

## Annex B

# Proposal to Articles of Association of Eik Banki P/F

The amended Articles of Association have been translated into English from Faroese. In case of any inconsistency between the Faroese Articles of Association and the English translation, the Faroese version will be the valid version.

# Articles of Association of Eik Banki P/F

## Name, registered office and objects

### Article 1

**1.1** The Company's name is Eik Banki P/F. The Company also carries on business under the secondary names EikiBanki P/F, Eik Bank P/F, Eik Bank International P/F and Føroya Sparikassi P/F.

**1.2** The Company's registered office is situated in Thorshavn local authority.

**1.3** The objects for which the Company is established are to undertake, carry on and engage in banking as well as any other activities authorised by the Danish Financial Business Act.

## Capital and Shares

### Article 2

**2.1** The Company's share capital amounts to DKK 812,927,400, divided into 8,129,274 shares in the denomination of DKK 100.00. The Board of Directors is authorised to split the shares in the denomination of DKK 1.00 or multiples thereof.

The share capital is fully paid up.

**2.2** The shares shall be issued in registered form and recorded as such in the Company's Register of Shareholders.

Subject to the Board of Directors' resolution, the shares may be registered with the Danish Securities Centre or another similar institution.

Subject to the Board of Directors' resolution, the shares may be admitted to listing in a securities market, including in an authorised market place in the Faroe Islands or abroad.

**2.3** The shares shall not be transferred to bearer. The shares shall be negotiable instruments.

**2.4** No share transferee shall be entitled to exercise the right of a shareholder unless the transferee has been recorded in the Register of Shareholders or has given substantiated notification in writing of his acquisition. However, this provision shall affect neither the right to dividend and other disbursements nor the right to new shares in the event of an increase of the share capital.

**2.5** The shares shall be freely transferable, but see Articles 4.1 and 4.2.

**2.6** No shareholder shall be obligated to have his shares redeemed in whole or in part, but see Articles 4.3 and 4.4.

### Article 3

**3.1** Until 1 October 2012, the Board of Directors shall be authorised to increase the share capital by one or more issues to a denomination of DKK 200,000,000 in total.

The Company's shareholders shall have a pre-emptive right to subscribe for new shares unless the increase:

- a. is subject to free subscription at market price;
- b. is conducted in connection with the conversion of debt into shares; or
- c. is used as payment for an acquisition or partial acquisition of other enterprises or specific capital assets having a value corresponding to the value of the shares issued.

**3.2** Within the period stated in Article 3.1, the Board of Directors shall be authorised to increase the share capital by one or more issues to a denomination of DKK 10,000,000 in total to be offered to staff members and members of the Management of the Company and/or the Company's subsidiaries at a price fixed by the Board of Directors.

**3.3** Any new shareholders shall have the same pre-emptive right as existing shareholders in connection with future capital increases.

**3.4** The shares shall be negotiable instruments, issued in registered form, rank for dividend and provide other rights from such time as is determined by the Board of Direc-

tors but not later than from the beginning of the financial year immediately following the adoption of the capital increase.

**3.5** New shares shall in general entail the same rights as old shares.

**3.6** The Board of Directors shall be authorised to make necessary amendments to the Articles of Association in connection with any capital increase.

## Ownership restriction

### Article 4

**4.1** No shareholder may own more than 10% of the Company's shares.

The above restriction shall not apply to:

- a. The Eik Grunnur
- b. Any holding company established as part of a change in the Company's financial activities.
- c. Any restructuring of the Company made in concert with the Danish Financial Supervisory Authority following a capital loss.

**4.2** For the purpose of Articles 4.1, 6.5 and 6.6, shares shall be deemed to be owned by one shareholder, provided that such special relations exist between the owners that they must be assumed to have a community of interests in exercising their voting rights on the shares, including such instances where the owners have affiliations or associations with a joint group or have common interests through their holding of shares or otherwise.

In cases of doubt, the Board of Directors shall pass a resolution. Such resolution may be brought before the General Meeting.

