

# **Íslandsbanki Nomination Committee**

**Report to the Shareholders'  
Meeting on  
28 July 2023**

**Release date 18 July 2023**

On 2 July 2023, the Board of Directors of Íslandsbanki hf. announced that a shareholders' meeting would be held on Thursday, 28 July 2023, at 11:00 am local time, in the meeting room Gullteigur at Grand Hotel Reykjavík, Sigtún 28, 105 Reykjavík. Remote participation will be available, and all voting at the meeting will be conducted electronically.

In accordance with the bank's Articles of Association, the Nomination Committee has the task of nominating individuals for election to the bank's Board of Directors at its Annual General Meeting (AGM) or, as applicable, at a shareholders' meeting where Board elections are on the agenda.

This report gives an account of the Committee's work and its nominations for the upcoming shareholders' meeting.

### **Íslandsbanki's Nomination Committee**

The purpose of the Committee is to create a venue for assessing candidates for directors, examining the eligibility of individual candidates to carry out their role; ensuring that the group nominated as directors has suitable breadth of expertise, experience and background, based on the bank's policies, needs, and operations, and that the Board will be sufficiently diverse. The Committee has an advisory role in connection with the election of the Board of Directors.

The Nomination Committee consists of three members, elected by the Board for a one-year term as provided for in the bank's Articles of Association. According to the Committee's Rules of Procedure, the Chairman of the Board of Íslandsbanki shall be one of the Committee members but shall not serve as its chair. The other two members shall be independent of the bank and its day-to-day management. One of them must also be independent of those shareholders of the bank who own qualifying holdings in it, or of any group of shareholders acting in concert who as a group own a qualifying holding.

The Board appointed the following persons to the bank's Nomination Committee in September 2022: Helga Valfells, Committee chair, Tómas Már Sigurðsson and Finnur Árnason, Chairman of the Board of Íslandsbanki.

In a notification to NASDAQ OMX Nordic on 2 July 2023, the Board of Íslandsbanki announced a shareholders' meeting would be held on 28 July 2023, where Board elections would be on the agenda. The preparations of the Committee for this shareholders' meeting had to be carried out in much shorter time than what is usual in case of Board elections at an AGM.

Finnur Árnason did not participate in the work of the Nomination Committee in preparation for the planned shareholders' meeting on 28 July 2023. Finnur explained his position to the bank's Board of Directors at the Board meeting on 5 July 2023, and that he had informed the Deputy Governor for Financial Supervision of the Central Bank of Iceland of his decision, who did not raise any objections to that decision. In addition to Board elections, the main item on the agenda of the shareholders' meeting on 28 July 2023 is discussion of Íslandsbanki's settlement with the Financial Supervisory Authority of the Central Bank of Iceland (FSA), due to Íslandsbanki's execution of the offering of Icelandic State Financial Investments (ISFI) for a 22.5% holding of the Icelandic state in Íslandsbanki, which took place on 22 March 2022. In light of the fact that Board elections are being held at the request of large shareholders who have expressed concern about the bank's management following the bank's settlement with FSA, Finnur deemed it appropriate to recuse himself and thus facilitate a more open discussion between the Committee and shareholders.

As Tómas Már Sigurðsson could not participate in the Committee's work during the time in question he resigned from the Committee. The Board appointed Hilmar Garðar Hjaltason to the Committee at its meeting on 5 July 2023.

The bank's Nomination Committee currently consists of the following persons:

- **Helga Valfells, Chair**

Helga Valfells served as a director of Íslandsbanki from 2013 to 2019. She is founder and CEO of the venture capital fund Crowberry Capital. Moreover, Helga serves as a director of 7 tech companies on behalf of Crowberry Capital. She was Deputy Chair of the Board of the telecom company Síminn from 2018 to 2021. Previous employers include Estée Lauder UK, Merrill Lynch Europe, and the Trade Council of Iceland, where she worked with a large number of varied export companies. During her tenure as managing director of the New Business Venture Fund in 2010–2016, Helga sat on the boards of 14 start-up companies. An active entrepreneur, she has participated in founding start-up companies and previously acted as assistant to the Icelandic Minister of Business Affairs. She has also worked as an independent consultant for a number of export companies from Iceland, the UK, and Canada. Helga holds a BA degree from Harvard University and an MBA from London Business School.

- **Hilmar Garðar Hjaltason**

Hilmar Garðar Hjaltason is a consultant and co-owner of Vinnvinn recruitment and consulting. Hilmar has worked in recruitment since 1998. His speciality is executive search and board staffing, where he has built up a vast network and acquired extensive experience in the market. He has developed good connections with Icelandic managers and institutional investors seeking potential managers. Hilmar has worked with a large number of enterprises in all business sectors and in the public sector, been involved in recruiting the CEOs and key managers of many of Iceland's largest companies as well as the recruitment of employees in other large and small undertakings. In addition to his experience in working with selection committees for public bodies as well as the nomination committees of listed companies, Hilmar has worked extensively for large Icelandic corporations on international markets.

