



Translation from Icelandic

Shareholders meeting of Íslandsbanki hf.

30 June 2025

A Shareholders meetings of Íslandsbanki hf. (the Bank) was held at the Bank's headquarters at Hagasmári 3, 201 Kópavogur, on Monday 30 June 2025 at 16:00 local time. Electronic participation was also available. Voting at the meeting was 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, Linda Jónsdóttir called the meeting to order and welcomed guests to Íslandsbanki's Shareholders Meeting.

a) Election of meeting chair and secretary

Chairman of the Board Linda Jónsdóttir proposed that Supreme Court Attorney Jóhannes Karl Sveinsson be elected to chair the meeting. No other proposals were forthcoming, and Jóhannes was elected unopposed. Jóhannes proposed that Dagmar Clausen Þórðardóttir, Executive Director at Íslandsbanki's legal department, be elected meeting secretary. No other proposals were forthcoming, and Dagmar was elected unopposed.

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 6 June 2025, an advertisement about the meeting had been published via the Nasdaq information system and on the Bank's website, followed by newspaper advertisements in *Morgunblaðið* on 8 June 2025. 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 on the Bank's website.

The meeting chair declared the meeting lawfully constituted, with regard to the notice of the meeting and submission of documents, and empowered to discuss the items on the agenda.

The meeting chair added that information on how many shares of the Bank's total share capital were represented at the meeting would be given before the first vote.

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.

Agenda:

The agenda of the meeting was as follows:

1. Proposal to amend the Bank's Remuneration Policy
2. Other matters.
 - i. Proposal for a resolution regarding a board member of Íslandsbanki hf. (Vote of no confidence)

Vilhjálmur Bjarnason, shareholder, took the floor to address the agenda of the meeting. He raised an objection to the agenda item concerning the Board's proposal to amend the Bank's Remuneration Policy, referring to Article 79 of the Act on Public Limited Companies, which provides that the Remuneration Policy shall be approved at the Annual General meeting, with or without amendments, and that the Bank's Board of Directors shall report on and explain the implementation of the previously approved Remuneration Policy. Vilhjálmur stated that he strongly objected to the timing of the convening of the meeting, following the sale by the Icelandic State of its remaining shareholding in the Bank. He also expressed that a shareholders' meeting of this nature could not decide on the Remuneration Policy, as such a decision could only be made at an Annual General Meeting.

The meeting chair thanked Vilhjálmur Bjarnason and instructed the meeting secretary to record his objection regarding the legality of the agenda.

In response to the comments made by Vilhjálmur Bjarnason, the meeting chair noted that pursuant to Article 80 of the Act on Public Limited Companies, shareholders make decisions at shareholders' meetings, and that shareholders' meeting is the highest decision-making body of the company in all matters that shareholders wish to address, unless explicitly excluded from the jurisdiction of the shareholders' meeting. The fact that the Annual General Meeting is required to address certain matters does not prevent shareholders from submitting the same matters to other shareholders' meeting. In light of the fundamental principles of the Act on Public Limited Companies that shareholders may adopt new resolutions if they are dissatisfied with those made at previous meetings, the meeting chair expressed the view that there are no legal impediments to putting the agenda item in question to a vote at this shareholders' meeting.

The meeting chair presented the agenda of the meeting. With regard to the agenda item Other matters, the meeting chair noted that, in accordance with the Bank's Articles of Association, shareholders may bring any matters they wish onto the agenda of a shareholders' meeting, in a prescribed manner, once a meeting has been properly convened. A shareholder submitted a motion of no confidence concerning a board member, which would be brought before the meeting for resolution. The motion was duly received and published in accordance with the required notice period.

The meeting chair stated the shareholders representing 36,52% of the Bank's shares were present at the meeting.



1. Proposal to amend the Bank's Remuneration Policy

The meeting chair presented the Board's proposal to amend the Remuneration Policy, which was included among the meeting documents (main proposal).

