



Íslandsbanki's Corporate Governance Statement 2023

Unaudited

The Board of Directors of Íslandsbanki is committed to excellence in corporate governance and complying with the applicable regulatory standards and best international practices in the field of corporate governance.

The regulatory framework for corporate governance practices within Íslandsbanki consists of the law applicable to entities subject to the supervision of the Financial Supervisory Authority of the Central Bank of Iceland (FSA) as well as other applicable law and regulations, including those imposed by the FSA and Nasdaq Iceland, available at their respective websites, cb.is and nasdaqomxnordic.com. The applicable law includes, inter alia, the Act on Financial Undertakings no. 161/2002, the Act on Recovery and Resolution of Credit Institutions and Investment Firms no. 70/2020, the Act on Markets for Financial Instruments no. 115/2021, the Act on Payment Services no. 120/2011, the Act on Measures against Money Laundering and Terrorist Financing no. 140/2018, the Act on Sustainability Disclosure Requirements in the Financial Sector and a Classification System for Sustainable Investments no. 25/2023, the Act on Mortgage Credit to Consumers no. 118/2016, the Act on Consumer Credit no. 33/2013, the Act on Competition no. 44/2005 and the Act on Public Limited Companies no. 2/1995, which along with Íslandsbanki's Articles of Association lay the foundation for the Bank's existence and activities. The relevant laws are available on the Icelandic legislature's website, althingi.is.

According to paragraph 7 of article 54 of the Act on Financial Undertakings no. 161/2002 Íslandsbanki is required to comply with the accepted Guidelines on Corporate Governance. The Bank's compliance with Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Business Iceland (hereinafter the Guidelines) is reviewed annually. The Guidelines provide that companies are to disclose any deviations from the Guidelines and explain the reasons for such deviations. There are no deviations from the Guidelines at Íslandsbanki. The Guidelines are available on corporategovernance.is.

Moreover, the Bank's governance practices are based on the European Banking Authority's Guidelines on Internal Governance for Financial Undertakings (EBA/GL/2021/05), cf. Article 16 of regulation (EC) no. 1093/2010, transposed into Icelandic law with Act no. 24/2017, on European Financial Supervisory System.

The Bank's shares are admitted to trading on the Nasdaq Main Market in Iceland. The Bank also regularly issues bonds on the regulated securities market in both Iceland and Ireland. The Bank is therefore subject to the disclosure obligation of issuers pursuant to the Act on the Disclosure and Information requirements of Issuers of Securities and Notifications on Major Holdings no. 20/2021 and the rules of the relevant stock exchange.



The Icelandic State Financial Investments (ISFI), on behalf of the Icelandic Government, is the largest shareholder of the Bank and holds 42.5%¹ of the Bank's shares, in accordance with the Act on Icelandic State Financial Investments no. 88/2009 and the Icelandic State Ownership Policy for financial undertakings. The Icelandic State's objective as owner is that its management of the Bank's assets and operations promote confidence in, and credibility of, the financial market, to promote competition in the financial market, and maximise long-term value for the Icelandic State Treasury, considering risk. In accordance with article 19 of the Act on Financial Undertakings no. 161/2002 the Bank publishes on its website a list of shareholders who own more than 1% of the Bank's shares.

Main Aspects of Risk Management and Internal Control

Internal Control

The risk management and internal control framework of the Bank is based on the three lines of defence model, as referred to in the European Banking Authority's Guidelines on Internal Governance, and aims for informed decision making and strong risk awareness throughout the Bank. The framework is intended to ensure efficient operations, adequate control of risks, prudent conduct of business, reliability of financial and non-financial information reported internally and externally, and compliance with the applicable laws, regulations, supervisory requirements, and the Bank's internal rules.

The first line of defence consists of the Bank's business and support units; the second line of defence is comprised of the Bank's internal control units, Risk Management and Compliance; and the third line of defence is Group Internal Audit which keeps the Board informed of the quality of corporate governance, risk management and internal controls, including by performing independent and objective audits.