The Rules of Procedure of Íslandsbanki's Nomination Committee were approved in their current form at Íslandsbanki's AGM on 16 March 2023. They are available on the [bank's website](#).

### **Work of the Nomination Committee in preparation for the shareholders' meeting in July 2023**

The Committee met to arrange the nomination process, familiarise itself with the Board's performance evaluation, conduct interviews with the largest shareholders, the Board and the CEO, on the one hand, and candidates on the other, and to prepare the Committee's nominations for the shareholders' meeting.

In an announcement in the news system of NASDAQ OMX Nordic on 6 July 2023, the Committee invited applications for persons to serve as directors. The announcement included instructions on how shareholders could send their proposals and individuals announce their candidacy, including the respective nomination deadlines. Furthermore, the relevant data and instructions were simultaneously published on the bank's website. The Committee has a dedicated e-mail address [nominationcommittee@islandsbanki.is](mailto:nominationcommittee@islandsbanki.is)

that shareholders and other interested parties could use to submit the names of candidates or to share other information with the Committee.

The deadline for submitting candidacies to the Nomination Committee was 10 July 2023.

Neither the work of the Nomination Committee nor its deadline for receiving applications for Board membership restricts the right of candidates to declare their candidacy to the Board at any time prior to the general deadline, which is 4:00 pm on 23 July 2023; i.e. five days before the shareholders' meeting. Individuals wishing to declare their candidacy are requested to fill out a candidacy form available on the [bank's website](#).

The Committee interviewed current directors, reviewing their individual qualifications, experience and expertise, as well as evaluating other directors and the Board as a whole. Furthermore, the Committee consulted with the CEO to seek his opinion on the key skills and knowledge needed by the company's Board of Directors and to evaluate the composition of the Board, co-operation with it, as well as its success. In addition, the Committee was given access to the results of the Íslandsbanki Board of Directors' performance evaluation, which was used, among other things, as a reference in the Committee's assessment of the Board's activities and composition.

Ari Daniélsson, director, Guðrún Þorgeirsdóttir, Vice-chairman of the Board, and Finnur Árnason, Chairman of the Board of Íslandsbanki, did not stand for re-election.

The Committee contacted the largest shareholders, inviting them to meet with the Committee to present their views regarding the Committee's preparations for the shareholders' meeting. These shareholders showed an active interest in consulting with the Committee and ten meetings were held with individual shareholders.

From the meetings it was clear that shareholders regard the renewal of the Board's mandate as warranted and, in most instances, wish to make changes to the Board. The views of shareholders differed in regard to how extensive the changes should be at this point in time, on the one hand, due to demand for change and on the other hand, due to considerations of stability and continuity in the Board's work and of retaining important expertise and experience.

### **Competency requirements and criteria set by the Nomination Committee**

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, provisions of 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. In addition to these, the Committee considered the candidates' experience and expertise in the following areas as desirable:

- financial technology (fintech)
- international professional experience
- banking activities
- risk management
- auditing
- supervision and governance
- business experience
- crisis management
- sustainability

In preparing its recommendations for prospective directors, the Committee assessed candidates' qualifications, skills, experience and expertise according to current rules on eligibility of directors of financial undertakings. The Committee also assessed the candidates' independence, as provided for in the Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, the Confederation of Icelandic Employers, and NASDAQ OMX Nordic, 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.

### **Icelandic State Financial Investments and its nominations**

Icelandic State Financial Investments has a three-person Selection Committee whose task is to nominate persons on behalf of the state to the Boards of Directors of banks or undertakings falling under the auspices of the agency.

The Board of ISFI is to nominate candidates for election as directors of the bank in proportion to the state's shareholding at the time the election is held. In this instance, the Board of ISFI nominates the persons named below, three directors and one alternate, to the Board of Directors. The Board of ISFI does not nominate other individuals for election as directors; however, it did work with the bank's Nomination Committee on the nomination for the Chairman of the Board. It was therefore the Nomination Committee's task to nominate four candidates for directors and one alternate.

- **Anna Þórðardóttir, director**

Anna Þórðardóttir has sat on the Board of Directors since April 2016. She has extensive experience as a director, including on the board of KPMG and the Institute of State Authorized Public Accountants. Currently she is a member of the board of the Icelandic Centre for Future Studies and chairs the Board Audit Committee of Reginn. Anna was employed by KPMG from 1988 to 2015 and became a partner in 1999. While at KPMG, she was responsible for the audit of the following companies, among others: Reitir, Hagar, 365, Baugur Group, Vodafone, Landfestar, Landey, 10-11 and Félagsbústaðir. Anna holds a cand. oec. degree in business administration from the University of Iceland and is a Certified Public Accountant. She has also studied towards a cand. merc. degree in Financial Studies at Aarhus University School of Business in Denmark. Anna holds no shares in Íslandsbanki and is considered independent of the bank and its major shareholders. There are no conflicts of interest with the bank's major customers or competitors.