The Board of Directors of Íslandsbanki hf. propose, firstly, that two authorization provisions be added to Article 7 of the Bank's Remuneration Policy. On the one hand, the Board shall be authorized to establish a special incentive scheme for employees, and on the other hand, the Board shall be authorized to implement a stock option plan pursuant to Article 10 of the Act on Income Tax No. 90/2003. The objective of these authorisation provisions is to grant the Board flexibility to reward employees for their performance and to align the long-term interests of the employees with those of the Bank. Furthermore, amendments are proposed to Article 8 of the Remuneration Policy to align it with the aforementioned changes to Article 7 concerning the integration of sustainability-related risks. Lastly, amendments are proposed to the wording and organisation of the text in several other sections of the Remuneration Policy.

The meeting chair further explained that since the Board's proposal was published on the Bank's website on 9 June, several shareholders had submitted comments regarding amendments. For this reason, the Bank's Board wishes to propose revisions at the meeting to reflect these comments. The Chair presented the Board's proposed amendments to the submitted principal proposal regarding the Remuneration Policy. The Board's proposal for an updated remuneration policy, along with a version including a change log from the main proposal for an amended Remuneration Policy, can be found in the meeting documents on the Bank's website.

The proposed amendments include provisions to confirm within the Remuneration Policy itself (not only in the explanatory notes) that no incentive payments shall be made unless minimum profitability benchmarks are met (Article 7.2).

In cases where part of the incentive payments is paid in shares of the Bank, the calculation shall be based on the average price over the last 10 days (Article 7.2). This corresponds materially to the rule concerning stock options in Article 7.3.

The sentence in the explanatory notes accompanying the Board's proposal on the Remuneration Policy, stating that the Bank's Board should determine how profits exceeding the minimum benchmark should be distributed between shareholders and employees shall be removed from the explanatory notes.

The meeting chair explained that the proposed amendment would be put to a vote first, and if approved, the main proposal would then be put to a vote as amended.

The meeting chair explained that the Board's proposal on the Remuneration Policy, together with the proposed amendments and a compared version, can be found in the meeting documents on the Bank's website.

The meeting chair invited Linda Jónsdóttir, the Chairman of the Board, and Haukur Örn Birgisson, board member and Chairman of the Board Corporate Governance and Human Resource Committee.



Linda Jónsdóttir, Chairman of the Board, then spoke. Linda expressed great satisfaction with the recent offering and sale of the State's remaining shares in the Bank, and thanked the participants in the offering, the new shareholders, and others involved on the project. She stated that the Board views this as an important milestone in the Bank's journey. The Bank is today the largest investment bank in the country, a leader in the corporate market, and holds a strong position in the retail market. The Board sees various opportunities for further growth.

Linda also stated that the Board is united in its objective to maximise profitability and thereby the Bank's market value for the benefit of the shareholders, and that, for this purpose, it is also necessary to ensure the Bank's competitiveness as an employer in the financial market. The Board therefore considers it essential to formulate a clear and credible policy regarding remuneration and to align the Bank's future vision with the expectations of the shareholders. According to the Board, it is time for the next step in this regard. She referred to her address at the Bank's 2025 Annual General Meeting in this context. The Board's goal is to align the interests of the shareholders and the employees through the Remuneration Policy, guided by long-term interests. Linda briefly addressed the Bank's strategy and values. She explained that the reason the Board is addressing this matter now, directly following the sale of the Icelandic State's remaining stake in the Bank, is that the Board has perceived a decline in the Bank's competitiveness requiring an immediate response. The new strategy being an important element to ensure the Bank's strong position going forward. She thanked the shareholders who provided constructive feedback on the proposal, noting that it is part of the strategic planning to consider different views and to reach consensus on the direction to be taken.

Linda gave the floor to Haukur Örn Birgisson, board member and Chairman of the Board Corporate Governance and Human Resource Committee.