Risk Management

The Board of Directors approves the risk policy, risk appetite statement and procedure for risk management and ensures that internal procedures for risk management are revised at least annually.

The All Risk Committee, a Senior Management Committee, is comprised of the Chief Executive Officer (CEO), all the managing directors of the Bank and other members of management appointed by the CEO. The committee takes major decisions on implementation of the Bank's risk management and internal audit frameworks and conducts oversight to ensure that the Bank's risk profile is within the limits defined in the Board's risk appetite statement. The All Risk Committee issues guidelines for risk assessment and individual risk thresholds or limits.

Further information on the Bank's risk management structure and internal control can be found in the Bank's unaudited Pillar 3 Report which is available on the Bank's website.

Audit and Accounting

The CEO ensures that the Board of Directors is provided with accurate information on the Bank's finances, development and operations on a regular basis and the Board Audit Committee assists the Board in fulfilling its oversight responsibilities concerning the financial reporting process and the system of internal control.

The Bank's Finance division is responsible for the preparation of the Group's Consolidated Financial Statements in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002, and rules on accounting for credit institutions. The Board's Audit Committee reviews annual and interim Consolidated Financial Statements before their submission for Board approval and endorsement. The Board's Audit Committee regularly discusses the Group's financial statements and evaluates its

¹ If the Bank's own shares are taken into account, the ISFI holds 42.9% of the Bank's shares.



internal control processes. Management reporting is generally presented to the Board 10 times a year. The external auditors review the half year Condensed Consolidated Financial Statements and audit the Consolidated Financial Statements.

The Consolidated Financial Statements are published on an annual basis and the Condensed Consolidated Financial Statements on a quarterly basis

The Annual General Meeting (AGM) elects an external audit firm in accordance with the Bank's Articles of Association. The Board's proposal to the AGM is based on the Audit Committee's proposal on the selection of an audit firm. Ernst & Young ehf. (EY), which was elected as the Bank's audit firm at the last AGM, voluntarily relinquished its license on 12 December 2023 and is therefore no longer operating as an audit firm. Former EY employees have joined Deloitte ehf. (Deloitte) and the same team that initiated the Bank's audit this fall will complete it under Deloitte's name. Since it was not found to be a legal merger of the audit firms, the Board decided to convene a special shareholders' meeting and propose Deloitte as the Bank's audit firm for the 2023 annual accounts. To ensure that the previously announced timeline for the publication of the Bank's audited annual accounts was not disturbed and continuity in the review that had already begun, a letter of engagement was signed with Deloitte for this service, subject to the approval of the shareholders' meeting. At the beginning of 2024, it was decided to start tendering auditing services for Íslandsbanki hf. and its subsidiaries. The result of the tender process will form the basis of the Audit Committee's proposal for the selection of an audit firm for the year 2024.

Group Internal Audit

The Board appoints the Chief Audit Executive, who is responsible for internal audit of the Bank and its subsidiaries. Group Internal Audit reports directly to the Board and operates independently from other departments in accordance with article 16 of the Act on Financial Undertakings no. 161/2002. The department evaluates and

promotes improvements to the effectiveness of governance, risk management, and control processes. The responsibilities and authorisations of the Chief Audit Executive and Group Internal Audit are further outlined in the Group Internal Audit Charter.

Compliance

The Bank's Chief Compliance Officer (CCO) is hired by the CEO, subject to Board confirmation. The CCO is a part of the Bank's Executive Committee. The CCO's role is to supervise and to have an overview of compliance risk, which include financial crime risk, data protection, breach of conduct and changes in the relevant law. Additionally, the CCO is responsible for monitoring and assessing the Bank's operations regarding securities transactions. Furthermore, the CCO is responsible for assessing and monitoring the Bank's compliance with the Act on Measures against Money Laundering and Terrorist Financing no. 140/2018 and is the Bank's responsible officer under the US Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard (CRS).

Íslandsbanki Values, Sustainability and Code of Conduct

The Bank's purpose is being a force for good. Íslandsbanki's values are passion, professionalism, and collaboration and they are the pillars of the Bank's corporate culture, shaping the conduct and attitudes of its employees.