- **Agnar Tómas Möller, director**

Agnar Tómas Möller has a extensive experience of the financial market, especially the bond market. Currently an independent consultant, he previously worked for Kvik Asset Management as bond fund manager from 2018-2022. From 2009 to 2018 he worked at GAMMA Capital Management, also managing bond funds, and prior to that he worked in bond brokerage at Kaupbing bank in 2006-2008. Agnar holds an MSc in industrial engineering from the University of Iceland and a BA in history from the same school. He is a director of ATM ehf. Agnar holds no shares in Íslandsbanki and is considered independent of the bank and its major shareholders. There are no conflicts of interest with the bank's major customers or competitors.

- **Haukur Örn Birgisson, director**

Over the past two decades, Haukur has worked as an attorney, including as a self-employed attorney for 15 years. He has been an attorney at the Supreme Court since 2011. In his work, Haukur has protected the interests and provided advice to small and large companies, individuals, municipalities and foreign companies and tackled numerous legal issues and countless court proceedings. He has managed the operations of Iceland Legal, as owner and managing director, since the foundation of the law firm in 2008. Haukur holds no shares in Íslandsbanki and is considered independent of the bank and its major shareholders. There are no conflicts of interest with the bank's major customers or competitors.

- **Herdís Gunnarsdóttir, alternate director**

Herdís Gunnarsdóttir joined the Íslandsbanki Board of Directors as an alternate in April 2016. She became a director in November 2020 and held that position until the bank's AGM in 2021. Herdís is Director of the Icelandic Social Insurance Administration's entitlement division and has also formerly served as managing director of the Healthcare Institution of South Iceland. She has broad managerial experience in the healthcare sector and in public institutions, and has also worked on independent projects in the fields of policy making and project management. In tandem with her work, she has taught at the university level. Herdís has extensive experience of board work, including serving on the boards of NGOs, labour unions and professional associations and in European co-operation, including as chairman of the board of a pension fund and of European associations. She holds an MBA, an MSc in paediatric nursing and a BSc in nursing from the University of Iceland. Herdís holds no shares in Íslandsbanki and has no interest ties with the bank's key customers or competitors. Herdís is not considered independent of the bank and its major shareholders due to her work for the Icelandic state, which is a major shareholder of the bank.

### **Nominations for the Board of Directors of Íslandsbanki**

The Nomination Committee evaluated the candidates for Board membership with the aim of achieving, through its own group of nominees combined with the nominees of the Board of ISFI, sufficient breadth of expertise, experience and background to comply with the bank's policies, needs, and activities and ensure that the group would be sufficiently diverse.

After evaluating the candidates, the Board's activities during the past year, taking into account the views of the bank's largest shareholders, and the results of the Board's performance evaluation, the Nomination Committee reached a conclusion on its proposals to the bank's shareholders' meeting.

The Íslandsbanki Nomination Committee recommends that, in addition to those nominated by the Board of ISFI, the following individuals be elected to the Board of Directors of Íslandsbanki hf. at the bank's shareholders' meeting on 28 July 2023:

- **Linda Jónsdóttir, Chairman of the Board**

Linda Jonsdottir is the Chief Operating Officer of Marel, having been Chief Financial Officer 2014-2022 and Corporate Director of Treasury, Financing and Investor Relations from 2009-2014. Linda is an accomplished leader and has accumulated a

broad experience of management, finance, IT and operations through her various roles at Marel, a company with around 8.000 employees in over 30 countries delivering annual revenues of EUR 1.7 billion. She also has extensive experience from the domestic sector through her prior roles at Icelandic companies like Eimskip, Burðarás and Straumur Investment bank. Today, Linda is a board member of the University of Iceland Science Park and has also been on the board of the Iceland Chamber of Commerce and the Iceland Enterprise Investment Fund. Linda has a MSc. Finance degree from Reykjavík University, a Cand.Oecon degree in Business Administration from University of Iceland, and is a licensed securities broker by the Icelandic Ministry of Finance and Economic Affairs. Linda holds 12.659 shares in Íslandsbanki. Her partner holds 12.659 shares in Íslandsbanki. Linda is considered independent of Íslandsbanki and its major shareholders. There are no conflicts of interest with the Bank's major customers or competitors.