Haukur Örn briefly outlined the views of Íslandsbanki's Board regarding the Board's proposals to amend the Remuneration Policy, relating to the incentive scheme and the stock option plan. He emphasised the importance of aligning the interests of shareholders, employees, and the Bank as a whole, focusing on long-term interests. At the same time, emphasis is placed on ensuring the implementation does not encourage excessive risk-taking. Haukur Örn explained that the proposed changes are intended to strengthen the performance culture within the Bank and reduce pressure to increase fixed salaries. This should enable the Bank to offer competitive and diversified remuneration, thereby attracting talented employees. He outlined that most listed companies in Iceland have incentive schemes and stock option plans, and that the Bank's main competitors already have similar arrangements in place. He also explained that the key elements of the proposed scheme along with the existing legal framework on incentive payments and stock option plans in Iceland. It was further emphasised that the changes will apply to all employees of the Bank. Haukur Örn explained that the incentive scheme will be divided into two tiers, a General Incentive Scheme and a Special Incentive Scheme. The general scheme will apply to all employees, where the incentive payments can range from 0 to 10% of annual salary, while the special incentive scheme will cover approximately 15% of the Bank's employees, with incentive payments ranging from 10-25% of annual salary. He specifically emphasised that no rights to incentives will be acquired if the Bank's profitability, taking incentive payments into account, is below the Bank's target. The stock option plan will apply to all permanent employees, offering them the opportunity to purchase shares in the



Bank at a predetermined price in accordance with the applicable legal framework. Haukur Örn reviewed the main considerations concerning the schemes, such as participants, long-term interests, purchase price, supervision, and the circumstances under which employees' rights to incentive payments and stock options may be forfeited. He also described the estimated scope of the scheme and reported that if full performance is achieved, it is estimated that employees' share ownership could amount up to 2% of the Bank's total share capital. The estimated cost of the incentive scheme could then amount to up to 10% of the Bank's total payroll expenses, while the estimated cost of the stock option plan is projected to be between 0,1% and 2,5% of the total payroll expenses. It is further assumed that 70-80% of the costs related to the schemes will fall under the general part, i.e. the part of the incentive scheme and stock option plan that applies to all employees. He stated that the Board's proposal for the Remuneration policy being presented is fully in line with other remunerations policies already approved by shareholders of similar companies.

Haukur Örn also addressed the Board's amendment to the Board's proposal on changes to the Remuneration Policy. Since the Board's proposal to amend the Bank's Remuneration Policy was published, the Board received comments from shareholders. The Board considered these comments to be beneficial and therefore decided to present them on its own.

Haukur Örn noted that with the approval of the proposal, the Board would be entrusted with the further development of the scheme, just as the Board is entrusted with other important tasks related to the Bank's operations and management.

The meeting chair opened the floor for discussions on the main proposal and the proposal for amendments to the proposed Remuneration Policy. The meeting chair also informed the meeting of an updated attendance. Shareholders representing 36,56% of the Bank's shares were present at the meeting.

Oddur Sigurðsson, Chairman of the Bank's employees' association and shareholder, spoke and expressed his support for the Board's proposal to amend the Remuneration Policy with regard to the general part of the incentive scheme, but not the part of the scheme that provides certain employees or key employees with the possibility of higher incentives. He encouraged the Board and those responsible for the matter to work towards an incentive scheme that applies to all employees. Oddur also added that he would have liked to be informed about the full scope and design of the scheme.

Vilhjálmur Bjarnason, shareholder, spoke.

He noted that he had served on the board of the Icelandic State Financial Investments from 2017-2023, during which time there had always been requests to introduce an incentive scheme and stock option plan. The Bank's Board had simply been able to reject those proposals on the basis that they were not in line with the State's ownership policy for financial undertakings. Now a new board is in place that follows the wishes of the Bank's management with this proposal. It also seems that the matter was fast-tracked because the Board intends to decide how any returns above a certain benchmark should be divided between shareholders and employees. He emphasized that such decision can only be made by a shareholders' meeting. The Bank's profit belongs to the shareholders and the ISK 1,5 billion, that is specified



in the proposal, would be taken from the Bank's profit and reduce the amount available for shareholders. He reminded that this meeting concerns the Remuneration Policy, not shareholders' policy.