**4.3** In the event that the ownership restriction stipulated by Article 4.1 is exceeded, the shareholder shall sell off the excessive shares within four weeks of a demand in that respect having been made. In the event that the shareholder does not observe this deadline, the Company shall be entitled to redeem the excessive shareholding at par or at the price quoted from time to time if lower than par.

**4.4** In the event of a situation comprised by Article 4.2, and the owners disagree on whose shares to redeem as stipulated in Article 4.3, the Company shall be entitled to redeem the excessive shares among the shares last acquired.

## Representative districts

### Article 5

**5.1** The Company's operational area shall be divided into seven representative districts:

- Suðurstreymoy together with Nólsoy, Hesti and Koltri
- Norðstreymoy
- Eysturoy
- Norðoyggjar
- Suðuroy
- Sandoy together with Skúvoy and Dímun
- Vágoy together with Mykinesi

**5.2** The Company's shareholders shall be registered as being attached to the representative district in which they request to be registered.

**5.3** In the event that a shareholder does not make request to be registered in a specific representative district, the shareholder shall be registered as belonging to the representative district in which, according to the Company's Register of Shareholders, the shareholder resides.

The residence of enterprises, associations or other legal persons who have not submitted a written request to be registered in a specific representative district, shall be the address of their headquarters.

If a shareholder resides outside the representative districts and has not submitted a request to be registered in a specific representative district, the Company shall decide the representative district in which the shareholder in question shall be registered.

**5.4** A shareholder can be registered in one representative district only but may submit a written request to be registered in another representative district instead.

The change shall be effective not later than one month after the Company has received such written request.

## Board of Representatives

### Article 6

**6.1** The Board of Representatives shall work to promote the Company's activities and shall as representatives exercise the shareholder's voting rights at the Company's General Meetings.

**6.2** Election of members of the Board of Representatives shall be supervised by the auditors elected by the General Meeting, shall be conducted by an election committee

consisting of three members appointed by the Board of Directors and shall be held in each of the representative districts every fourth year in the first quarter in pursuance of the election rules appended as Annex 1, as adopted by the General Meeting and approved by the Danish Financial Supervisory Authority.

**6.3** Shareholders entitled to vote for the Board of Representatives shall be those whose shares are issued in registered form and recorded as such in the Company's Register of Shareholders on 1 January in the same year or who have filed proof of their acquisition of shares on 1 January in the same year. The legally incapable shareholders' right to vote shall be exercised by their guardians.

Shareholders exercising their rights in respect of Article 6.6 shall not be entitled to vote.

**6.4** Shareholders entitled to vote in pursuance of Article 6.3 shall, in the representative district in which, in pursuance of Article 5, they are registered on the date when they collect the admission card to the Shareholder's Meeting, elect members for the Board of Representatives as follows:

15 members in Suðurstreymoy, 10 members in Eysturoy and 6 members of each representative district of Norðoyggjar, Norðstreymoy, Suðuroy, Sandoy and Vágoy – a total of 55 members elected for a term of four years from 1 April in the same year.

**6.5** For each share the shareholders entitled to vote shall have one vote for the Board of Representatives election; but each shareholder shall not have more than 2.5% of the total number of votes for the Board of Representatives election.

The total number of votes for the Board of Representatives election shall be calculated on the basis of the total of shares at 1 January in the same year, excluding shares represented according to Article 6.6 rounded down to the nearest full figure.

**6.6** Any shareholder or shareholders owning at least 1% of the Company's total number of shares, including the Eik Grunnur or any holding company, see Article 4.1, may appoint a member of the Board of Representatives for one year at a time.

Any shareholder or shareholders who have exercised their voting rights in pursuance of Article 6.3 may not exercise their right under this provision during the same election period.

The one percent requirement must have been met on each 1 January as well as on the date on which the admission card to the General Meeting is collected, see Article 10.7.

Not later than 1 January, the relevant shareholders shall inform the Company of the names of the appointed members of the Board of Representatives, who shall be appointed for one year at a time.