- **Stefán Pétursson, director**

Stefán Pétursson has extensive experience in the corporate and financial market, both as a manager and director. From 1992 to 2010 he worked for the National Power Company Landsvirkjun as funding manager, head of the finance department and CFO for the last eight years. As CFO, Stefán took an active part in formulating the company's strategy, in addition to directing its profitability analyses, finances and funding. He was also on Landsvirkjun's negotiation committee with large customers. From 2010 to 2021 Stefán was CFO of Arion Bank, where he played an important role in rebuilding the bank, formulating its new strategy and strengthening trust in the bank, both nationally and internationally. Stefán also had a key role in the public listing of Arion Bank in Iceland and Sweden and its sale to domestic and foreign investors. Since 2022, Stefán has worked as CFO of the drug development company EpiEndo Pharmaceuticals ehf. The company, which is owned by domestic and foreign investors, is working on the development of a drug to treat emphysema which is in phase 2 clinical trials. Stefán has considerable experience of board work, as he was Chairman of the Board of the savings bank Afl sparisjóður and a director of Valitor, Landfestar, Landeyjar, TIF and other entities. He also served on the Board of the Iceland Chamber of Commerce, is a member of project management of the ÍL fund and on the Board of Margildi ehf. Stefán holds a cand. oecon. degree in business administration from the University of Iceland and an MBA degree from Babson College in Boston. He holds no shares in Íslandsbanki and is considered independent of the bank and its major shareholders. There are no conflicts of interest with the bank's major customers or competitors.

- **Frosti Ólafsson, director**

Frosti Ólafsson joined the Board in March 2020. He is currently CEO of the petroleum company Olíuverzlun Íslands hf. (OLÍS). Prior to that he worked as an independent consultant, CEO of ORF Genetics, managing director of the Iceland Chamber of Commerce and consultant for McKinsey & Company. In his past roles, he has advised leading domestic and international companies on a wide range of topics, including strategy, operations, and governance. Frosti currently serves on the board of Garður ehf. He holds an MBA from London Business School and a BSc in Economics from the University of Iceland and Macquarie University in Sydney, Australia. Frosti holds 12,659 shares in Íslandsbanki as well as an indirect holding of 12,659 shares through the company Óson ehf. Frosti's spouse holds 12,659 shares in Íslandsbanki. Frosti is considered independent of the bank and its major

shareholders. There are no conflicts of interest with the bank's major customers or competitors.

- **Valgerður Skúladóttir, director**

Valgerður has worked in IT for the past 30 years. She is the founder of Sensa, an IT services company, and its managing director since its inception (2002). Prior to that she was, among other things, managing director of corporate sales and infrastructure solutions at TækniVal. She has served as director of the IT companies Staki Automation and Talenta, Siminn DK and Sensa A/S and is currently a director of the fintech company Memento and Erit ehf. She sat on the board of the Federation of Icelandic Industries and on its Intellectual Property Council, served as Chairman of the Board for the Federation of IT companies (SUT) and is currently a board member of the Board of the Confederation of Icelandic Employers and the Reykjavík Forestry Association and an alternate board member of the Board of the Classical Dance School and Business Iceland. Valgerður has a cand. scient. degree in electrical engineering from the University of Iceland and an MBA from the University of Miami. Valgerður owns 12,659 shares in Íslandsbanki and is considered to be independent of the bank and its large shareholders. There are no conflicts of interest with the bank's major customers or competitors.

- **Páll Grétar Steingrímsson, alternate director**

Páll Grétar Steingrímsson was an employee of Deloitte in 1988-2021, where he became partner in 1999 and responsible, among other things, for audits at the following companies: Arion Bank, Stefnir, Landsnet, Sjóvá and Íslandsbanki. Páll was a director at Deloitte from 2007-2018. While with Deloitte he was responsible for services to the financial industry in Iceland from 2006 and was on the Deloitte Nordic Financial Service Executive Team from 2016, where he led its audit service. Páll was Vice-chairman of the Institute of State Authorised Public Accountants in Iceland for two years. He is currently chairman of the Audit Committee of the Board of Þorbjörn hf and an alternate member of the Audit Committee of the City of Reykjavík. He is also an alternate board member of the Board of Sköpunarmiðstöðin svf. Páll holds a cand. oecón. degree in business administration from the University of Iceland and is a Certified Public Accountant. He holds no shares in Íslandsbanki and is considered independent of the bank and its major shareholders. There are no conflicts of interest with the bank's major customers or competitors.

The Nomination Committee is of the opinion that, if the Board is comprised of the individuals nominated by the Nomination Committee and the Board of ISFI, it will have a suitable breadth of expertise, experience and background, in consideration of the bank's policies, needs and activities. In addition, that it will satisfy statutory provisions and the bank's Articles of Association which require a minimum of 40% of directors and alternates of each gender. This composition also reflects a diverse group of individuals as regards, among other things, their education, professional experience and age.