The Board approves a Code of Conduct for the Bank's employees. The aim of the Code is to promote good operational practices. The document is available on the Bank's website.

The Bank has in place a Sustainability Policy which is focused on making its operations exemplary in the Icelandic business environment, based on internationally recognised environmental, social, and governance criteria. The Bank aspires to be a leader in sustainable development.



The Bank has decided to focus particularly on four of the UN Sustainable Development Goals (SDGs) in its course of business: quality education; gender equality; industry, innovation and infrastructure; and climate action. Annually the Bank publishes an Annual and Sustainability Report that is based on the Nasdaq ESG guidelines, the applicable Global Reporting Initiative (GRI) metrics, the UN Principles for Responsible Banking (UN PRB), and the SDGs. Since 2009 Íslandsbanki has been a signatory to the UN Global Compact on social responsibility.

Board of Directors

At each AGM seven non-executive directors, and two alternate members, are elected to the Board for a term of one year. The Chairman of the Board is elected separately at the AGM or the shareholders' meeting. There are no limitations on duration of Board membership.

The Board undertakes the Bank's affairs in between shareholders' meetings unless otherwise provided by law or the Bank's Articles of Association. The Board is responsible for setting the Bank's general strategy and instructs the CEO on its further implementation and execution. The Board has a supervisory role in that it oversees that the Bank's organisation and activities are at all times in accordance with the relevant law, regulations and good business practices. The CEO and Chief Audit Executive are hired by the Board.

The Rules of Procedure of the Board are adopted in accordance with article 70 of the Act on Public Limited Companies no. 2/1995 and article 54 of the Act on Financial Undertakings no. 161/2002. The Board's current Rules of Procedure are available on the Bank's website. According to the Bank's Articles of Association a Board meeting has a quorum if a majority of directors attend. The Board met 36 times in 2023, each time constituting a quorum.

The Articles of Association of the Bank provide that the ratio of each gender on the Board of Directors shall not be lower than 40%, currently the Board

is comprised of four men and three women. The Board has approved a policy on the suitability of the Board of Directors, CEO and key function holders. The policy states, among other things, that the composition of the Board shall at any time be diverse, with regard to educational and professional background, gender and age.

The Board Sub-Committees

The Board sub-committees are three in total, and they operate under the terms of a mandate letter from the Board as well as the Rules of Procedure of the Board. The mandate letters of the Board sub-committees are available on the Bank's website. The Board appoints the members of the sub-committees as well as their chairman. When appointing the sub-committees, the Board shall take into account the expertise, skills and experience needed of a member to be appointed to the relevant sub-committee. All of the sub-committees are constituted of members of the Board.

The Board Audit Committee, comprising three Board members, assists the Board in fulfilling its oversight responsibilities concerning the financial reporting process, the system of internal control, the audit process and the Bank's process for monitoring compliance with the relevant laws and regulations and its Code of Conduct. The committee met 12 times in 2023, each time constituting a quorum.

The Board Risk Management Committee, comprising three Board members, assists the Board in providing oversight of senior management activities in managing risk relevant to the Bank's operations. The committee's responsibilities include the parent company, its subsidiaries, and the whole Group. The committee met nine times in 2023, each time constituting a quorum.

The Board Corporate Governance and Human Resource Committee, comprising three Board members, assists the Board in overseeing the development and the regular assessment of the Bank's approach to corporate governance

issues and Board effectiveness. Furthermore, the committee assists the Board in fulfilling its oversight responsibilities concerning the Bank's Compensation Policy, implementation of the Bank's Sustainability Policy and issues concerning human resources. The committee met six times in 2023, each time constituting a quorum.

The structure and composition of Board sub-committees is illustrated below.

Members of the Board



Linda Jónsdóttir

(b. 1978)

Joined the Board as
Chairman in July 2023

Main occupation: Chief Operating Officer at Marel hf. until 31 January 2024.