Vilhjálmur then raised an objection to the fact that, within the framework of the stock option plan, the options have value from day one. Noting that the shareholder has made a certain sacrifice by purchasing and paying for their shares, whereas the employee benefiting from the stock option plan neither pays nor commits anything upfront, but instead has the opportunity to purchase shares at a discounted price at a later time. He referred to provisions in the Act on Public Limited Companies prohibiting the distribution of unfair benefits and unequal treatment of shareholders. He stated that he interprets „unequal treatment of shareholders“ to include both current and future shareholders. For that reason, he voiced serious objections to the proposal in addition to the concern that Act on Public Limited Companies being interpreted in such a creative way as to justify presenting The Remuneration Policy at a special shareholders' meeting rather than at the Annual General Meeting. He noted that the Board appeared to have been underprepared, given that it had to propose amendments to its own draft Remuneration Policy so soon after it was presented. He then expressed hope that the pension funds would have the resolve to protect the interests of their members and vote against the proposal.

The meeting chair read out electronic inquiries received at the meeting. The following inquiry was received from GTG Endurskoðun ehf., a shareholder: 'Will you start by lowering employees' salaries today, or is this all an addition to the salaries the bank currently pays? Will the salaries of those who do not "participate" increase by what one might expect the salaries to have increased if they received incentive payments like the others?'

The following inquiry was received from Sigríður J. Valdimarsdóttir, a shareholder: 'In the presentation of the incentive scheme, it was mentioned that if people resign, they lose the incentive payments. But what about people who are fired?'

Then Óttar Guðjónsson, a shareholder, spoke and addressed the meeting Chair, noting that Vilhjálmur Bjarnason had not received a substantive answer regarding the legality of the proposal. In his opinion, it would be serious if the proposal turns out not to be in accordance with company law. He agreed with the views of Oddur Sigurðsson, Chairman of the Íslandsbanki employees' association, that it would be very appropriate and proper to proceed with these plans so that there is equality among all employees. He urged the Bank's Board to have a conversation with Oddur Sigurðsson about the implementation of this. Regarding the minimum return criteria, Óttar stated that he considered the Bank's return on equity, after it has been privatized, too low for a public company. He felt it would be very appropriate for this minimum criterion to never be less than 5% higher than the main interest rate of the Icelandic Central Bank (*Icelandic: stýrivextir*) and that it would be good for the Board to set such a goal. He considered it appropriate to raise this minimum criterion in connection with the creation of this incentive scheme. He said he was otherwise generally in favor of incentive schemes.

Einar Ólafsson, a shareholder, spoke and found it illogical that the shareholders' meeting was about how to spend the Bank's profits and said he first wanted to get information on how the Board intended to increase the Bank's revenues before starting the process of raising salaries.



Then the meeting Chair read out further inquiries received electronically at the meeting. The following inquiry was received from Kjartan Kjartansson, a shareholder: 'It has not been stated what problem the stock option plan is supposed to solve, only that these are increased authorizations. Has the bank had trouble finding and hiring competent and qualified staff?'

The following inquiry was received from Bolli Héðinsson, a shareholder: 'Please show 4-5 (Excel) examples of how incentive payments increase the salaries of individuals, real or hypothetical, given certain assumptions.'

The meeting Chair asked the board and the CEO to answer the inquiries received all at once. He also reiterated the basis for his previous decision, i.e., that it is within the authority of the shareholders' meeting, as the highest governing body of the company, to decide on changes to the Bank's Remuneration Policy.

Haukur Örn Birgisson took the floor to respond to the shareholders' inquiries.

First, regarding the questions from Oddur Sigurðsson, Chairman of the Íslandsbanki employees' association, Haukur reiterated that the Board was seeking authorisation from the shareholders to establish an incentive scheme and the authority to further develop it. The Bank's competitors have similar schemes and arrangements in place, i.e., both general and specific parts. Competition for qualified staff is constantly increasing, and the Board wants more tools to attract and retain qualified staff. If the Bank does not have such a scheme, it will simply fall behind. It is not a matter of grouping people, but the Board is only seeking authorization to set up the scheme and develop it further as described here, taking full account of any comments that may be received during the formation of such a scheme.

