



ÍSLANDBANKI HF. RULES OF PROCEDURE FOR THE NOMINATION COMMITTEE

1 ROLE AND OBJECTIVE

- 1.1 The role of the Nomination Committee (the “**Committee**”) is to propose candidates to serve at the Board of Directors (the “**Board**”) of Íslandsbanki hf. (the “**Bank**”). The Committee operates on the basis of Article 4.4 of the Bank’s Articles of Association.
- 1.2 The Committee’s objective is
- to create a venue to provide information on candidates to the Board;
 - to assess the eligibility of individual candidates to fulfil their roles;
 - to ensure that the group nominated to serve on the Board has sufficient breadth of experience as regards knowledge, experience and background based on the policies, needs and operations of the Bank; and
 - to ensure nominated group is sufficiently diverse.

2 COMMITTEE COMPOSITION

- 2.1 The members of the Nomination Committee shall be three and they shall be elected for one year at a time by the Board of Directors.
- 2.2 The CEO or other employees of the Bank shall not serve as members of the Committee.
- 2.3 The Chairman of the Board shall always be one of three members of the Committee but shall not chair the committee. The other two Committee members shall be independent of the Bank and its day-to-day management. One of those Committee members shall further be independent of the of the Bank’s shareholders who own a qualifying holding, or any such group of shareholders acting in concert and owning a combined qualifying holding. The same criteria shall apply to the assessment of independence of Committee members as applies to the assessment of the independence of Board members.
- 2.4 The Committee shall collectively possess the relevant knowledge and experience regarding the operation of the Bank and due regard given to gender equality. Having regard to the proposal of the Board Corporate Governance and Human Resource Committee, the Board shall decide on the remuneration of the Committee members.

3 RESPONSIBILITIES

- 3.1 The Committee has an advisory role with regards to the election to the Bank’s Board.
- 3.2 The Committee shall put forth a proposal at the Bank’s annual general meeting, or other extraordinary shareholders meetings where Board election is on the agenda, containing candidates to serve on the Board of Directors.
- 3.3 The Icelandic State Financial Investments shall nominate members for election to the Board in proportion to its shareholdings in the Bank at the time of election. The Icelandic State Financial Investments will identify that number of board candidates to the Committee no later than 30 business days prior to an annual general meeting and 20

business day prior to an extraordinary shareholder meeting, unless a meeting has been called within a shorter period.

- 3.4 The Committee shall request proposals from shareholders for candidates to serve on the Bank's Board of Directors via a notice to the stock exchange. The notice shall include clear instructions on how shareholders may submit their proposals and how individuals may submit their candidacy, including the relevant deadline for submissions. These instructions are also to be published on the Bank's website.
- 3.5 The Committee shall then propose to the shareholders, the candidates to serve on Board and publish its proposal along with other declarations of candidacy alongside the AGM convocation. The proposal shall also contain which candidate shall serve as the Chairman. The Committee's proposal of candidates shall be sent to all shareholders or made publicly available.
- 3.6 Proposals of the Committee shall include reasons for the proposal of each candidate with references and explanations for the qualifications, with reference to these rules, the Bank's Articles of Association and other applicable rules and guidelines on the qualifications of Board members in financial undertakings.
- 3.7 In execution of its duties, the Committee shall take into consideration the interests of all shareholders of the Bank.
- 3.8 The Committee shall aim to ensure that the proposed candidates collectively possess sufficient knowledge, skill, diversity and experience necessary for the operations of the Bank as a financial undertaking. The Committee shall i.a. perform the following tasks when preparing proposals for Board candidacy:
 - (a) Assess candidates, based on their qualifications, skills, experience, and knowledge considering the applicable rules on the qualifications of Board members in financial undertakings.
 - (b) Evaluate the independence of potential Board members, in accordance with the Icelandic Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Business Iceland and Nasdaq Iceland.
 - (c) Define capabilities for board seats and assess the time commitment expected in the operations of the Board.
 - (d) Seek a diverse composition of the Bank's Board of Directors and to comply with the Bank's Articles of Association, including provisions on gender equality.
 - (e) Seek to avert situations where one individual or a small group of individuals become dominant in the decision making of the Board on the expense of the Bank as a whole.
 - (f) Prepare and submit to the relevant shareholders meeting, the results of the suitability assessment and a formal proposal on the election of members to the Board of Directors, including a proposal for Chairman.
- 3.9 The Committee shall, at least annually, assess the structure, size, composition and performance of the management body and make recommendations for improvements to the Board as applicable. Furthermore, the Committee shall assess the knowledge, skills and experience of individual members of the management body collectively, and report to the Board accordingly and make recommendations for improvements to the Board as applicable.

- 3.10 In performing its duties, the Committee may gather relevant information from the current Board and the Board's sub-committees. The Committee shall be independent in its work and shall have access to funds, external consultants, and other resources it may need in the performance of its duties.
- 3.11 The Committee shall assess the Bank's policy on the suitability of the management body and managers which directly answer the CEO and make recommendations for improvements to the Board as applicable.

4 MEETINGS

- 4.1 At its first meeting, the Committee shall appoint its Chairman and Secretary.
- 4.2 The Chairman shall ensure that a record of minutes is kept, and those minutes shall only be accessible to Committee members, unless the Committee decides otherwise.
- 4.3 A minimum of two Committee meetings shall be held each year, but otherwise as often as deemed necessary.
- 4.4 The Chairman shall convene meetings with sufficient notice. The Committee is competent to make decision when the majority of Committee members attend the meeting. The majority of votes decide issues at Committee meetings, but when votes are even, the Chairman's vote decides the issue. Important decisions may however not be taken unless all members of the Committee have had the chance to discuss the matter.

5 CONFIDENTIALITY

- 5.1 The Committee shall have access to relevant information and material which the Committee deems necessary in order to carry out its duties, subject to any limitations set out by law.
- 5.2 All information obtained or created by the Committee on the Bank, including information on its operations and activities, is confidential. The same applies to all other confidential information obtained, received or prepared by the Committee.
- 5.3 Any personal data shall be processed in accordance with the applicable law.
- 5.4 Professional secrecy and confidentiality survive the expiration of Committee membership.

6 RATIFICATION AND PUBLICATION

- 6.1 The Bank publish the names of the Committee members on its website no later than six months before the Bank's annual general meeting.
- 6.2 The Committee's proposals shall be published on the Bank's website.
- 6.3 These rules shall be published on the Bank's website.

Presented for approval at the Annual General Meeting of Íslandsbanki hf. 16 March 2023.