

Proposals to the Annual General Meeting 2025

31 March 2025



Íslandsbanki's Annual General Meeting will be held on Monday 31 March 2025 at 16:00 local time, in the Háteigur conference hall, Hotel Reykjavík Grand, Sigtún 28, 105 Reykjavík. Electronic participation will be available. Voting at the meeting will be conducted entirely electronically. The meeting will be conducted in Icelandic, but translation services into English will be available. On the day of the announcement of the Annual General Meeting there are 2.000.000.000 outstanding shares in the Bank. On 28 February 2025, the Bank held 119,529,230 own shares.

Agenda:

1. The report of the Board of Directors on the Bank's operations and activities for the preceding year of operation
2. Approval of the Bank's annual financial statements and consolidated financial statements for the preceding year of operation
3. Decision on payment of a dividend
4. Election of the Bank's Board of Directors, alternate directors, and the Chairman of the Board
5. Election of an auditor
6. Decision on the remuneration to the Board of Directors and remuneration to the members of the Board's sub-committees
7. Proposal to amend the Bank's Remuneration Policy
8. Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Bank's Articles of Association.
9. Proposal on the authorisation to purchase own shares and a corresponding amendment to the Bank's Articles of Association
10. Decision on remuneration to the members of the Bank's Nomination Committee
11. Election of two members and one alternate member of the Bank's Nomination Committee
12. Election of an external committee member in the Bank's Audit Committee
13. Other matters.

Proposals of the Board of Directors:

On Item 2 – Approval of the Bank's annual financial statements and consolidated financial statements for the preceding year of operation

The Board of Directors proposes the approval of the Bank's Annual Financial Statements and consolidated financial statement for the year 2024.

On Item 3 - Decision on payment of a dividend

The Board of Directors proposes that a dividend of ISK 12,1 billion will be paid to shareholders for the 2024 financial year, i.e. owners of shares not held by Íslandsbanki as of the date of the Annual General Meeting. The Bank's dividend pay-out is approximately 50% of after-tax profits of the year 2024, and in line with the Bank's long-term dividend pay-out ratio target of approximately 50%.

The Board of Directors may convene a special shareholder meeting later in the year where a proposal regarding payment of a dividend of profit for previous fiscal years or a buyback of own shares could be suggested.



If the proposal is approved by the shareholders, the Bank's shares traded on and after 1 April 2025 (Ex-date) will be ex-dividend. The right to a dividend will be paid to shareholders registered in the Bank's shareholders registry at the end of 2 April 2025 (Record date). The payment date of the dividend will be 10 April 2025.

On Item 4 - Election of the Bank's Board of Directors, alternate directors, and the Chairman of the Board

In accordance with the Bank's Articles of Association the Bank's Board of Directors shall be elected at an Annual General Meeting of the Bank for a term of one year.

The Bank's Nomination Committee invited those interested to submit their candidacies to the Board of Directors of Íslandsbanki to the Nomination Committee. Deadline for declaring candidacy to the Nomination Committee expired at 16:00 (GMT) on 17 February 2025. The proposals have been announced on Nasdaq Iceland and are available on the [Bank's website](#) and at the Bank's headquarters.

Please note that activities by the Nomination Committee, and the deadline for submitting candidacies to the Committee, does not limit a candidate's right to declare candidacy to the Board of Directors up to the general deadline for declaring candidacy. The general deadline for declaring candidacy to the Board of Directors expires five (5) days before the Annual General Meeting, or at 16:00 (GMT) on 26 March 2025. Candidates are requested to fill out the requisite documentation, which is available [here](#) on the Bank's website.

In accordance with the Bank's Articles of Association election of the Board of Directors shall be made by cumulative voting between individuals, cf. item c of Article 63(6) of the Act no. 2/1995, on Public Limited Companies.

On item 5 - Election of an auditor

The Board of Directors proposes that the AGM of the Bank re-elects KPMG ehf. as the Bank's auditing firm.