Work experience: CFO at Marel hf. (2014-2022). Director of Treasury, Finance and Investor Relations at Marel hf. (2009-2014). Senior Vice President of Treasury at Straumur Burðarás Investment Bank hf. (2005-2009). Director of Treasury and Financing at Burðarás hf. (2003-2005). Managing Director of Eimskipafélag

Íslands pension fund (2002-2003). Manager of Treasury at Eimskip hf. (1999-2003).

Other directorships: University of Iceland Science Park (Board member). Has been a member of the boards of Icelandic Enterprise Investment Fund, Iceland Chamber of Commerce and Eimskipafélags Íslands pension fund.

Education: M.Sc. in Corporate Finance from Reykjavik University. Cand. oecon in Business Administration from the University of Iceland. Securities broker licensed by the Icelandic Ministry of Finance and Economic Affairs.

Shareholding and independence: Linda holds 12,659 shares in Íslandsbanki. Linda's spouse holds 12,659 shares in Íslandsbanki. Linda is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Member of the Corporate Governance and Human Resource Committee.



Stefán Pétursson

(b. 1963)

Joined the Board as
Vice-Chairman in
July 2023

Main Occupation: CFO of EpiEndo Pharmaceuticals ehf.

Work experience: CFO of Arion Bank hf. (2010-2021). Head of Financing, Executive Director of Finance and CFO at Landsvirkjun (1993-2010).

Other directorships: Has been on the boards of

Landfestar ehf., Valitor hf., The Icelandic Depositors' and Investors' Guarantee Fund, Icelandic Chamber of Commerce, Landey ehf. and Hablaer and is a former Committee Member of ÍL Fund Projects Committee.

Education: MBA from Babson College in Boston. Cand. oecon in Business Administration from the University of Iceland.

Shareholding and independence: Stefán holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Member of the Board Risk Management Committee.



Agnar Tómas Möller (b. 1979)

Joined the Board in March 2023

Main occupation: Independent consultant.

Work experience: Fund Manager of bond funds at Kvika Asset Management hf. (2018-2022). Fund Manager of bond funds at GAMMA Capital Management hf. (2009-2018). Bonds broker at Kaupping Bank hf. (2006-2008). Risk management at Kaupping Bank hf. (2004-2006). Teacher at the School of Business Administration and the

Faculty of Economics at the University of Iceland (2010-2014).

Other directorships: ATM ehf. (Board member). The Icelandic Chess Federation (Board member).

Education: M.Sc. in Industrial Engineering from the University of Iceland and studies towards a B.A. in history at the same university.

Shareholding and independence: Agnar holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Member of the Board Audit Committee and the Board Risk Management Committee.



Anna Þórðardóttir (b. 1960)

Joined the Board in April 2016.

Main Occupation: Professional director.

Work experience: Accountant at KPMG ehf. (1988-2015), partner from 1999.

Other directorships: The Icelandic Centre for Future Studies (Framtíðarsetur Íslands) (Board member). The Board Audit Committee of Reginn hf. (as Chairman).

Has been on the boards of KPMG ehf., Institute of State Authorised Public Accountants and a member of the Board Audit Committee of Hagar hf.

Education: Cand. oecon. in Business Administration from the University of Iceland. Studied towards a cand. merc in Financial studies from Handelshøjskolen in Aarhus, Denmark. Chartered Accountant.

Shareholding and independence: Anna holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Chairman of the Board Audit Committee.



Haukur Örn Birgisson (b. 1978)

Joined the Board in July 2023.

Main Occupation: Supreme Court Attorney, owner, and Managing Director of FIRMA Legal.

Work experience: Supreme Court Attorney, owner, and Managing Director of Íslenska lögfræðistofan (2008-2023). Chairman of the Rehearing Committee (2017-2021). Acting Chairman of the Board and CEO of Inkasso ehf. (2010-2013). District Court Attorney and associate at Lex lögmannsstofa (2004-2008). District Court Attorney and associate at Nestor lögmennt (2004).

