



Íslandsbanki hf. Annual General Meeting

16 March 2023

Íslandsbanki hf. (the Bank) held its Annual General Meeting in Norðurljós at Harpa Conference Hall in Reykjavík on Thursday 16 March 2023, 16:00 local time. Electronic participation will be available. Voting at the meeting will be conducted entirely electronically. The proceedings were conducted in Icelandic, but English-language interpretation was offered.

Meeting called to order

Chairman of the Board of Íslandsbanki, Finnur Árnason called the meeting to order and welcomed guests to Íslandsbanki's 2023 Annual General Meeting.

a) Election of meeting chair and secretary

Chairman of the Board Finnur Árnason proposed that Supreme Court Attorney Áslaug Árnadóttir be elected to chair the meeting and that Dagmar Clausen Þórðardóttir, Executive director at Íslandsbanki's legal department, be elected meeting secretary. No other proposals were forthcoming, and Áslaug and Dagmar began their work.

b) Validity of the meeting

The meeting chair reviewed the execution of the call to the meeting. The meeting had been called by advertisement. On 22 February last, an advertisement about the meeting had been published via the Nasdaq information system and on the Bank's website, followed by newspaper advertisements in *Fréttablaðið* and *Morgunblaðið* on 23 February. The meeting was called with sufficient advance notice pursuant to Article 88(a) of the Act on Public Limited Companies and the Bank's Articles of Association. The proposals to be discussed at the meeting were also published via the Nasdaq information system and on the Bank's website.

The meeting chair declared the meeting lawfully constituted and empowered to discuss the items on the agenda.

c) Meeting structure and voting arrangements

The meeting chair briefly reviewed the arrangements for voting at the meeting, noting that it was possible to participate in the meeting both electronically and in person. Voting was to be digital and would take place solely through the Lumi system. Furthermore, it was noted that shareholders had the option of submitting comments and comments digitally through the system. The meeting chair explained as well that those in attendance who wished to speak under specific agenda items could request to do so by signalling to the meeting chair when the floor had been opened for discussion.



The meeting chair also noted that according to the information she had received, the voting system satisfied the requirements laid down in the Act on Public Limited Companies on electronic voting at shareholders' meetings, particularly Article 80(a), and in the Bank's Articles of Association, as the system guaranteed shareholders' right to attend the shareholders' meeting, address the meeting, and cast votes. Furthermore, the system enabled the Bank to confirm which shareholders were in attendance and what voting rights they wielded, as well as recording the outcome of voting.

The meeting chair explained that in accordance with Article 84, Paragraph 4 of the Act on Public Limited Companies, the Board of Directors had prepared a brief summary of shareholders' holdings and voting rights, which was available on the Bank's website.

Agenda:

The agenda of the meeting was as follows:

1. The report of the Board of Directors on the Bank's operations and activities for the preceding year of operation;
2. Approval of the Bank's annual financial statements and consolidated financial statements for the preceding year of operation;
3. Decision on payment of a dividend;
4. Election of the Bank's Board of Directors, alternate directors, and the Chairman of the Board;
5. Election of an auditor;
6. Decision on the remuneration to the Board of Directors and compensation to the members of the Board's sub-committees;
7. Board proposal for the Bank's Remuneration Policy;
8. Board proposal for the Banks Nomination Committee's Rules of Procedure;
9. Board proposals to amend the Articles of Association;
10. Board proposal on the authorisation to purchase own shares and a corresponding amendment to the Bank's Articles of Association;
11. Other matters.

The meeting chair proposed that Items 1 and 2 on the agenda – the Board report and the confirmation of the prior year's annual accounts – be considered as a single agenda item following the presentation of both the Board report and the annual accounts.

The proposal was approved unanimously.



1. Board report on the Bank's activities in 2022

Chairman of the Board Finnur Árnason presented the report of the Board of Directors on the Bank's activities in 2022.

2. Approval of the Bank's annual financial statements for 2022

CEO Birna Einarsdóttir reviewed the Bank's annual financial statements for 2022.

The meeting chair explained that shares with a nominal value of 1,512,240,542 kr., or 75.6% of total share capital, were represented at the meeting.

The meeting chair opened the floor for comments on the report of the Board of Directors and the financial statements. No one wished to address the meeting.