On item 6 - Decision on the remuneration to the Board of Directors and remuneration to the members of the Board's sub-committees

The Board of Directors proposes that the AGM of the Bank resolves to pay remuneration to members of the Board of Directors for their services on the Board of Directors in the amount of ISK 539,000 per month and to the Chairman of the Board ISK 941,000 per month, and to the Vice-Chairman of the Board ISK 668,000 per month. It is proposed that members of the Board of Directors receive 25% of their monthly board remuneration for each meeting of the Board of Directors beyond 12 meetings until the Bank's next Annual General Meeting. In addition, members of the Board of Directors residing abroad shall receive ISK 300,000 for each board meeting they attend in person.

In addition to that each Board member shall be paid remuneration in the amount of ISK 267,000 per month for their participation in the work of sub-committees of the Board of Directors. In addition, chairmen of sub-committees of the Board of Directors shall be paid ISK 60,000 per month. Remuneration to each alternate member of the Board of Directors shall be ISK 534,000 per annum, in addition to ISK 267,000 for each meeting of the Board of Directors they attend and meetings attended with the Financial Supervisory Authority on the Fit and Proper Assessment of Managing Directors and Directors of Financial Undertakings but never higher



than the monthly remuneration to members of the Board. Remuneration to the external member of the Bank's Audit Committee shall be ISK 393,000 per month.

Remuneration to members of the Board of Directors for work in sub-committees considers the number of committees on which the Board members serve. Remuneration is however not paid for serving on more than two committees.

Explanatory notes:

The proposal entails an approximately 3.5% increase in the remuneration to the Board of Directors and remuneration to the members of the Board's sub-committees from what was approved at the Bank's Annual General Meeting in 2024. The increase is in line with common salary increases in the general labor market. In order for the remuneration of Board members to reflect the scope of the Board's work, it is proposed that Board members receive special remuneration for each Board meeting they attend beyond 12 Board meetings until the Bank's next Annual General Meeting. Board members residing abroad shall also receive additional compensation for each board meeting they attend in person.

On item 7 - Proposal to amend the Bank's Remuneration Policy

The Board of Directors proposes that the Bank's Remuneration Policy is approved with the following amendments:

Firstly, it is proposed that the Bank's Remuneration Policy be amended in accordance with the provision of Act No. 25/2023, on disclosure regarding sustainability in the field of financial services and a classification system for sustainable investments, which incorporated into Icelandic law the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council ("SFDR"). According to Article 5 of the SFDR, the Bank must describe in its Remuneration Policy how it is consistent with the considerations on the integration of sustainability risks.

Secondly, it is proposed that the words "in whole or in part, in public ownership" in the final sentence of the second paragraph of Article 1 be removed. It is also proposed that the word "directors" replace the word "key function holders" in the title of Article 5, and that the word "directors" replace the word "key function holders" in the first sentence of the first paragraph of Article 5.

The proposed Remuneration Policy can be found in Annex I to these Proposals.

Explanatory notes:

The Board of Directors does not propose changes to the remuneration policy to allow for variable compensation elements at this time. The Board believes that such a change would represent a step forward for the Bank, its shareholders, and its employees. To this end, the Board has been in discussions with major shareholders of the Bank in recent weeks and will continue this dialogue and intends to propose such changes at a later stage.

On item 8 - Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association.

The Board of Directors proposes the following to the Annual General Meeting:

„The Annual General Meeting of Íslandsbanki hf., held on 31 March 2025, resolves to reduce the Bank's share capital by ISK 597,646,150 nominal value, from ISK 10,000,000,000 to ISK 9,402,353,850 nominal value. The reduction will be executed by cancelling the Bank's own



shares amounting to the above-mentioned amount provided that all applicable legal conditions are met.”

