proposed that Paul Horner be elected as Vice Chairman. Next was the election of the Vice Chairman from among the newly elected members of the Board of Directors, excluding the Chairman. At first the voting system gave an



incorrect result and it was decided to repeat the vote. The result was that Paul Horner was elected as Vice Chairman of the Board of Directors.

A shareholder asked why the voting system had produced an incorrect result in the election of the Vice Chairman, and employees of the meeting asked for an explanation from Lumi. Lumi said that there had been a human error, caused by the fact that the name of the Board members who had not been up for election as Vice Chairman had been removed from the system when the election took place. As a result, votes for Paul Horner were incorrectly attributed to another Board member. The explanation provided by Lumi provided no reason to distrust the system in subsequent votes.

## 5. Election of an auditing firm

The chair presented the following proposal of the Board:

*The Board of Directors proposes that Deloitte ehf. will be elected to continue to act as the Bank's external auditors until the next AGM. The Lead Audit Partner is Páll Grétar Steingrímsson. This proposal is based on an agreement between Arion Bank and Deloitte from August 2019 and Article 90 of Act No. 161/2002 on Financial Undertakings.*

No representatives of the shareholders commented on the proposal. The proposal was therefore put to the vote by the chair and it was unanimously approved.

## 6. A decision on remuneration to the Board of Directors and compensation to members of the Board's sub-committees

The chair announced that the following Board proposal had been made on remuneration to the Board of Directors, members of Board sub-committees and alternate Directors:

*It is proposed that the monthly salary of Board members be ISK 600,000, the monthly salary of the Vice Chairman be ISK 900,000 and the monthly salary of the Chairman be ISK 1,200,000. Board members residing outside of Iceland will receive travel allowance of ISK 300,000 for each Board meeting they attend in person. In addition, it will be permitted to pay those Board members who serve on the Board's sub-committees a maximum of ISK 200,000 per meeting, but never more than ISK 400,000 a month, and the chairmen of Board sub-committees ISK 300,000 per meeting, but never more than 600,000 a month. Alternate Directors shall be paid a minimum of ISK 300,000 per annum. The salary of Alternate Directors will be ISK 600,000 for each Board meeting attended, but never more than ISK 600,000 a month in case there are more meetings.*

*For Board members residing outside of Iceland, these figures shall be paid in the equivalent amount in their respective currency, fixed at the average three-year official exchange rate prior to the date of the 2021 AGM.*

The chair announced that the Pension Fund of Commerce had proposed the following amendment to the above Board proposal: The proposed amendment was:

*It is proposed that the monthly salary of Board members be ISK 490,900, the monthly salary of the Vice Chairman be ISK 736,200 and the monthly salary of the Chairman be ISK 981,400. Board members resident abroad shall be reimbursed expenses for travelling to and from meetings which they attend in person, up to a maximum of ISK 300,000 for each meeting.*

*In addition, it will be permitted to pay those Board members who serve on Board committees of the company a maximum of ISK 196,300 a month for serving on each committee and chairmen of Board committees ISK 255,000 a month. The salary of Alternates will be ISK 248,600 for each meeting attended, up to a maximum of ISK 490,900 in the case of more than one meeting a month.*



*For Board members residing outside of Iceland, these figures shall be paid in the equivalent amount in their respective currency, fixed at the average three-year official exchange rate prior to the date of the 2021 AGM.*

The chair then stated that the Board of Directors had proposed an amendment to the aforementioned proposed amendment of the Pension Fund of Commerce. The proposed amendment only concerned payments to Board members resident abroad.

The chair briefly discussed the explanatory note to the Board's proposed amendment, i.e. that the proposal was made on behalf of the Nomination Committee in consultation with the Pension Fund of Commerce.

The chair pointed out that given the circumstances and the background to the Board's proposed amendment to the proposed amendment of the Pension Fund of Commerce, as described in the explanatory note to the Board's proposed amendment, the chair suggested that a vote would first take place on the proposed amendment of the Pension Fund of Commerce with the changes which had been proposed by Board of Directors. No one at the meeting raised any objections to this.

The following proposal was then put to the vote:

*It is proposed that the monthly salary of Board members be ISK 490,900, the monthly salary of the Vice Chairman be ISK 736,200 and the monthly salary of the Chairman be ISK 981,400. Board members residing outside of Iceland will receive ISK 300,000 for each Board meeting they attend in person.*

*In addition, it will be permitted to pay those Board members who serve on Board committees of the company a maximum of ISK 196,300 a month for serving on each committee and chairmen of Board committees ISK 255,000 a month. The salary of Alternates will be ISK 248,600 for each meeting attended, up to a maximum of ISK 490,900 in the case of more than one meeting a month.*

*For Board members residing outside of Iceland, these figures shall be paid in the equivalent amount in their respective currency, fixed at the average three-year official exchange rate prior to the date of the 2021 AGM.*

Votes were cast on the proposed amendment, including the Board's proposed amendment, and it was approved with a majority of votes. There was therefore no vote on the original proposed amendment from the Pension Fund of Commerce or the original Board proposal.