Teacher in various legal courses in Reykjavík University, the University of Iceland, Verzlunarskóli Íslands and Menntaskólinn Hraðbraut.

Other directorships: Reparations Settlement Committee (as Chairman) and Administrative Committee of the International Golf Federation (Board member). Has been on the board of GAM Management hf., the Golf Union of Iceland (as President) and the European Golf Association (as President).

Education: Cand. jur. from the University of Iceland. Licenced Supreme Court Attorney.

Shareholding and independence: Haukur holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Chairman of the Board Corporate Governance and Human Resource Committee.



**Helga Hlín
Hákonardóttir**
(b. 1972)

Joined the Board
in July 2023.

Main Occupation: Partner and consultant at Strategía.

Work experience: Founder and lawyer at Lixia lögmannsstofa (2011-2014). Co-founder and Managing Director of Legal at Saga Investment Bank hf. (2006-2011). Attorney at Straumur Burðarás Investment Bank hf. (2005-2006), Íslandsbanki hf. (2000-2005) and capital markets lawyer at Fjárfestingarbanki atvinnulífsins hf. (1998-2000) and the Iceland Stock Exchange (1996-1998).

Other directorships: Rue de Net (Board member).

Has been on the boards of mark.is (as Chairman), Verðbréfaþing Ísland (as Alternate), Skeljungur hf., Summa Rekstrarfélag hf., Greiðsluveitan, Icelandic Chamber of Commerce, Festi hf., Krónan hf., Vís hf. (as Chairman), Lífis hf. (as Alternate), WOW air hf., Meniga Ltd. and on the The University Council of Akureyri University.

Education: Cand. jur. from the University of Iceland. Licenced District Court Attorney. Securities broker licensed by the Icelandic Ministry of Finance and Economic Affairs.

Shareholding and independence: Helga Hlín holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Chairman of the Board Risk Management Committee and member of the Board Corporate Governance and Human Resource Committee.



**Páll Grétar
Steingrímsson**
(b. 1965)

Joined the Board
in January 2024.

Main Occupation: Independent consultant and director at Skrifstofuþjónusta Austurlands ehf.

Work experience: Accountant at Deloitte ehf. (1988-2021), partner from 1999.

Other directorships: The Board Audit Committee of

Porbjörn hf. (as Chairman). The Board Audit Committee of Hraðfrystihúsið Gunnvör hf. (as Chairman). The Board Audit Committee of the City of Reykjavík (as Alternate). Has been on the board of Deloitte ehf. and the Institute of State Authorised Public Accountants (as Vice-Chairman).










Education: Cand. oecon. in Business Administration from the University of Iceland. Chartered Accountant.



Shareholding and independence: Páll holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

Sub-Committees: Member of the Board Audit Committee.

The alternate member of the Board is Herdís Gunnarsdóttir, since April 2016.

Structure and Composition of Board Sub-Committees

	Board Audit Committee	Board Risk Management Committee	Board Corporate Governance and HR Committee
Agnar Tómas Möller			
Anna Þórðardóttir			
Haukur Örn Birgisson			
Helga Hlín Hákonardóttir			
Linda Jónsdóttir			
Páll Grétar Steingrímsson			
Stefán Pétursson			

 Chair
  Member

Íslandsbanki's Nomination Committee and the ISFI Selection Committee

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 AGM, or as the case may be at a shareholders' meeting where Board elections are on the agenda. The members of the Nomination Committee shall be three, elected for one year at a time by the Board of Directors. The Chairman of the Board shall always be one of three members of the Committee but shall not chair the committee. The other two Committee members shall be independent of the Bank and its day-to-day management. One of those Committee members shall further be independent of the Bank's shareholders who own a qualifying holding, or any such group of shareholders acting in concert and owning a combined qualifying holding.