The proposal entails a change to Article 2.1 of the Bank’s Articles of Association, which will read as follows:

„The share capital of the Company amounts to ISK 9,402,353,850 – nine billion, four hundred two million, three hundred fifty-three thousand, eight hundred fifty Icelandic Krónur. The share capital is divided into 1,880,470,770 shares of ISK five (5) in nominal value. All of the Company’s share capital is in a single class.“

Explanatory notes:

The Board of Directors proposes to reduce share capital by cancelling the Bank’s own shares for the benefit of shareholders. As of 28 February 2025, the Bank held 119,529,230 own shares purchased under the formal buyback plan and through a reverse tender offer during the years 2023–2025, with the purpose of reducing the Bank’s issued share capital. The Financial Supervisory Authority of the Central Bank of Iceland has already approved the reduction of share capital by cancelling the Bank’s own shares. If the proposal is approved, the Bank’s share capital will decrease from ISK 10,000,000,000 to ISK 9,402,353,850 nominal value.

On item 9 – Proposal on the authorisation to purchase own shares and a corresponding amendment to the Bank’s Articles of Association

The Board of Directors proposes that the following proposal on the authorisation to purchase the Bank’s shares is approved. It is further proposed that should the proposal be approved, the authorisation will be recorded in an Annex to the Articles of Association of the Bank, in accordance with article 2.6 of the Bank’s Articles of Association.

The proposal reads as follows:

„Aðalfundur Íslandsbanka hf. haldinn 31. mars 2025 samþykkir að veita stjórn bankans heimild, á grundvelli 55. gr. laga um hlutafélög nr. 2/1995, til að kaupa fyrir hönd bankans allt að 10% af hlutafé hans. Heimild þessi skal nýtt í þeim tilgangi að setja upp formlega endurkaupaáætlun eða til að gera hluthöfum almennt tilboð um kaup bankans á eigin bréfum, t.d. með útboðsfyrirkomulagi, enda sé jafnræðis hluthafa gætt við boð um þátttöku í slíkum viðskiptum. Framkvæmd endurkaupa á grundvelli heimildar þessarar er háð því skilyrði að fyrirfram samþykki Fjármálaeftirlits Seðlabanka Íslands, samkvæmt samkvæmt 77. gr. reglugerðar ESB nr. 575/2013 um varfærniskröfur að því er varðar lánastofnanir og verðbréfafyrirtæki (CRR), hafi verið veitt.

Heimild þessi gildir í 18 mánuði frá aðalfundardegi árið 2024. Older authorisations to purchase own shares are cancelled with the approval of this authorisation. Such cancellation shall, however, not affect any repurchase transactions initiated and published prior to that date.“

The Annual General Meeting of Íslandsbanki hf. held on 31 March 2025 authorises the Board of Directors, based on Article 55 of the Company Act no. 2/1995, to acquire on behalf of the Bank up to 10% of issued share capital of the Bank. The authorisation shall be used to set up a formal share repurchase program or for the purpose of offering shareholders generally to sell their shares to the Bank e.g., through auction where equal treatment of shareholders is ensured. The repurchase of shares under this authorisation



is conditional upon the prior approval of the Financial Supervisory Authority of the Central Bank of Iceland in accordance with Article 77 of Regulation (EU) on Prudential Requirements for Credit Institutions and Investment Firms, No. 575/2013 (CRR).

This authorisation shall remain in effect for 18 months after the Bank's Annual General Meeting in 2024. Older authorisations to purchase own shares are cancelled with the approval of this authorisation. Such cancellation shall, however, not affect any repurchase transactions initiated and published prior to that date."

Explanatory note:

The proposal entails that the Board of Directors is authorised to approve a formal share repurchase program or to offer shareholders generally to sell their shares to the Bank, e.g. through auction where equal treatment of shareholders is ensured. Similar arguments are generally considered to apply to the repurchase of a Bank's own shares as to annual dividend payments, on the basis of the Bank's operating results. The aim of the proposal is to outline the Bank's shareholder return in a transparent manner alongside the Bank's dividend policy. Moreover, the objective of the authorisation is to optimise the Bank's capital structure. This authorisation to repurchase the Bank's own shares will be carried out in accordance with the applicable laws and regulations. Repurchase of the Bank's shares is however subject to the prior approval of the Financial Supervisory Authority in accordance Art. 77 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

It is proposed that the authorisation is temporary and will be in effect for 18 months from the Bank's Annual General Meeting.