## **7. Proposal concerning the Rules of Procedure of the Nomination Committee and a corresponding amendment to the Articles of Association as to the appointment of the Nomination Committee**

The chair stated that the following proposal had been made to the meeting:

*a. The Board of Directors proposes that amended Rules of Procedure of the Bank's Nomination Committee will be approved.*

*The Board of Directors further proposes that if the amended Rules of Procedure will be approved, the following amendment be made to Article 13.2 of the Bank's Articles of Association:*

The provisions of item viii) of Article 13.2 shall be replaced by the following:

"Proposal on the Rules of Procedure of the Nomination Committee."



The chair announced that the Board had withdrawn the proposal. The chair asked if shareholders wished to retain the proposal but nobody expressed any interest in this. The proposal was therefore considered to have been withdrawn.

#### **8. A decision on remuneration to the members of the Bank's Nomination Committee**

The chair announced that the following proposal had been made by the Board:

*The Board proposes that should the proposal on amendments to the rules of procedure of the Nomination Committee fail to be approved, remuneration to members of the Bank's Nomination Committee shall remain unchanged from the previous year.*

The chair pointed out that since the proposal on amending the rules of procedure of the Nomination Committee had been withdrawn, this proposal of the Board would be dealt with at the meeting. The chair gave the shareholders the opportunity to discuss this proposal.

No one wished to discuss the matter. The proposal was then put to the vote. The proposal was approved almost unanimously.

#### **9. Appointment of two members of the Bank's Nomination Committee**

The chair pointed out that since the Board proposal under item 7 had been withdrawn this item would be dealt with at the meeting.

The chair explained to shareholders that under this item on the agenda, two members of the Bank's Nomination Committee were due to be elected. The chair explained that according to the Bank's Articles of Association and the rules of the Nomination Committee, the Bank's shareholders should be given the opportunity to elect two of the three members of the Nomination Committee. The third committee member shall be the Chairman of the Board of Directors or another Board member appointed by the Board.

The chair announced the names of the following candidates:

- Júlíus Þorfinnsson
- Vitaliy Ardislamov

The chair announced that since no other nominations had been received, the above were duly elected to the Nomination Committee.

Júlíus Þorfinnsson and Vitaliy Ardislamov were therefore duly elected as members of the Nomination Committee.

#### **10. Proposal from the Board of Directors concerning the Bank's Remuneration Policy**

The chair introduced the Board's proposal on the Bank's Remuneration Policy.

*The Board of Directors proposes that the Remuneration Policy will be amended. The amendments proposed entail changes in wording, not content, intended to better represent the content of the Bank's Remuneration Policy.*

The chair pointed out that a draft of the updated Remuneration Policy had been available on the Bank's website.

The shareholders were then given the opportunity to comment on the proposal.

Gildi Pension Fund had sent the company the following statement and asked that it be recorded in the minutes of the meeting:





“Gildi Pension Fund is voting against the proposal. The board of directors of Arion Bank has not satisfactorily justified the need and purpose for exercising the authority to establish a performance-related remuneration scheme, increase call options and warrants. In the opinion of the fund the salaries of the Bank’s management appear, when taking into account the possibility of performance-related payments, call options and warrants, to be higher than the norm at other Icelandic banks and listed companies on the Icelandic market. The fund’s view on warrants to employees was stated at the extended annual meeting of the Bank in 2020. If companies decide to use any kind of performance-related remuneration scheme, it is appropriate to take into account the overall picture, e.g. lower fixed salaries than at companies where such schemes are not in place. It is important that such schemes do not encourage excessive risk taking. Therefore the company’s board of directors is asked to review its remuneration policy and how it is implemented with these views in mind.

The Pension Fund of Commerce had also sent the company the following statement and asked that it be recorded in the minutes of the meeting:

“The provision in the remuneration policy on Arion Bank’s bonus scheme and stock option scheme is very open in the opinion of LV. The policy does not state whether and in which case under what circumstances and to what extent it is permitted to pay employees and management remuneration beyond their fixed salaries. The board of directors of the Bank has not provided sufficient reasoning why it was necessary to establish a performance-related remuneration scheme since the salaries of the Bank’s managers appear to LV to be higher than at other Icelandic banks and listed companies in Iceland.

LV believes that there is good reason to review the company’s remuneration policy in order to make it clearer, more transparent and more detailed. This will help set out more clearly how the policy can support sound operations and the company’s long-term vision and shareholders will be better able to take an informed stance on the policy.

LV encourages the board of directors to publicize the new policy before the company’s next AGM so that shareholders have sufficient time to consider the proposals and to have constructive dialogue with the company.

