



Shareholders' Meeting of Íslandsbanki hf.

28 July 2023

A shareholders' meeting of Íslandsbanki hf. was held in Grand Hotel Reykjavík, Sigtún 28, 105 Reykjavík, on Friday, 28 July 2023, at 11:00 am. Remote participation was also available. Voting at the meeting took place only electronically. The meeting was conducted in Icelandic, with English interpretation.

Meeting called to order

Finnur Árnason, Chairman of the Board of Directors of Íslandsbanki, called the meeting to order and welcomed the attendees to the bank's shareholders' meeting.

a) Election of the meeting chair and secretary

Finnur Árnason, Chairman of the Board, made the proposal that Jóhannes Karl Sveinsson, Supreme Court attorney, be elected to chair the meeting and Dagmar Clausen Þórðardóttir, Executive director at Íslandsbanki's legal department, be elected secretary of the meeting. No other motions were put forth and Jóhannes Karl and Dagmar commenced work.

b) Legally constituted meeting

The meeting chair reviewed the process of convening the meeting. This shareholder meeting was convened by advertisement. On 2 July this year an advertisement of the meeting appeared in the NASDAQ information system and on the bank's website, on 3 July in the daily *Morgunblaðið* and on 14 July in the newspapers *Heimildin* and *Viðskiptablaðið*. Notice of the meeting, as provided for in Article 88(a) of the Act on Public Limited Companies, and in the bank's Articles of Association, was sufficient.

The chair declared the meeting legally constituted to discuss and deal with the issues on its agenda.

c) Arrangement of the meeting and voting

The chair briefly explained the arrangements for voting at the meeting, that it was possible to participate in the meeting both electronically and by attending in person. Voting would be electronic and would only take place through the Lumi system. It was further noted that shareholders had the opportunity of submitting questions and comments electronically through the system. The chair also made it clear that it was possible for those present at the meeting to request to speak when individual agenda items were dealt with by indicating this when the chair opened the floor for discussion.

The chair then stated that, according to the information he had received about the system, it met the requirements of the Act on Public Limited Companies for electronic voting at shareholders' meetings, in particular the provisions of Article 80(a) and the bank's Articles of Association, as the system guaranteed the right of shareholders to attend a shareholders' meeting, to express themselves and to vote. In addition, the



system enabled the bank to confirm which shareholders attended the meeting, which voting rights they had, and the results of voting.

Agenda

The agenda of the meeting was as follows:

1. Presentation on Íslandsbanki's settlement with the Financial Supervisory Authority of the Central Bank of Iceland and Íslandsbanki's reaction.
2. Election of the Board of Directors, alternate directors and the Chairman of the Board.
3. Other business.

1. Discussion of Íslandsbanki's settlement with the Financial Supervisory Authority of the Central Bank of Iceland and Íslandsbanki's response to this

Finnur Árnason, the bank's outgoing Chairman of the Board, took the floor and gave a presentation on Íslandsbanki's settlement with the Financial Supervisory Authority of the Central Bank of Iceland. He reviewed the reaction of the bank's Board following the offering of shares in the bank and public discussion, the internal auditor's report and the Board's response to it, and later to the initial assessment of the Financial Supervisory Authority. He also reviewed the procedure in the case and the reason why the bank wished to conclude the case with a settlement.

The bank's CEO, Jón Guðni Ómarsson, then took the floor and presented Íslandsbanki's response to the bank's settlement with the Financial Supervisory Authority of the Central Bank of Iceland. He reviewed the reactions of the bank's employees and the disappointment of employees within other departments of the bank. Jón Guðni went over the bank's plan for rectification, which is an integral part of its settlement with the Financial Supervisory Authority, the time line of actions and the end date.

Following these presentations, the floor was opened for questions from shareholders.

Outgoing director Ari Daniélsson addressed the meeting. Ari briefly explained the course of events of his participation in the offering of the government's holding in the bank, when he had only recently taken a seat on the bank's Board and the reasons for his participation. He said that he regretted not having considered additional aspects of his decision to participate and accepted his responsibility by resigning his seat on the bank's Board and by not standing for election as director again. In closing, Ari thanked his colleagues for their positive collaboration.

Ólafur Hannesson, a shareholder in Íslandsbanki, then spoke. He reaffirmed his full confidence in the bank's employees. It was responsible of the chairman to step down and a move towards rebuilding trust. He said that he found it contradictory to replace Birna Einarsdóttir with a person who had worked as long as he had in the bank. He said he believed that the most favourable step would have been to hire an outside party to create trust. This he pointed out to the new Board of Directors.



Finnur Árnason, Chairman of the bank's Board, then spoke. He pointed out that these were considerations that had been expressed and that this aspect was covered in a Q&A on the bank's website. The decision on this appointment had been taken after due consideration by the bank's Board when it was made, and that decision was thoroughly reviewed following the public discussion that took place following it. It was the unanimous conclusion of the outgoing Board that this was the right move. This was a project with limited focus and the bank in general was performing very well in its operations and was conservative. In making the decision, consideration was given to the bank's stability, staff, relations and financing.

The chair reported that Margrét Þ. Hlíðdal Baldursdóttir, a shareholder in Íslandsbanki, had submitted the following questions to the meeting: *"How does the bank intend to compensate shareholders for the damage that the bank's employees have verifiably caused the bank and its owners?"* and *"What about spouses of employees, are they also not allowed to trade in securities?"*

Jón Guðni Ómarsson, CEO of Íslandsbanki responded.

He stated that the management intended to compensate shareholders for this damage by implementing the existing action plan, ensuring that this would not happen again and making sure that the bank's profitability would be good and in line with profitability targets for the future. The bank's employees were unanimous in this regard.