The meeting chair presented the following proposal from the Board to the meeting:

The Board of Directors proposes that the Bank's annual financial statements for 2022 be approved.

The proposal was put to a vote and approved with the required majority.

3. Decision on payment of dividend

The meeting chair presented the following proposal from the Board to the meeting:

The Board of Directors proposes that ISK 12,3 billion will be paid in dividends to shareholders for the 2022 financial year. The Bank's dividend pay-out is approximately 50% of after-tax profits, and in line with the Bank's long-term dividend pay-out ratio target of approximately 50%. The Board of Directors may convene a special shareholder meeting later in the year where a proposal regarding payment of dividends of profit for previous fiscal years could be suggested.

If the proposal is approved by the shareholders, the Bank's shares traded on and after 17 March 2023 (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 20 March 2023 (Record date). The payment date of the dividend will be 27 March 2023.

The meeting chair opened the floor for discussion. No one wished to address the meeting. The proposal was put to a vote and approved with the required majority.

4. Election of the Bank's Board of Directors, alternate directors and the Chairman of the Board

The meeting chair stated that, in accordance with the law and the Bank's Articles of Association, the Board must be elected at the Annual General Meeting for a term of one year and must comprise seven members and two alternates. The Chairman of the Board is to be elected separately at the Annual General Meeting.



The meeting chair explained that, in accordance with the Bank's Articles of Association, the Bank operates a Nomination Committee whose role is to nominate individuals to the Bank's Board of Directors at the Annual General Meeting. Icelandic State Financial Investments (ISFI) operates a three-member Selection Committee whose task is to nominate parties on behalf of the State who are eligible to represent the State, including participation in boards of directors.

The Bank's Nomination Committee had requested that interested parties declare their candidacy for the Board no later than 16:00 (GMT) on 13 February 2023. The general deadline for declaration of candidacy had been at 16:00 (GMT) on 11 March 2023, and no further notices of candidacy had been received. In a report published on the Bank's website and the Nasdaq information system on 2 February 2023, the Nomination Committee had announced its nominations and explained the methods it used in its work.

The Board of ISFI nominates candidates for election to the Board of the Bank in proportion to the State's shareholding in the Bank at the time the election is held. The Board of ISFI had nominated the following three individual and one alternate to serve on the Íslandsbanki Board of Directors.

- Anna Þórðardóttir, Board member
- Agnar Tómas Möller, Board member
- Guðrún Þorgeirsdóttir, Board member
- Herdís Gunnarsdóttir, alternate Board member

The Nomination Committee of Íslandsbanki had recommended that, in addition to those nominated by ISFI, the following four individuals and one alternate be elected to the Íslandsbanki Board of Directors.

- Finnur Árnason, Board member
- Ari Daniélsson, Board member
- Frosti Ólafsson, Board member
- Valgerður Skúladóttir, Board member
- Páll Grétar Steingrímsson, alternate Board member

The Nomination Committee had also proposed that Finnur Árnason be re-elected Chairman of the Board.

The meeting chair explained that because no other candidacies had been submitted, these individuals were considered duly elected as Board members, Chairman of the Board, and alternate Board members.

5. Election of auditing firm

The meeting chair presented the Board's proposal concerning the election of an auditing firm, as follows:

It is proposed that Ernst & Young be elected to serve as the Bank's external auditor.



The meeting chair opened the floor for discussion. No one wished to address the meeting. The proposal was put to a vote and approved with the required majority.

6. Decision on the remuneration to Board of Directors and alternates for the coming electoral term

The meeting chair presented the following proposal concerning remuneration to Board members and alternates for the upcoming term:

It is proposed that the AGM of the Bank resolves to pay remuneration to members of the Board of Directors for their services on the Board of Directors in the amount of ISK 505,000 per month and to the Chairman of the Board ISK 880,000 per month, and to the Vice-Chairman of the Board ISK 625,000 per month. In addition to that each Board member shall be paid compensation in the amount of ISK 250,000 per month for services on sub-committees of the board. In addition to this the chairmen of sub-committees shall be paid ISK 56,500 per month.

Alternate members of the Board of Directors shall be paid remuneration in the amount of ISK 252,000 for each meeting they attend and meetings with the Financial Supervisory Authority of the Central Bank of Iceland on the Fit and Proper Assessment of Managing Directors and Directors of Financial Undertakings but never higher than the monthly remuneration to members of the Board. Remuneration to each alternate member of the Board shall be at least ISK 505,000 per annum.