In this respect LV refers to its shareholder policy and the 6th edition of the corporate governance guidelines which come into effect on 1 July 2021.”

No further queries or comments were received and the chair put the proposal to the vote. The proposal was voted on. The proposal was passed with a majority of votes.

## **11. Proposal to authorise the Board of Directors to approve an amendment to the share option plan**

The chair presented the following proposal of the Board of Directors:

*The Board of Directors proposes that it be authorised to amend the previously established share option plan based on Article 10 of Act No. 90/2003 on Income Tax, so that the Company can conclude share option agreements with the Bank’s permanent employees for shares in the Bank for up to ISK 1,500,000 per year, instead of the current annual maximum purchase price of ISK 600,000.*

The chair briefly discussed the Board’s explanatory note on the proposal. The chair gave the people attending the meeting the opportunity to comment on the proposal. No questions or comments were received.

The proposal was put to the vote and passed with a majority of votes.





## 12. Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association

The chair announced that a proposal had been made to reduce share capital by cancelling the Bank's own shares. The Board's proposal is as follows:

*The Annual General Meeting of Arion Bank hf., held on 16 March 2021, resolves to reduce share capital from ISK 1,730,000,000 to ISK 1,700,000,000 nominal value by cancelling 30,000,000 own shares. The reduction will be executed by cancelling the Bank's own shares amounting to the above mentioned amount provided that all applicable legal conditions are met.*

*The proposal entails a change to Article 4.1. of the Bank's Articles of Association, which will read as follows:*

*"The Company's share capital is ISK 1,700,000,000.00 – one billion seven hundred million Icelandic krónur."*

The chair then said that the Board of Directors had proposed an amendment to the above proposal, so that instead of being reduced by 30,000,000 shares the share capital would be reduced by 70,000,000 shares. In the Board's explanatory note to the proposed amendment it was stated that it had been proposed following a recommendation from a shareholder and was based on the fact that the Bank now owned more own shares than it had when the original proposal was made.

The chair proposed that the original proposal, with amendment proposed by the Board, would be put to the vote in its entirety. The following proposal was then put to the vote:

*The Annual General Meeting of Arion Bank hf., held on 16 March 2021, resolves to reduce share capital from ISK 1,730,000,000 to ISK 1,660,000,000 nominal value by cancelling 70,000,000 own shares. The reduction will be executed by cancelling the Bank's own shares amounting to the above mentioned amount provided that all applicable legal conditions are met.*

*The proposed amendment entails a change to Article 4.1. of the Bank's Articles of Association, which will now read as follows:*

*"The Company's share capital is ISK 1,660,000,000.00 – one billion six hundred and sixty million Icelandic krónur."*

The chair gave the shareholders the opportunity to comment on the proposal and the way the voting is conducted. No questions or comments were received.

The proposal was then put to the vote. The proposal was passed with a majority of votes.

## 13. Proposal to renew the authorisation to purchase own shares and a corresponding amendment to the Articles of Association

The chair announced that a proposal had been made to renew the Board's authorisation to purchase own shares and a corresponding amendment to the Articles of Association.

*The Board of Directors proposes that the authorisation to purchase the Bank's shares is renewed. It is further proposed that should the proposal be approved, the authorisation will be recorded in an Annex to the Articles of Association of the Bank, replacing the current Annex. The proposal reads as follows:*

*"The Annual General Meeting of Arion Bank hf. held on 16 March 2021 authorises the Board of Directors, based on Article 55 of the Company Act No. 2/1995, to acquire on behalf of the Bank up to 10% of issued share capital of the Bank. The authorisation shall be used to set up a*



*formal share repurchase program or for the purpose of offering shareholders generally to sell their shares to the Bank, e.g. through auction, provided equal treatment of shareholders is ensured should such offer be made. The repurchase of shares under this authorisation is conditional upon the prior approval of the Financial Supervisory Authority in accordance with paragraph 3 (a) of Article 84 of the Act on Financial Undertakings No. 161/2002.*

*This authorisation shall remain in effect until the Bank's Annual General Meeting in 2022 or 15 September 2022, whichever occurs first. Older authorisations to purchase own shares are cancelled with the approval of this authorisation."*

The chair gave the shareholders the opportunity to discuss this proposal. No questions or comments were received.

The proposal was then put to the vote. The proposal was passed with a majority of votes.