The Nomination Committee consists of:

- Helga Valfells, Chairman
- Linda Jónsdóttir, Chairman of the Board of Íslandsbanki
- Hilmar Garðar Hjaltason

ISFI operates a special three-member Selection Committee which, on behalf of the State, nominates candidates for the supervisory boards or boards of directors of banks or undertakings

that are managed by ISFI. According to the Relationship Agreement between the Bank and the ISFI the Bank's Nomination Committee and the ISFI Selection Committee shall ensure that when the Board of Directors is elected, the candidates for election to the Board of Directors meet the requirements on composition according to law, both as concerns breadth of experience as well as gender representation.

The Rules of Procedure of the Bank's Nomination Committee are published on the Bank's website.

Board Performance and Suitability Assessment

At least once a year, as provided for in the Board's Rules of Procedure, the Board assesses its work, procedures and practices as well as each of its members. This performance assessment is intended to improve working methods and increase the efficiency of the Board. The assessment entails an evaluation of the strengths and weaknesses of the Board's work and practices. This is, inter alia, based on the necessary number of Board directors, the Board structure in relation to knowledge and experience, Board procedure and practices. Furthermore, the Board annually assesses the collective suitability of the Board and individual Board members in accordance with the Board's Rules of Procedure and the Bank's policy on the assessment of the suitability of the Board of Directors, the CEO and key function holders.

This assessment was performed by the Board in December 2023. The Board assessed the collective suitability of the Board as well as the suitability of individual Board members and concluded that the Board and individual Board members possess sufficient experience and knowledge to fulfil the requirements of the Act on Financial Undertakings and the Bank's policy on the suitability of the Board of Directors, CEO, and key function holders.

The Chief Executive Officer

The CEO is responsible for the day-to-day operations of the Bank and that the Bank's business is, at all times, in accordance with the Bank's Articles of Association, policies of the Board and the relevant law. The CEO engages the Bank's CCO and appoints members of the Executive Committee and other Senior Management Committees.



Jón Guðni Ómarsson (b. 1976)

CEO since
28 June 2023.

Work experience: CFO of Íslandsbanki hf. (2011-2023). Head of Treasury at Íslandsbanki hf. from (2008-2011).

Education: M.Sc. in Quantitative and Computational Finance (QCF) from Georgia Institute of Technology and B.Sc. in Industrial Engineering from the University of Iceland. AMP from Harvard Business School. Chartered

Financial Analyst (CFA). Securities broker licensed by the Icelandic Ministry of Finance and Economic Affairs.

Other directorships: None.

Shareholding and independence: Jón Guðni holds 44,506 shares in Íslandsbanki as well as having an indirect holding of 12,659 shares through Armis ehf. Jón Guðni's spouse holds 12,659 shares in Íslandsbanki. Jón Guðni is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank. No call-option agreements exist between the CEO and the Bank.

The Executive Committee

The Executive Committee consists of eight people, including the CEO: Jón Guðni Ómarsson, CEO since June 2023, Ellert Hlöðversson, Chief Financial Officer since January 2024, Barbara Inga Albertsdóttir, Chief Compliance Officer since November 2023, Guðmundur Kristinn Birgisson, Chief Risk Officer since October 2018, Kristín Hrönn Guðmundsdóttir, Managing Director of Corporate & Investment Banking since July 2023, Riaan Dreyer, Managing Director of Digital & Data since September 2019, Ólöf Jónsdóttir, Managing Director of Personal Banking since February 2024, and Una Steinsdóttir, Managing Director of Business Banking since May 2017.

Senior Management Committees

Senior Management Committees are advisory committees appointed by the CEO. Senior Management Committees are divided into Policy-Setting Committees, which implement Board policies, and Business Committees, which take a position on specific business matters. The committees are appointed by the CEO, who also approves their letter of mandate.

The Executive Committee and the **All Risk Committee** are considered Policy-Setting Committees and they take major decisions on the implementation of the policies set by the Board. Committee members include all of the Bank's



Managing Directors, as well as other members of senior management appointed by the CEO.

- **The Executive Committee** oversees and coordinates key aspects of the Bank's activities and has decision-making authority in matters assigned to it by the CEO, in accordance with policies, goals, and risk appetite as defined by the Board.
- **The All Risk Committee** takes major decisions on implementation of the Bank's risk management and internal audit frameworks and conducts oversight to ensure that the Bank's risk profile is within the limits defined in the Board's risk appetite statement.