Haukur Örn thanked Vilhjálmur Bjarnason for his contribution at the meeting and for his articles. Haukur Örn said that the scheme proposed by the Board is fully in accordance with the laws governing stock options in Iceland and in line with stock option plans of other companies in Iceland. Vilhjálmur's views seemed to be that it was not timely or appropriate to adopt such a scheme, but they disagreed on that.

Regarding the inquiry from GTG endurskoðun ehf., the incentive scheme is not intended as a pure additional cost but as a flexible scheme that needs to be developed and is directly linked to the Bank's performance. Increased costs due to the incentive scheme and incentive payments will only exist if the Bank exceeds its goals and performs better. It is not possible to answer definitively whether some salaries will decrease in return, etc. This is a matter of implementation that needs to be examined and can vary in each case. But generally, it can be said that the scheme is not designed in such a way that employees' salaries decrease in return but rather to ease the pressure on the Bank's fixed salary growth.

Regarding the inquiry from Sigríður J. Valdimarsdóttir about whether those who are fired lose incentive payments, Haukur Örn answered no. He referred to his discussion at the meeting that incentive payments can be reversed if there are changed circumstances or misconduct that causes damage; in such cases, incentive payments may be reversible. But of course, an employee who leaves the Bank loses future incentive payments.



Regarding the inquiry from Einar Ólafsson, Haukur Örn said that the Board believes that the approval of the changes proposed by the Board to the Bank's Remuneration Policy is one measure to increase the Bank's revenues. The Board believes that the incentive scheme promotes, or should promote, increased performance and increased revenues.

Regarding the inquiry from Kjartan Kjartansson, Haukur Örn said that the Bank has recently experienced that qualified staff, especially in investment banking, have sought other competitors where performance-based remuneration is offered. The Board wants to prevent the Bank from losing qualified staff and for the Bank to be able to offer what other comparable companies can offer to attract and retain qualified staff.

Linda Jónsdóttir, Chairman of the Bank's Board, took the floor. Linda said that the Board had driven this issue forward, not the Bank's management. The risk is losing the Bank's most important asset, which is the staff. She said the Bank had lost staff because it could not offer competitive salaries. The Board is here to improve the Bank's profitability, is on that path, and will be in the coming months. Regarding shareholders' meetings, Linda said she believed it was natural for the Board to present a proposal and make changes to it. She wanted to see more active dialogue between shareholders and boards and hoped that steps could be taken together.

Linda then encouraged the meeting attendees to familiarise themselves with further information about the Bank's affairs on the Bank's website, referring to investor presentations and the Bank's quarterly meetings.

The meeting Chair explained the following inquiry from Kjartan Kjartansson: 'Has the Bank ever failed to hire a talented employee due to a lack of stock option provisions?' Linda Jónsdóttir said this had already been answered, and the answer is yes.

Regarding the inquiry from Bolli Héðinsson about examples, Haukur Örn said that in cases where a 10% incentive payment is granted on a salary of 1,000,000 ISK, it is 100,000 ISK. The highest allowable limits according to the law are, however, 25% of fixed remuneration. The implementations are not yet clear under what circumstances or whether incentive payments can reach that maximum.

The meeting Chair said there were no excel documents available to show this implementation, but the scope was as Haukur Örn described.

Guðrún Torfhildur, on behalf of GTG endurskoðun ehf., asked why shareholders do not get to see the implementation of the incentive scheme before being expected to take a position on the incentive scheme. Why can't this be done in steps, and why is there a rush? She agreed with the views of Oddur Sigurðsson, Chairman of the Íslandsbanki employees' association, to have all employees equal at least to begin with and see how this works.

