



# Remuneration Policy

21 March 2024

### **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, in whole or in part, in public ownership.

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 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 key function holders**

The Bank shall at any given time ensure that a valid liability insurance is in effect for the Board of Directors, CEO and key function holders, 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. 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 9. 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.

Approved at the Annual General Meeting of Íslandsbanki hf. 21 March 2024.