

## **Agenda and Proposals to the Annual General Meeting of Glitnir banki hf. , which will be held on 20 February 2008**

### **Agenda for the Annual General Meeting**

1. Report of the Board of Directors on the Bank's activities in 2007.
2. Audited financial statement of the Bank for 2007.
3. Decision on payment of dividends and disposal of the Bank's earnings in 2007.
4. Proposed amendments to the Company's Articles of Association.
5. Board of Directors' proposal concerning the compensation policy of Glitnir banki hf.
6. Elections to the Board of Directors.
7. Election of an auditing firm.
8. Decision on the remuneration of the Board of Directors for the coming electoral term.
9. Proposal for allocation to the Glitnir Cultural Fund.
10. Proposal for authorisation to the Board of Directors to purchase treasury shares in Glitnir banki hf.
11. Any other business.

### **Proposals to the Annual General Meeting**

The Board of Directors of Glitnir banki hf. agreed to make the following motions to the Annual General Meeting (AGM) of the bank, which will be held on 20 February 2008:

#### **A. Motion by the Board of Directors on allocation of profit and payment of dividend**

The AGM of Glitnir banki hf. resolves that from the after-tax profit of the operating year 2007, which amounted to ISK 27.651 billion, a dividend be paid totalling ISK 5.506 billion to shareholders in proportion to their shareholdings, or the equivalent of 19,9% of the profit for the year 2007 and 37% of the nominal value of share capital. The due date for the dividend payment shall be 20 February 2008, but payment of the dividend by the Company shall be made without interest on 13 March 2008. The remainder of the profit for the year shall be allocated to increase the equity of Glitnir banki hf.

At the same time the AGM resolves that shareholders shall have the option to receive up to one half of their dividend in shares in Glitnir banki hf. at the price of 17.10 per share.

#### **B. Motion by the Board of Directors on auditing firm**

The AGM of Glitnir banki hf. elects PricewaterhouseCoopers hf. as the Company's auditing firm.

#### **C. Motion by the Board of Directors on remuneration to Members of the Board**

The AGM of Glitnir banki hf. resolves to pay remuneration of ISK 350,000 per month to each Member of the Board of Directors, remuneration to the Vice-chairman of the Board of ISK 700,000 per month and to the Chairman of the Board of ISK 1.050,000 per month. Remuneration to alternate Members of the Board of Directors shall be ISK 100,000 for each meeting attended. Remuneration for Board members sitting on sub-committees of the Board shall be ISK 75,000 per month to each member and ISK 150,000 to Board members chairing the sub-committees.

#### **D. Motion by the Board of Directors on contribution to the Cultural Fund of Glitnir.**

The AGM of Glitnir banki hf. resolves that the contribution to the Cultural Fund of Glitnir shall be ISK 200 million in 2008.

#### **E. Proposal by the Board of Directors on the Company's purchase of its own shares**

The AGM of Glitnir banki hf. authorises the Board of Directors to purchase the Company's own shares or accept them as collateral. This authorisation shall be valid for 18 months; the total amount of shares purchased and accepted as collateral may not exceed 10% of the Company's current total share capital.

The minimum share purchase price shall be no more than 10% lower than, and the maximum no more than 10% higher than, the quoted buying and selling price on the Iceland Stock Exchange hf.

An identical authorisation granted by the AGM on 20 February 2007 shall be cancelled concurrently.

**F. Motion by the Board of Directors that the following compensation policy be adopted for the bank's CEO and management.**

**“The compensation policy of Glitnir banki hf. pursuant to article 79a of Act nr 2/1995 on limited liability companies.**

The compensation policy of Glitnir banki hf., and its subsidiaries, is aimed at attracting, retaining and motivating the people and the talent needed to grow the bank and make it successful in the international financial markets. This compensation policy covers most aspects of the compensation and benefits (employment terms and conditions) provided to the Chief Executive Officer (CEO) and to the senior management of Glitnir. The remuneration to the members of the Board of Directors shall be decided at the Annual General Meeting for the subsequent term in office.

In addition to the base salary, Glitnir banki hf. is at liberty to provide to the CEO and its senior management short-term and long-term incentives and other perquisites mentioned here below (but not limited to that):

- Short-term incentives and payments based on operational results of the bank and/or individual business units/divisions. Individual performance and leadership capabilities are also considered, e.g. how senior management manages the employees and works according to the corporate values (Fast, Smart, and Thorough). Long-term incentives in form of equity vehicles in Glitnir banki hf. and/or its subsidiaries. Equity based incentive grants are presented in the annual report. Employee stock options may amount, at any given time, to as much as 5% of the bank's issued share capital.
- Glitnir banki hf. makes pension contributions based on local and regional laws and regulations and collective bargaining regimes in jurisdictions in which the bank is operating. Glitnir banki hf. takes the prerogative to negotiate especially with senior management additional pension contributions if and when required.
- The bank strives to maintain and improve the skills and abilities of its leadership team to support the current and future growth of the bank.
- Payments to senior management up on termination of employment shall generally only be based on the applicable employment agreement. Under special circumstances, when such arrangements are in the best interest of the bank, the bank can make specific termination agreements with its senior management.

This compensation policy provides guidance to the Board of Directors of Glitnir banki hf. unless otherwise stipulated by law, but is not exhaustive. The Board of Directors of Glitnir banki hf. will consider and decide on all the elements of the employment terms and conditions of the CEO and senior management of the bank and its subsidiaries as required.”

**G. A Motion by the Board of Directors that the following amendments be made to the Company's Articles of Association:**

The AGM of Glitnir banki hf. resolves to make the following changes to the Company's Articles of Association:

That Article 4 of the Articles be amended so as to authorise the Board of Directors to increase the nominal share capital of the Company by up to ISK 4.200 million, including the authority to increase the nominal share capital of the company by up to ISK 200 million to accommodate dividend payments to shareholders. Article 4 to be as follows:

“The share capital of the Company shall be ISK 14.880.701.303 – fourteen billion eight hundred eighty eight millions seven hundred and one thousand three hundred and three Icelandic krónur – divided into an equal number of shares of a nominal value of 1 Icelandic króna.

The Board of Directors of the Bank is authorised to raise the share capital of the Company by up to ISK 1.500.000.000 – one thousand and five hundred million Icelandic krónur – through subscriptions to new shares. The Board of Directors of the Bank shall decide the offering price and payment terms of the new shares and the stages in which the authorisation is to be utilised. Shareholders shall have a pre-emptive right to subscription to new shares in the Company in direct proportion to their shareholdings. The Board of Directors of the Bank may set further rules on the sale of the shares. The authorisation of the Board of Directors of the Bank under this paragraph shall lapse at the end of 2009 to the extent that it has not then been exercised.

The Board of Directors of the Bank is authorised to raise the share capital of the Company by up to ISK 2.500.000.000 – two thousand and five hundred million Icelandic krónur – through subscriptions to new shares. The Board of Directors of the Bank shall decide the offering price and payment terms of the new shares and the stages in which the authorisation is to be utilised. Shareholders shall not have a pre-emptive right to subscription to these new shares. The Board of Directors of the Bank may set further rules on the sale of the shares. The authorisation of the Board of Directors of the Bank under this paragraph shall expire at the end of 2009 to the extent that it has not then been exercised.

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to ISK 200.000.000 – two hundred million Icelandic krónur – to accommodate dividend payments in shares in the Company for the financial year 2007.”