The members of the Board of Representatives appointed for these shareholders need not be shareholders but shall be of age and have full legal capacity and in general comply with the provisions of Articles 7.2-7.4.

**6.7** Members of the Board of Representatives shall be remunerated for their participation in the meetings of the Board of Representatives and General Meetings in accordance with the similar rules in force for meeting activities in public authorities or in accordance with a scheme established by the Board of Directors.

## Persons eligible for the Board of Representatives

### Article 7

**7.1** Persons eligible for the Board of Representatives shall be Company shareholders of full legal capacity whose shares are issued in registered form and recorded as such in the Company's Register of Shareholders on 1 January in the same year or who have filed proof of their acquisition of shares on 1 January in the same year.

**7.2** No person holding an office or a position in another bank, subsidiary or parent company of such bank, or in other companies carrying on business in competition with the Company may be members of the Board of Representatives unless the Board of Directors has given its written consent.

Such consent may be withdrawn in special cases subject to the assessment of the Board of Directors.

**7.3** Managers or staff members of the Company, the parent company or subsidiaries may not be members of the Board of Representatives.

**7.4** In the event that a member of the Board of Representatives appointed in pursuance of Article 6.4 transfers all his shares, the conditions of Article 6.6 of appointing a member are no longer met, or, if a member no longer meets the conditions of Articles 7.2 or 7.3, the member of the Board of Representatives in question must retire from the Board of Representatives.

## Representatives

### Article 8

**8.1** Members of the Board of Representatives shall function as representatives at the General Meeting.

Company management (Board of Directors and Management)

### Article 9

**9.1** The Company shall be governed by the General Meeting, the Board of Directors and the Management.

## General Meetings

### Article 10

**10.1** The General Meeting, consisting of the Company's representatives, shall be the Company's supreme authority.

**10.2** The shareholders' right to vote at General Meetings shall be exercised through the representatives, see Article 8.

**10.3** General Meetings shall be held in Thorshavn as directed by the Board of Directors.

**10.4** General Meetings shall be convened by the Board of Directors by publication in one or more Faroese newspapers and in writing to all representatives and shareholders recorded in the Register of Shareholders who have made a request to this effect.

**10.5** The notice convening a General Meeting shall include the agenda of the General Meeting and shall be given not more than four weeks and not less than 14 days before the General Meeting.

If any proposals are to be considered, the adoption of which is subject to a qualified majority, this fact shall be emphasised in the convening notice.

**10.6** Against presentation of an admission card, any shareholder shall be entitled to attend the General Meeting – either in person or represented by proxy – and to take the floor, but not to vote.

The shareholder may bring an adviser when he attends in person.

**10.7** Shareholders who have made a request to this effect can collect admission cards at the Company's offices or at another location stated in the notice at least five days before the holding of the General Meeting.

**10.8** Not later than one week prior to any General Meeting, the agenda and the full text of the resolutions to be considered at the General Meeting – and, in respect of the Annual General Meeting of the Company, also the financial statements duly provided with the auditor's report and the annual report – shall be available for inspection by the shareholders and the representatives at the Company's office.

**10.9** The media shall have access to the General Meeting.

### Article 11

**11.1** The Annual General Meeting shall be held each year before the end of April.

**11.2** The agenda of the Annual General Meeting shall include the following business:

1. The report of the Board of Directors on the activities of the Company during the past year
2. Presentation of the audited annual accounts for adoption
3. A resolution to distribute the net profit or cover the net loss for the year in compliance with the financial statements adopted
4. Authorisation of the Board of Directors to have the Company acquire its own shares until the next General Annual Meeting
5. Election of members to the Board of Directors
6. Election of auditors
7. Consideration of any proposals submitted by the Board of Directors, representatives or shareholders
8. Any other business

**11.3** In order for resolutions, with the exception of the election of members of the Board of Directors, to be considered at the General Meeting, they shall be submitted in writing to the Board of Directors not later than 1 February before the holding of the General Meeting.