The meeting chair opened the floor for discussion.

Elín Erna Steinarsdóttir addressed the meeting. She recommended that Board members' remuneration not be increased.

No one else addressed the meeting. The proposal was put to a vote and approved with the required majority.

7. Board Proposal for the Bank's Remuneration Policy

The meeting chair presented the Board's proposal that the Annual General Meeting approve the Bank's Remuneration Policy with amendments.

The meeting chair opened the floor for discussion.

Oddur Sigurðsson addressed the meeting. He explained that in addition to being a shareholder, he was both an Íslandsbanki hf. employee and the president of its employee association. As president of the employee association, he was the ranking representative of the Bank's employees and therefore had the role of protecting staff members' rights. He was also the first vice-president of the Confederation of Icelandic Bank and Finance Employees and, as such, sat on the negotiating committee as an employee representative during preparation of wage agreements. He discussed the Bank employees' terms of employment, the newly finalised wage agreements, and the importance of establishing a variable remuneration system and even a stock purchase plan for Bank employees.



No one else addressed the meeting. The Board's proposal that the Annual General Meeting approve amendments to the Bank's Remuneration Policy was put to a vote. The proposal was approved with the required majority.

8. Board proposal for the Bank's Nomination Committee's Rules of Procedure

The meeting chair presented the Board's proposal that the Annual General Meeting approve amendments to the Bank's Nomination Committee's Rules of Procedure.

The meeting chair opened the floor for discussion.

Davíð Rúðolfsson, head of asset management and deputy managing director of Gildi Pension Fund, addressed the meeting and presented the following statement from the pension fund, dated 6 March 2023 and directed to the Board of the Bank, concerning this agenda item.

The proposal presented by the Board recommends amendments in accordance with Article 53 of the Act on Financial Undertakings, no. 161/2002. Obviously, Gildi Pension Fund supports the Bank's operating in compliance with the law at all times, but nevertheless considers it appropriate to comment on the substance of the amendments.

In Gildi's opinion, there is no sound rationale for the provision in the new legislation stating that at least one of every three nomination committee members must be a Board member, and that there shall never be fewer than one Board member on the committee. Gildi is of the opinion that recent years' experience among listed companies in the domestic market actually indicates the opposite: that it is preferable that Board members generally not participate in nomination committees. Furthermore, it is odd that, according to the new legislation being implemented at this meeting, banks' nomination committees should also have the legally mandated role of evaluating managing directors' work and assessing the company's policy on hiring managing directors and certain other managers. In Gildi's opinion, it would be far more appropriate that these tasks be entrusted to the Board, not the nomination committee. It should be noted that the above-mentioned amendments to Icelandic law are not necessarily based on the European regulatory provisions being implemented, as these substantive points apply to companies whose management structure differs from that commonly seen in Iceland. Gildi considers these amendments a poor model for other listed companies in the market. They may even be such that the statutory provisions in question require amendment.

Furthermore, Gildi makes reference to its position at the last Annual General Meeting and recommends that the Nomination Committee rules of procedure and, as applicable, the company's Articles of Association be reviewed and amended next year so as to require that all Nomination Committee members be elected or confirmed by a shareholders' meeting.

Moreover, Gildi draws attention to its position, expressed at the last Annual General Meeting, on the interplay between the roles of the Nomination Committee and ISFI. It actually appears that ISFI's role in nominating Íslandsbanki Board members is in



contravention of Article 53 of the Act on Financial Undertakings, as Paragraph 7 of that Article assumes only that the provision does not apply if the nomination of all Board members falls under Article 7 of the Act on Icelandic State Financial Investments. It is clear that the nomination of all Íslandsbanki Board members does not fall under Article 7 of the Act on Icelandic State Financial Investments, and it is therefore difficult to conclude that Article 3.3 of the Nomination Committee rules of procedure is in compliance with Article 53 of the Act on Financial Undertakings.

With reference to the foregoing, Gildi Pension Fund abstains from voting on the Bank's Nomination Committee rules of procedure.

Davíð informed the meeting that Gildi had expressly requested that the pension fund's statement under this agenda item be distributed to shareholders with the documents for the meeting, as it was indeed company shareholders who would gather there to discuss and take a position on the company's affairs.