#### **14. Authorisation of issuance of Additional Tier 1 notes and a corresponding amendment to the Articles of Association**

The chair introduced the Board's proposal on amending Article 4.8 of the Bank's Articles of Association and the adding of a new Article 4.9. The proposal was as follows:

*The Board of Directors proposes that the Annual General Meeting approve an amendment to Article 4.8 in the Bank's Articles of Association, and, furthermore, that a new Article 4.9 be added. The current Article 4.9 will accordingly become Article 4.10.*

*Articles. 4.8 and 4.9 will, if approved, read as follows:*

*"With reference to a Shareholders Resolution dated 20 March 2019 (the "Shareholders Resolution"), on 26 February 2020, convertible notes (the "Notes") that meet the additional tier 1 requirements according to article 84 b of the Act on Financial Undertakings, no. 161/2002, in the total initial amount of USD 100,000,000 were issued and listed on the Luxembourg Stock Exchange. The Notes are perpetual, subordinated convertible notes and are issued under the €3,000,000,000 Euro Medium Term Note Programme of the Company. The Board of Directors is authorised to issue new shares in the Company in order to fulfil the Company's obligations under the Notes. The amount of the Notes and conditions for conversion is set so that the total number of shares which may be issued upon conversion of the Notes (the "Conversion Shares"), by virtue of this authorisation, may not exceed 211,416,490 shares. The maximum number of Conversion Shares which may be issued upon conversion of the Notes may be increased pursuant to the terms and conditions of the Notes, including in the event of any discounted share issue, bonus issue, discounted rights issue, any other issue of securities to shareholders as a class or issue of other convertible securities, conversion of convertibles other than the Notes, share split, mergers, acquisitions, dividend distributions or similar corporate events (including the Company's dissolution by way of merger or division). The Notes are convertible into Conversion Shares in accordance with the terms and conditions of the Notes if a Conversion Trigger Event (as defined in the terms and conditions of the Notes) occurs at any time while they are outstanding. The Conversion Shares shall upon conversion be deemed as fully paid and have the same rights and obligations as other shares in the Company in accordance with these Articles of Association. With reference to the Shareholders Resolution, the shareholders of the Company have waived any preferential rights with respect to subscription of the Conversion Shares.*

*"By a shareholders resolution of the Annual General meeting of the Company on 16 March 2021, the Board of Directors is authorised, for the period until the annual general meeting in 2025, on one or several occasions, with deviation from any shareholders preferential rights, to issue convertible notes for the maximum amount of ISK 20,000,000,000 or equivalent amount in other currencies (the "New Notes") that meet Additional Tier 1 requirements according to*



*Article 84 b of the Act on Financial Undertakings, No. 161/2002. The New Notes shall be perpetual (without a maturity date), subordinated and convertible into shares in the Company. The Board of Directors is authorised to issue new shares in the Company in order to fulfil the Company's obligations under the Notes. Final loan amounts and conditions for conversion shall be set so that the total number of shares which may be issued upon conversion of the New Notes (the "New Conversion Shares"), by virtue of this authorisation, may not exceed 600,000,000 shares. The maximum number of New Conversion Shares which may be issued upon conversion may however be increased pursuant to the terms and conditions of the New Notes e.g. in the event of any discounted share issue, bonus issue, discounted rights issue, any other issue of securities to shareholders as a class or issue of other convertible securities, conversion of convertibles other than the New Notes, share split, mergers, acquisitions, cash or non-cash dividend or similar corporate events (including the Company's dissolution by way of merger or division). The New Notes shall be convertible into Conversion Shares in accordance with the terms and conditions of the New Notes. The New Notes will not be convertible at the option of the holders. The New Conversion Shares shall upon conversion be deemed as fully paid and have the same rights and obligations as other shares in the Company in accordance with these Articles of Association. By the shareholders resolution, the shareholders of the Company waive any preferential rights with respect to subscription of the New Conversion Shares. The Board of Directors shall resolve on all other terms and conditions for issuance according to this authorisation."*

The chair gave the shareholders the opportunity to discuss this proposal. No questions or comments were received.

The proposal was then put to the vote. The proposal was passed with a majority of votes.

#### **15. Proposal to amend the Bank's Articles of Association**

The chair announced that the Board of Directors proposed that new Articles of Association for the company be approved. The new Articles of Association and an overview of the material changes contained therein can be viewed on the Bank's website.

The chair gave the shareholders the opportunity to discuss this proposal. No questions or comments were received.

The proposal was then put to the vote. The proposal was passed with a majority of votes.

#### **16. Other business**

The chair gave the Board of Directors and representatives of the shareholder the opportunity to raise questions or to comment.

No comments or questions were received and no other matters were raised.

The chair noted that the Bank intended to obtain a formal report from Lumi on the election of the Vice Chairman of the Board, see Item 4, and said that the results would be published on the Bank's website.

The people attending the meeting were then given the opportunity hear the minutes read out aloud if they wished. No shareholder asked for the minutes to be read aloud and the chair and secretary were asked to complete the minutes.

No further business was discussed and the meeting was adjourned at 6:10 p.m.



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Snorri Sigurðsson, lawyer

Secretary

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Guðbjörg Helga Hjartardóttir, lawyer

Chair