### Article 12

**12.1** Extraordinary General Meetings shall be held whenever the holding of such a meeting is requested by either the General Meeting, the Board of Directors or the auditors. An Extraordinary General Meeting shall also be held when the holding of such a meeting is requested by shareholders representing in the aggregate not less than 1/10 of the Company's total share capital or by a 1/4 of the

share capital owned by other shareholders than Fonden for Sparekasseseffonden for the purpose of transacting specified business. Such an Extraordinary General Meeting shall be convened not later than 14 days after the receipt of the appropriate request.

## Article 13

**13.1** The General Meeting shall be presided over by a chairman appointed by the Board of Directors, who shall decide any and all questions pertaining to the conduct of the meeting and voting procedures, including any questions raised in relation to Article 4.2.

**13.2** Minutes shall be taken of the proceedings at the General Meeting, such minutes to be signed by the Chairman of the Meeting.

## Article 14

**14.1** The representatives from each representative district, who are members of the Board of Representatives and elected in pursuance of Article 6.4, shall each represent 1/15 of the number of shares of the Suðurstreymoyar representative district, 1/10 of the number of shares of the Eysturoyar representative district and 1/6 of the number of shares of the other districts, recorded in the Company's Register of Shareholders on 1 January of the relevant year as belonging to the representative district in which the representative in question has been elected, excluding shares belonging to the representative district represented as stipulated in Article 14.2.

**14.2** Any representative who is a member of the Board of Representatives and appointed in accordance with Article 6.6 shall represent the number of shares recorded in the Company's Register of Shareholders as being owned by the appointing shareholder on 1 January in the year in question and stated in accordance with Article 4.2.

**14.3** With the exception of shares owned by the Eik Grunnur or a holding company as mentioned in Article 4.1 – shares in excess of the provision of 10% of the Company's shares, see Article 4.1, shall not be included in the calculation of voting shares in pursuance of Articles 14.1 and 14.2.

**14.4** At the General Meeting, each representative district shall have one vote for each share as calculated in pursuance of Article 14.1.

Each of the representatives of the representative districts elected in pursuance of Article 6.4 shall represent 1/15 of the votes of the Suðurstreymoyar representative district, 1/10 of the votes of the Eysturoyar representative district

and 1/6 of the votes of the other representative districts, respectively, rounded down to the nearest full figure.

In the event that a member of the Board of Representatives elected in pursuance of Article 6.4 resigns prematurely, regardless of the cause, such member's votes, rounded down to the nearest full figure, shall be distributed equally among the remaining members of the Board of Representatives in the representative district in question.

**14.5** Representatives representing shares in pursuance of Article 14.2 shall have one vote for each share but not more than 2.5% of the total number of votes as represented in pursuance of Article 14.4.

The 2.5% limitation in voting rights shall not apply to a holding company established in pursuance of Article 4.1 on the condition that the same limitation in voting rights applies in the holding company.

**14.6** All business transacted at the General Meeting shall be decided by a simple majority of votes, unless the legislation or these Articles of Association provide otherwise.

**14.7** A resolution to amend the Articles of Association, to merge with another bank or to dissolve the Company is subject to the proposal being adopted by at least 2/3 of the votes cast as well as by 2/3 of the voting shares represented at the General Meeting.

**14.8** A representative may be represented by proxy and exercise his voting right by giving proxy to another representative. Representatives elected in pursuance of Article 6.6 may not vote by proxy given by other representatives elected in pursuance of the same Article.

The proxy, which must be in writing and dated, shall be presented at the General Meeting. No person may vote by proxy on behalf of more than one representative. A proxy shall be valid only at the first General Meeting after its presentation.

## Board of Directors

### Article 15

**15.1** The Board of Directors shall consist of seven members elected by the General Meeting. To this shall be added any further members prescribed by legislation.