On item 10 – Decision on remuneration to the members of the Nomination Committee

The Board of Directors proposes that the AGM of the Bank resolves to pay remuneration to members of the Nomination Committee in the amount of ISK 197,000 per member for each meeting they attend, although a maximum of ISK 1,573,000 for the preparation of each board election. The remuneration for an alternate member of the Nomination Committee shall be at least ISK 394,000 per annum and ISK 197,000 for each meeting they attend with the Nomination Committee, subject to the same maximum limit that applies to the members of the Nomination Committee.

Explanatory note:

The proposal entails an approximately 3.5% increase in the remuneration to members of the Nomination Committee from what was approved at the Bank's Annual General Meeting in 2024. The increase is in line with common salary increases in the general labor market.

On item 11 – Election of the members and alternate members of the Bank's Nomination Committee

In accordance with Article 4.4 of the Bank's Articles of Association, two of the members of the Nomination Committee and their alternate member shall be elected at the Company's Annual General Meeting, or at a shareholders' meeting, for one year at a time.

The following candidates stand for election for the Nomination Committee as committee members:

Helga Valfellis



Hilmar Garðar Hjaltason

The following candidate stands for election for the Nomination Committee as an alternate member:

Anna Rut Práinsdóttir

Other candidates that intend to stand for election for the Nomination Committee must declare their candidacy no later than five days prior to the AGM. The announcements shall be sent to the email tilnefningarnefnd@islandsbanki.is before 16:00 (local time) on 26 March 2025.

Information on candidates for the Nomination Committee will be published on the [Bank's website](#) no later than two days prior to the AGM and will be available at the Bank's headquarters from that time.

On item 12 – Election of an external committee member in the Bank's Audit Committee

The Board of Directors proposes that the AGM elects Páll Grétar Steingrímsson, chartered accountant, as an external member of the Bank's Audit Committee.

Explanatory note:

The proposal is based on Act No. 3/2006 on Annual Accounts, which requires that any external members to a company's audit committee be appointed by the annual general meeting. Given that the Board of Directors has decided that one member of its Audit Committee shall be an external member i.e., not a member of the Board, the Board proposes that Páll Grétar Steingrímsson be elected.



Annex I

Remuneration Policy of Íslandsbanki hf.

Article 1. Objectives

Íslandsbanki (the Bank) emphasises hiring and employing exceptional employees. The objective of the Remuneration Policy is to make Íslandsbanki a desirable workplace for qualified employees to ensure the Bank's competitiveness, continued development and acceptable profitability.

Moreover, the objectives of the Remuneration Policy is to foster trust in the Bank's management and operations, with the Bank being a leader in the field of good corporate governance and sustainability, while respecting its interests, in particular, its reputation and integrity, and operating in accordance with the relevant guidelines, values and ethics relevant to a financial undertaking.

The Remuneration Policy shall support sound operations in the long term, conform and contribute to a reliable and efficient risk management, not encourage risk-taking beyond the Bank's risk appetite and include measures for the prevention of conflicts of interest. It is the Bank's goal that the terms of employment of executives and other employees are competitive yet proportionate without being leading in the market. In determining the terms of employment, relevant job experience and responsibilities according to job description shall be taken into account as well as equal rights perspectives.

In accordance with the provisions of article 79(a) of Act. 2/1995, on Limited Liability Companies, the Bank's Remuneration Policy shall be submitted to the Annual General Meeting (AGM) for approval.

Article 2. Corporate Governance and Human Resource Committee

The Corporate Governance and Human Resource Committee shall be constituted in such a way as to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity. It shall be comprised of three Directors of the Board and chaired by one of them.

