

**Proposals submitted to the Annual General Meeting of SPRON hf.
Wednesday February 27 2008**

1. Proposal on dividends

The Board of Directors of SPRON hf. proposes that shareholders be paid dividends amounting ISK 1,643 million or half of the years after tax profits for the year 2007. Dividend per share is ISK 0.33. Ex-dividend date is February 28 and record date March 3.

Shareholders can at their own request be paid in part or wholly with shares in SPRON hf at the price ISK 5,62 per share. The record date for dividends will be at the end of February 27 2008. Shareholders shall inform the bank of their intention to be paid with shares by 17.00 on April 3 2008 on the Group's website www.spron.is. Those who do not wish to be paid in shares will be paid in cash on April 10 2008.

2. Proposal on amendments to the Articles of Association

The Board of Directors proposes the following change to paragraph 13 in the Articles of Association: "Applicable whether voting rights are based on direct or indirect ownership."

3. Proposal of the Board of Directors on a remuneration policy

SPRON's remuneration policy is implemented with the primary goal of maintaining and attracting competent and ambitious management and employees. SPRON's competitiveness is based on responsible and able employees. The company aims to offer a good working environment, including competitive compensation, to make SPRON hf. an attractive option in the job market.

The Board of Directors has agreed to the following remuneration policy in accordance with Act 2/1995 article 79a on Public Limited Companies and rules on good corporate governance.

1. The Board of Directors of SPRON hf. shall appoint a compensation committee to advise the Board of Directors on the salaries paid to the CEO. The purpose of the committee is to propose an agreement on salaries and other benefits paid to the CEO and approve a policy on matters related to compensation for the company such as bonuses and stock options in the company.

The compensation committee shall review the compensation policy annually and submit to the Annual General Meeting for approval.

The remuneration of the Board of Directors shall be decided at the Annual General Meeting each year.

2. Compensation to the CEO shall be based on an examination on salaries paid in equivalent positions in the financial market and take into account education, experience and prior positions. A written contract shall be made which states the CEO's basic salary, stock option programmes, pension fund payments, benefits and termination period.

The CEO shall determine the salaries of managing directors and other executives within the Group including bonuses, pension fund payments and other benefits. The compensation of managing directors shall take into account the position in question, the responsibility it entails, progress and future career opportunities within the company.

The compensation of managing directors of subsidiaries is the responsibility of the subsidiary's Board of Directors.

Termination payment shall generally be based on the individuals employment contract.

3. SPRON's stock option programme is optional for all employees in permanent employment. The programme is for all of the Group's employees and its subsidiaries.

Employee ownership is considered to provide greater incentive for employees to support the continued growth and the success of the company.

The stock option programme is valid for three years.

Employees can finance the purchase of shares with loans from the bank in accordance with general rules on loans in SPRON hf.

In total stock options can amount to 4% of issued share capital in SPRON hf. at any given time.

4. The remuneration policy is binding on the bank's Board of Directors of SPRON hf. where it pertains to payments in stock option programmes and other agreements or payments which are linked to the development of share price in the bank in accordance with article 79 of Act no. 2/1995 on Public Limited Companies. In other respects the remuneration policy is of guidance for the Board of Directors. If deviations from the remuneration policy are significant then such deviations shall be noted in the minutes of the board meeting with explanations and explained at the following Annual General Meeting.

The remuneration policy was first agreed at an extraordinary shareholders meeting on August 21 2007 and is now submitted unchanged to the Annual General Meeting for approval.

4. Election of an auditor for the next accounting year

It is proposed that KPMG Endurskodun hf. be elected as the company's auditors for the year 2008.

5. Proposal on remuneration of the Board of Directors for the term of one year

It is proposed that Board members receive ISK 200,000 per month and that the Executive Chairman receives ISK 400,000 per month.

7. Proposal to authorise the Bank to purchase own shares

The Board of Directors, acting for the Bank, is authorised to purchase own shares in the Bank or to accept such shares as collateral. This authorisation shall be effective for 18 months from the date of the Annual General Meeting 2008 with the restriction that the total shares purchased or accepted as collateral shall not exceed 10% of the total shares in the Bank at each time. The price paid shall not be lower than 10% below, and not higher than 10% above, the rate at which the Bank's shares are priced on the Iceland Stock Exchange (OMX Iceland).