The Business Committees decide on individual business and operational matters in accordance with the rules and procedures issued by the Board, the Executive Committee and the All Risk Committee. The Bank's Business Committees are:

- **The Senior Credit Committee** decides on proposals on lending and is the formal venue for discussion and review of individual loan proposals.
- **The Asset and Liability Committee** decides on proposals regarding market risk, liquidity risk, funding, capital, and internal and external pricing.
- **The Investment Committee** decides on proposals regarding the purchase, sale and valuation of equity stakes and other investments of the Bank.
- **The Operational and Security Committee** decides on proposals regarding new products and services, continuous operation and material changes in systems and procedures.
- **The Sustainability Committee** is a formal forum for reviewing and discussing issues related to sustainability risk, sustainable procurement, and business opportunities.
- **The Digital Product Committee** is a formal forum for prioritisation of initiatives between product teams in line with the strategy and goals of the Bank.

Arrangement of Communications Between Shareholders and the Board

The Board communicates with shareholders in accordance with the relevant laws, the Bank's Articles of Association, and the Board's Rules of Procedure. Shareholders' meetings, the supreme authority of the Bank, are the general forum for informing and communicating with shareholders. All information that is defined as sensitive market information is disclosed to the market through the relevant regulated market's announcement system in accordance with the Bank's Disclosure and Communication Policy. The Bank also organises quarterly meetings for market participants where the CEO, CFO and representatives of investor relations present the Bank's Interim Financial Statements.

The Bank's Disclosure Committee assesses the Bank's event-specific disclosure obligations and decides on disclosure in accordance with the Bank's Rules on insider trading and management transactions. The Disclosure Committee consists of the CFO, the General Counsel, Executive Director of Treasury, Investor Relations and the CCO (without a vote).

Information on Infringements of Laws and Regulations Determined by the Appropriate Supervisory or Ruling Body

In June 2023 the FSA and the Bank made a Settlement Agreement regarding the execution of the offering by the Icelandic State of a 22.5% stake in the Bank's share capital. The Settlement Agreement provides that the Bank admits, that in the preparation and execution of the Offering, it did not comply with the certain applicable legal requirements and internal rules of the Bank on the provision of investment services, particularly in relation with recording of telephone communications, disclosures made to purchasers of shares in the Offering, investor classification requirements, and measures to prevent conflicts of interest e.g., segregation of duties and employees transactions. The Settlement Agreement states that the Bank's implementation of governance and internal controls as well as a risk-based



approach to supervision of recordings of telephone communications were insufficient. Furthermore, the Settlement Agreement states that the Bank should have carried out a separate risk assessment regarding its role in the Offering. The Settlement Agreement also states that in executing the Offering the Bank did not, in all respects, satisfy its obligation to act honestly, fairly and professionally and to promote market integrity. In agreeing to the Settlement Agreement, the Bank agreed to pay a fine in the amount of ISK 1,160 million and admitted to having violated certain provisions of the Act on Markets in Financial Instruments no. 115/2021 and the Act on Financial Undertakings no. 161/2002 in connection with the Offering. In the appendix to the Settlement Agreement, the FSA put forward certain remedial requirements within a specified period. In accordance with FSA's requirements, the Bank's Chief Audit Executive reviewed the improvements and confirmed in an audit that the remedial requirements had been adequately met before 1 October 2023. The audit was confirmed by

the Bank's Board at the end of October 2023 and sent to the FSA.

In the third quarter of 2022, the FSA conducted an inspection of the Bank's anti-money laundering (AML) measures and identified certain shortcomings. For further information see Note 43.

No other remarks were received from an appropriate supervisory or ruling body concerning violations of laws or regulations. Information on legal cases relating to Íslandsbanki can be found in the Notes to the Consolidated Financial Statements.

This Corporate Governance Statement was approved by Íslandsbanki's Board of Directors on 8 February 2024.