**15.2** The members of the Board of Directors elected by the General Meeting shall be elected for a term of four years. Every year either one or two of the members go out

according to the order agreed upon by the General Meeting. Outgoing board members are eligible for re-election.

Members of the Board of Directors shall retire four months after the end of the year in which they attain the age of 70.

**15.3** In the event that a board member elected by the General Meeting retires during his term of office, the Board of Directors may elect a provisional member until the next General Meeting, at which time a new member must be elected for the remaining part of the term of office.

**15.4** No person holding an office or a position in another bank, subsidiary or parent company of such bank, or in other companies carrying on business in competition with the Company may be a member of the Board of Directors. The same shall apply to persons divested of the management of their estate.

**15.5** In the event that the Board of Directors finds that the circumstances of a member of the Board of Directors make him unfit to stay on the Board, such member may be removed, subject to a decision made by at least two-thirds of the members of the Board of Directors. Such decision shall be submitted to the General Meeting for adoption within three months.

## Article 16

**16.1** The Board of Directors shall elect its own Chairperson and Vice-Chairperson at the first board meeting after the General Meeting.

**16.2** The Board of Directors shall be in charge of the Company's business and shall ensure the proper organisation of the Company's activities.

**16.3** The Board of Directors shall lay down rules of procedure governing the discharge of its duties.

**16.4** The Board of Directors shall constitute a quorum when a majority of members are present. The Board of Directors shall make its decisions by a simple majority of votes. In the event of equality of votes, the Chairperson, or in his absence the Vice-Chairperson, shall have a casting vote.

**16.5** Minutes of the proceedings at Board meetings shall be entered in a minute book, which shall be signed by all members in attendance. Furthermore, the audit book shall be produced at all board meetings, and all members of the Board of Directors shall sign any entry therein.

## Management

### Article 17

**17.1** The Board of Directors shall appoint a Management composed of one or several members to be in charge of the day-to-day management of Eik Bank P/F. In the event that the Management consists of more members, one member shall be appointed Chief Managing Director.

**17.2** The terms of employment of the members of the Management shall be laid down in agreements between the members of the Management and the Board of Directors.

**17.3** The Management shall be in charge of the Company's day-to-day business in accordance with these Articles of Association and the Rules of Procedure prepared by the Board of Directors and shall represent the Company in legal proceedings instituted against third parties within the business area of the Management. The Management shall be in charge of hiring and dismissing staff and shall determine such staff's remuneration and terms of employment.

**17.4** The Board of Directors shall make instructions as to the extent to which the Board of Directors' prior actions are required in the offering of loans, credits, guarantees and any other obligations.

**17.5** The Management shall participate in board meetings unless the meetings are to transact business concerning individual members of the Management or the entire Management. The Management shall be entitled to take the floor but not to vote at board meetings and shall be entitled to have its points of view entered into the minute book.

## Powers to Bind the Company

### Article 18

**18.1** The Company shall be legally bound by the signatures of the members of the Board of Directors and the Management.

**18.2** The Company shall be legally bound by the joint signatures of two members of the Management, by the joint signatures of one member of the Management and one member of the Board of Directors or by the joint signatures of the Chairperson or the Vice-Chairperson of the Board of Directors and one member of the Board of Directors.

**18.3** The Board of Directors may grant joint powers of procuration and special power of attorney.

## Auditors

### Article 19

**19.1** The auditors elected by the General Meeting shall audit the Company's accounts.

**19.2** The auditors' fees shall be determined subject to agreement between the auditors and the Board of Directors.

## Financial year

### Article 20

**20.1** The financial year shall coincide with the calendar year.



Tórshavn 25 January 2008  
Board of Directors of Eik Banki P/F

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Frithleif Olsen, Chairperson

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Odd A. Bjellvåg, Vice Chairperson

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Gert Langgaard

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Finnbogi Niclasen

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Marian Jacobsen

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Mathea Hilduberg

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Bjartur Nolsøe

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Tórmund A. Joensen

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Rakul Dám

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Rólant Vidtfeldt

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Petur D. W. Hammer

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