He also informed the meeting that this request by the pension fund had been rejected by the Board of Íslandsbanki, as it did not pertain to a resolution proposed for adoption. The Board's position had taken the pension fund by surprise, and the pension fund considered it unfortunate that shareholders and other meeting attendees did not have ready access to all of the documentation for the Annual General Meeting and therefore had not been given the opportunity to acquaint themselves in advance with this statement, which had been submitted to the company ten days earlier.

No one else addressed the meeting. The Board's proposal that the Annual General Meeting approve amendments to the Bank's Nomination Committee's Rules of Procedure was put to a vote. The proposal was approved with the required majority.

9. Board proposal to amend the Articles of Association

The meeting chair presented the Board's proposal that the Annual General Meeting approve amendments to the Bank's Articles of Association.

Article 7.3 of the Bank's Articles of Association will henceforth read as follows:

„7.3. The provisions of the Act No. 2/1995, on Public Limited Companies, the Act on resolution of credit institutions and investment firms No. 70/2002 and other acts as appropriate shall apply to the Company's winding-up, its merger with other companies or division into two or more legal entities. A decision on such a measure can only be taken by a shareholders' meeting by the same power of votes as is required for amendments to these Articles of Association.“

A new article, Article 7.4, shall be inserted after Article 7.3 and shall read as follows:

„7.4 The Company is authorised to issue the amount of new common equity tier 1 instruments, in accordance with the Act on Financial Undertakings No. 161/2002, required to enforce a decision of the Resolution Authority of the Central Bank of Iceland in accordance with Chapter VI of the Act on Resolution of Credit Institutions and Investment Firms No. 70/2020 or bail-in according to articles 54. and 55.,



according to part E of the same act. Articles 2.2 and 2.4 requiring shareholder approval for the increase and reduction in share capital, and Article 2.3 on pre-emptive rights of shareholders to new shares, shall not apply to changes in share capital in accordance with this Article 7.4. Moreover, Article 2.1 of these Articles of Association, regarding the Company's share capital, shall be updated without undue delay to reflect the relevant change in share capital in accordance with this Article 7.4 and does not require shareholders' approval."

Article 8.1 of the Bank's Articles of Association shall henceforth read as follows:

„8.1. The handling of any aspects not provided for in these Articles of Association shall be governed by the current provisions of the Act No. 2/1995, on Public Limited Companies, and the Act No. 161/2002, on Financial Undertakings and Act on Resolution of Credit Institutions and Investment Firms No. 70/2020, and provisions of other legislation as applicable."

The meeting chair opened the floor for discussion. No one wished to address the meeting. The Board's proposal that the Annual General Meeting approve amendments to the Bank's Articles of Association was put to a vote. The proposal was approved with the required majority.

10. Board proposal on the authorisation to purchase own shares and a corresponding amendment to the Bank's Articles of Association

The meeting chair presented the Board proposal on the authorisation to purchase own shares and a corresponding amendment to the Bank's Articles of Association, as follows:

"The Annual General Meeting of Íslandsbanki hf. held on 16 March 2023 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 where equal treatment of shareholders is ensured. The repurchase of shares under this authorisation is conditional upon the prior approval of the Financial Supervisory Authority of the Central Bank of Iceland in accordance with Article 77 of Regulation (EU) on Prudential Requirements for Credit Institutions and Investment Firms, No. 575/2013 (CRR).

This authorisation shall remain in effect for 18 months after the Bank's Annual General Meeting in 2023."

The meeting chair opened the floor for discussion. No one wished to address the meeting.

The Board proposal on authorisation for share buybacks and corresponding amendment to the Articles of Association was put to a vote. The proposal was approved with the required majority.

11. Other matters

The meeting chair opened the floor for discussion.



Translation from Icelandic

The meeting approved the meeting chair's request that the meeting chair and secretary be authorised to complete the minutes after the meeting, as the minutes would be published on the Bank's website.

There were no other matters, and the meeting was adjourned at 17:43.

Meeting chair

Meeting secretary

Áslaug Árnadóttir, Supreme Court Attorney

Dagmar Clausen Þórðardóttir

This is an English translation. The original Icelandic text, as published on the Bank's website (www.islandsbanki.is), is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.