The Corporate Governance and Human Resource Committee is responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the Bank and which are to be taken by the management body. When preparing such decisions, the Corporate Governance and Human Resource Committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the Bank and the public interest. The role of the Committee shall be to guide the Board of Directors and CEO in deciding on the terms of employment of senior management and overseeing the remuneration of senior officers in the risk management and compliance functions of the Bank.

The Corporate Governance and Human Resource Committee submits a yearly report in connection with the Annual General Meeting of the Bank and in the Directors' Report in the Bank's Financial Statements, on the implementation of and compliance with the Bank's remuneration policy. Moreover, the committee shall monitor the developments of collective bargaining agreements, trends in salary expenses and number of employees. The Board of



Directors shall approve rules of procedure for the Committee defining its role and responsibilities which shall be published on the Bank's website.

Article 3. Remuneration of Board members

Board members shall receive set monthly payment in accordance with the decision of the AGM of the Bank as provided for in Article 79 of Act No. 2/1995 on Public Limited Companies. In determining the remuneration amount, consideration shall be had for the hours spent on the job, the responsibilities borne by the Directors and the Bank's performance. The Corporate Governance and Human Resource Committee shall present the Board of Directors with a substantiated proposal for remuneration to members of the Board of Directors in the coming operating year. The Board of Directors deliberates on the Committee's proposal and submits a final proposal on remuneration to the AGM. The Bank reimburses members of the Board of Directors domiciled outside the capital region for travel expenses. The Bank may not conclude severance agreements with members of the Board of Directors.

Article 4. Terms of employment of the CEO and member senior management

The terms of employment of the CEO and senior management shall be competitive but proportionate and not leading.

The Bank may not conclude agreements including severance payments with the CEO or senior management other than what is provided in employment agreements, collective bargaining agreements and legal obligations. CEO and senior management's contractual period of notice shall not be longer than six to twelve months, considering tasks and responsibilities borne.

Article 5. Indemnity of the Board of Directors, CEO and Directors

The Bank shall at any given time ensure that a valid liability insurance is in effect for the Board of Directors, CEO and Directors, both current and former, for their work on behalf of the Bank. The Bank shall ensure that the aforementioned parties are indemnified by any claims made against them or that may be made against them due to their work for the Bank, insofar that the claim is not made due to criminal conduct of the party deemed to be intentional or due to gross negligence.

Article 6. Remuneration policies of subsidiaries etc.

The Board of Directors shall promote competitive but proportionate and not leading remuneration policies of its subsidiaries.

The CEO shall present a proposal for the remuneration policies of subsidiaries, as well as on the remuneration of board members, for the approval of the Board of Directors.

Article 7. Varying terms

The Bank shall not conclude or authorise agreements on salary incentives, that is not authorise agreements on terms defined by performance and do not form part of fixed remuneration, where the final amount or size is not exactly known beforehand.

Any move by the Board of Directors to instigate such a system must first be approved by a shareholders' meeting.



Article 8 Integration of sustainability-related risk

Pursuant to Article 5 of the European Parliament and Council Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, financial market participants and financial advisers must include information in their Remuneration Policies on how those policies are consistent with the integration of sustainability-related risks. The Bank's Directors and employees receive fixed monthly salaries that are not performance-based and do not take into account sustainability-related risk.

Article 9. Information disclosure

The Bank shall report the terms of employment of members of the Board of Directors, CEO and each member of the executive board in its annual financial statements.

This Remuneration Policy shall be published on the Bank's website.

Article 10. Approval of the Remuneration Policy etc.

The Remuneration Policy shall be presented to the Bank's AGM for approval.

The Remuneration Policy may be reviewed more than annually and any amendments submitted to a shareholders' meeting for approval. The Remuneration Policy serves as a guideline for the Bank and the Board of Directors. The Board of Directors shall record any deviations from the Remuneration Policy in minutes along with the substantiated grounds for such deviation. Deviations shall be presented to the Bank's next AGM.