Regarding Margrét's second question, about the bank's rules on employee trading in financial instruments, Jón Guðni answered in the affirmative, that they also applied to employees' spouses.

Hjörtur Sveinsson, a shareholder in Íslandsbanki, put the following question to the meeting: *"In view of the very good return on equity, the increase in interest income and profit, will the bank propose a reduction in lending rates and/or waive any increase following the expected rate hike by the Central Bank of Iceland at its next policy rate decision?"*

Jón Guðni said that the bank always endeavoured to find the right balance in this regard, i.e., to ensure, on the one hand, acceptable profitability for shareholders and, on the other hand, reasonable pricing for customers. The bank's profitability target of 10% was considered relatively modest by international comparison and in Iceland. The bank needed to be profitable in order to be able to support business and industry and develop its operations in Iceland and finance loans, while at the same time guaranteeing good terms to customers by running the bank as efficiently as possible.

Regarding comments concerning himself, he said that it was the Board's assessment at any given time whether the CEO enjoyed trust or not. However, he would do his very best to do his job for the bank, restore trust and rebuild the bank, and thus create value for both shareholders and customers.

Finnur Árnason, outgoing Chairman of the Board, then spoke again.

Finnur thanked his co-directors and the bank's staff for their positive collaboration. The Board had been frank in all its discussion, and unanimous in challenging circumstances. He wished the shareholders and the new Board that would subsequently be elected success in the work they undertook.



No other persons addressed the meeting under this agenda item.

2. Election of the Board of Directors, alternate directors and the Chairman of the Board

The meeting chair explained that the bank's Board had unanimously agreed at a meeting to convene a shareholders' meeting to renew the mandate of all directors and alternate directors until its next Annual General Meeting. As provided for in the Act on Public Limited Companies, the Board had then resigned and a new Board would be elected at this meeting and its members have a new mandate.

The chair noted that, according to the bank's Articles of Association, the Board was to be composed of seven directors and two alternates. Directors would be elected first, then alternates and subsequently the Chairman of the Board specifically. In accordance with the bank's Articles of Association, the election would be by cumulative voting, and he briefly reviewed the election procedure and preparations for elections to the Board.

At the same time, the meeting chair reported that, in accordance with the bank's Articles of Association, candidates for the Board of Directors had the right to speak and make proposals at the bank's shareholders' meetings. Ásgeir Brynjar Torfason and Helga Hlín Hákonardóttir had requested to speak and introduce themselves. Ásgeir and Helga Hlín took the floor and gave an account of their expertise and experience for the shareholders' meeting.

No other candidates spoke.

Information on candidates was available on the bank's website.

The meeting chair explained that represented at the meeting were holders of shares in the bank of ISK 1,585,061,685 nominal value, or the equivalent of 79.25% of the bank's entire share capital, without regard for the bank's own shares.

The following 11 persons stood for election as directors of Íslandsbanki:

- Agnar Tómas Möller, director;
- Anna Þórðardóttir, director;
- Ásgeir Brynjar Torfason
- Elín Jóhannesdóttir
- Frosti Ólafsson, director
- Frosti Sigurjónsson
- Haukur Örn Birgisson
- Helga Hlín Hákonardóttir
- Linda Jónsdóttir
- Stefán Pétursson
- Valgerður Skúladóttir, director

Elections were by cumulative voting, and the following persons were elected as directors of the bank:



- Agnar Tómas Möller, director;
- Anna Þórðardóttir, director;
- Frosti Ólafsson, director;
- Haukur Örn Birgisson, director;
- Helga Hlín Hákonardóttir, director;
- Linda Jónsdóttir, director;
- Stefán Pétursson, director.

The chair of the meeting declared them duly elected as directors.

The chair then reported that the following persons were candidates for election as alternates:

- Herdís Gunnarsdóttir
- Páll Grétar Steingrímsson

Since no other candidacies for alternates had been submitted they were therefore elected as alternates unopposed.

Linda Jónsdóttir, who had been elected as director, was the only candidate for the position of Chairman of the Board and was therefore elected unopposed as Chairman of the Board.

3. Other business

The meeting chairman invited open discussion.

Oddur Sigurðsson, shareholder and president of Íslandsbanki's employees' association, spoke. He said he hoped cooperation with the new Board would be positive and reported that he felt that the voices of employees concerning matters of concern to them were missing, and offered to attend a Board meeting to review matters from the employees' perspective.

Pórlaug Ágústsdóttir, shareholder in the bank and political scientist, addressed the meeting. She said she had been wondering, in connection with this report and examination, whether an examination could be made in tandem of where the recommendations that were made following the banking collapse had not been followed, which of them had not been implemented and were being learned again now.

Jón Guðni Ómarsson, CEO, responded. Jón Guðni said that he thought it was far from the case that no lessons had been learned from the collapse, a complete change had occurred there, with a much more stringent regulatory framework, strong balance sheets and in general good overall management. The Icelandic banking system stood on a strong foundation. Mistakes had been made in the implementation of this project, lessons would be learned from it; however, it was certainly not the case that nothing had been learned from the collapse. What exactly Pórlaug was referring to would be examined.

Jón Guðni thanked the shareholders and others for their participation in the meeting. He said the last few weeks had been challenging at the bank. Now a strong, new Board had been elected and the staff was eager to join hands and continue work. The task at hand was clear: to



implement the existing action plan while at the same time ensuring solid and effective operations in the coming months and years for shareholders and customers.

No other persons addressed the meeting.

The meeting approved the chair's request for authorisation for the meeting chair and meeting secretary to finalise the meeting minutes after the meeting, which would then be published on the bank's website.

No other business was dealt with and the meeting was adjourned at 12:48 pm.

Meeting chairman

Meeting secretary

Jóhannes Karl Sveinsson, Supreme Court attorney

Dagmar Clausen Þórðardóttir