

Reykjavík, 26 July 2023

Questions from shareholders to the nomination committee of Íslandsbanki in relation to its nominations to the board of directors at the shareholder meeting 28 July 2023

The nomination committee of Íslandsbanki hf. has received questions from shareholders following its announcement of its nominations to the Board of Directors at the Bank's shareholders' meeting on 28 July 2023.

The questions relate to whether the nomination committee evaluated the candidates for the board in terms of the risk of conflicts of interest and whether they can be considered independent. It is also mentioned whether the persons nominated by the committee for election to the bank's board, who are managing directors or middle managers of large companies have sufficient time to carry out the work of a board member, or chairman of the board, in the bank, diligently, and whether consideration has been given to the candidates' occupation and other duties. Finally, information is requested on whether the committee considered more candidates during the committee's assessment of its proposals for the shareholders' meeting.

In response to the above considerations of shareholders, the nomination committee would like to communicate the following to shareholders.

In its assessment of candidates, the nomination committee considered the eligibility requirements for directors laid down in Art. 52 of the Act on Financial Undertakings, No. 161/2002, the bank's Policy on the Eligibility of Directors', the CEO and Key Employees, and relevant guidelines and recommendations on the eligibility of directors of financial undertakings. Further to this, the committee considered specific experience and expertise, as provided in the report, to be desirable.

The committee received 20 candidacies for the board of directors and alternates. Once the nomination committee had announced its nominations 12 of the candidacies were withdrawn. Candidates were required to submit CVs, together with the candidacy form, which contained information enabling the evaluation of their eligibility, information on their occupation, participation in other boards of directors, their holdings in the bank (either directly or through related parties), and potential interest ties.

The nomination committee evaluated candidacies received with the aim of achieving, through its own group of nominees combined with the candidates proposed by the board of Icelandic State Financial Investments, sufficient breadth of expertise, experience and background to comply with the bank's policies, needs, and activities. The committee assessed the candidates' independence, in accordance with the applicable law and regulations, and estimated the amount of time that serving as director could be



expected to require. The committee also sought to ensure the diversity of the board, thereby complying with the bank's Articles of Association, including their provisions on gender equality.

Íslandsbanki, like other financial undertakings providing comprehensive financial services, inevitably faces a risk of conflict of interest in its operations and has a legal obligation to take all appropriate measures to prevent conflicts of interest in its operations. It is the responsibility of board members themselves, and the bank, to ensure the prevention of conflicts of interest in their work for the bank. Based on the available information at the time of the nominations to the board, the committee has no reason to believe that the risk of conflicts of interest due to the individuals the committee nominates to the bank's board at this instance is greater than with other individuals in the Icelandic business sector in general and believes that they can be independent in their work for the bank.

The activities of commercial banks are governed by the Act on financial undertakings No. 161/2002 which impose certain limitations on board members regarding other duties. These limitations were considered by the committee in their nominations, and the candidates were informed about the work contribution expected to be required for a board seat. The candidate for chairman was also specifically informed about the role of the chairman of the board, in accordance with the Rules of Procedure of the board of directors of Íslandsbanki, which generally includes an increased work contribution compared to other members of the board. Each of the candidates nominated by the committee confirmed in their interviews with the committee that they believe they have sufficient time to diligently carry out their work on the bank's board. For the bank's board to include individuals with relevant knowledge and experience, it is desirable that the board members have relevant business experience. In the vast majority of cases, directors in financial undertakings, as well as other large companies, have another occupation and may even sit on the boards of other companies.

In other respects, the committee refers to the report of the committee to the shareholders' meeting on 28 July 2023.

The deadline for declaring candidacy to the nomination committee expired on July 10 2023, and the nominations of the committee is based on the candidates it received within the deadline. The general deadline for declaring candidacy expired on July 23, and a list of final candidates has been published in the Nasdaq OMX Iceland news system and on the bank's [website](#).

Respectfully,

On behalf of the Nomination Committee of Íslandsbanki hf.

Helga Valfells, Chairman.