Haukur Örn took the floor and thanked for the inquiry. He said he understood well that people were burned from the past when things went wrong. Since then, the relevant legal environment has changed significantly. The authorisation requested here is to operate within the limits of the law. The Board is asking for approval of a policy that sets a certain framework in line with Icelandic legislation and other competitors and companies in the market. The implementation



is yet to be seen, and cautious steps are being taken. The authorisation is to consider both financial and non-financial goals.

Heiðar Guðjónsson, a shareholder, took the floor. Heiðar said he had great faith in the Bank's management and operations. He said he wanted the voices of those who support the Board's proposals to be heard as well. There is competition, competition for people, between industries and globally. The Icelandic banking system is very strong, and risk-taking here is very limited, and he found it natural that when things go well, and shareholders are getting returns they are satisfied with, what is surplus is shared between shareholders and employees.

The meeting Chair said he had received comments from Bolli Héðinsson again about not having received examples in Excel. Such examples are not available, but it is a suggestion to the management to consider, when thinking about the implementation of the scheme, to have easily understandable examples for shareholders to review if the Board's proposals are approved.

No one else took the floor, and the meeting Chair closed the speakers' list.

The meeting Chair explained that he would put the Board's proposals to a vote in two parts. First, the Board's amendment to its main proposal. He explained that 95 shareholders had registered for the meeting, representing 36.73% of the votes. The proposal was put to a vote. The proposal received the approval of 99.01% of the votes cast and was approved by the required majority. Then the main proposal, with the amendments according to the aforementioned amendment proposal, was put to a vote. The proposal was approved with 98.96% of the votes cast and thus by the required majority.

2. Other matters

The meeting chair presented the following proposal from Vilhjálmur Bjarnason, shareholder:

Vote of no confidence in a board member of Íslandsbanki hf.

The Shareholders' Meeting of Íslandsbanki hf. held on 30 June 2025, considers the board member Stefán Sigurðsson completely unfit to protect the interests of shareholders.

His conduct in humiliating and disrespecting shareholders at the Annual General Meeting of Glitnir hf. in the spring of 2008 strongly indicates that serving as a board member of a company, owned by the general public and pension funds, is entirely unsuitable for the aforementioned board member.

The Shareholders' Meeting of Íslandsbanki hf. demands that the track record of board members in the company be beyond any doubt concerning their integrity. Vilhjálmur Bjarnason

The chairperson offered the proposer of the motion the opportunity to speak on its substance.



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Vilhjálmur Bjarnason took the floor. He stated that he had been a board member of the Icelandic State Financial Investments at the time. In the first public offering of the state's shares in the Bank, he decided as a board member not to participate in the offering and likewise not to buy on the secondary market until after he had left the board of the Icelandic State Financial Investments. After he bought shares in the Bank a month ago, he realized that there was a board member who had participated in trying to prevent him, as a shareholder, from presenting his case at a shareholders' meeting in Glitnir in the spring of 2008. Vilhjálmur had raised this issue in 2008 but referred otherwise to the written justification for the proposal. Vilhjálmur requested that the shareholders' meeting express no confidence in such a board member, whom he considered completely unfit to sit on the Bank's board.

The meeting Chair stated that he did not see that the proposal involved a vote to remove a board member according to company law but was a general proposal where the shareholders' meeting votes on this proposal and the position expressed in it. The meeting Chair considered the proposal not binding for the removal of a board member, and therefore it was not necessary to elect a new board member if it was approved.

Linda Jónsdóttir took the floor. She stated that the Board had requested information on the matter following this proposal. After reviewing the available information, she still had full confidence in Stefán Sigurðsson and confirmed that the discussion in the Board of Íslandsbanki was aimed at working for the shareholders, with the shareholders, and having a good dialogue.

The meeting Chair put the proposal to a vote. Of the votes cast, 99.76% were against the proposal, and it was therefore rejected.

Reverend Pétur Þorsteinsson, a shareholder, took the floor under other matters. He was grateful that there was cream with the pancakes but suggested that trollberry jam could also be offered with them. He then encouraged Vilhjálmur to continue.

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 18:02.

Meeting chair

Meeting secretary

Jóhannes Karl Sveinsson, 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.