



## Proposals of the Nomination Committee for the Annual General Meeting of Arion Bank hf. 11 March 2026

The Annual General Meeting of Arion Bank hf. ("Arion Bank" or "the Bank") was formally called on 16 February 2026. The meeting will be held on 11 March 2026 at 16:00 at the Bank's headquarters at Borgartún 19, 105 Reykjavík.

Below is the report of the Nomination Committee of Arion Bank ("Nomination Committee" or "the Committee") and the Nomination Committee's proposals in accordance with items 4 and 6 of the agenda for the 2026 AGM.

### **Summary:**

- The Nomination Committee received eight nominations for Arion Bank's Board of Directors, four of which were from current Board Members.
- The Nomination Committee proposes that the following four current Board Members will be re-elected as the Bank's Board Members at Arion Bank's AGM on 11 March 2026: Paul Horner, Kristín Pétursdóttir, Steinunn Þórðardóttir, and Gunnar Sturluson.
- The Nomination Committee proposes that Tómas Már Sigurðsson will be elected as a new member of the Bank's Board of Directors.
- The Nomination Committee proposes that Paul Horner will be re-elected Chairman of the Board and Kristín Pétursdóttir re-elected Vice-Chairman of the Board.
- Two candidacies for alternate Board Directors were received from current alternate Board Directors. The Nomination Committee proposes that Einar Hugi Bjarnason and Sigurbjörg Ólafsdóttir will be re-elected alternate Board Directors.
- The Nomination Committee proposes that the Board salary will be increased by 5.8%.

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## 1. Role of the Nomination Committee of Arion bank

The current applicable Rules of Procedure for the Bank's Nomination Committee were approved at the Bank's Annual General Meeting on 12 March 2025. Shareholders elect two of the three committee members at a shareholders' meeting and the Board of Directors appoints the third member.

Pursuant to the Committee's Rules of Procedure, and with reference to the amendment to Article 53 of the Financial Undertakings Act No. 161/2002, which came into force on 1 January 2023, the Nomination Committee shall present to the shareholders its reasoned proposals on the candidates which the Committee deems best to serve on the Bank's Board of Directors. The Committee shall also propose to the Annual General Meeting the suitable remuneration payable to the members of the Board of Directors.

The aforementioned Act on systemically important financial institutions, which is reflected in the Committee's rules of procedure, also specifies that the Nomination Committee of Arion Bank shall, at least annually: a) assess the company's policy and practices regarding the hiring of the CEO and executives who report directly to the CEO, and propose improvements to the Board where applicable; b) assess the structure, size, composition, and performance of the Board and the CEO, and propose improvements to the Board where applicable; and c) assess and report to the Board on the knowledge, competence, and experience of individual Board members, of the Board as a whole, and of the CEO. The Nomination Committee must also annually evaluate whether the Committee's regulatory framework aligns with applicable laws, the Bank's Articles of Association, and governance guidelines.

The most important role of the Nomination Committee is to present to shareholders, prior to annual and shareholders' meetings where Board elections are on the agenda, a reasoned proposal regarding those candidates the Committee considers best suited to serve on the Bank's Board at any given time. The Committee's objective is to ensure that individuals nominated for Board membership possess the appropriate knowledge and experience and have the competencies necessary given the Bank's operations as a financial undertaking, taking into account the interests of all the Bank's shareholders. To achieve this objective, the Nomination Committee must conduct a thorough assessment of candidates, their experience and knowledge, considering numerous evaluation factors, applicable regulations, and the competency requirements made of Board Members in regulated financial institutions.

The Nomination Committee also assesses the independence of the candidates, to confirm that the Board as a whole meets the requirements for Board Members' independence according to the current Corporate Governance Guidelines, and other requirements made to the Bank's Board of Directors. The Nomination Committee evaluates the reputation of the candidates and ascertains whether there may be conflicts of interest that could hinder the candidates' position on the Board. The Nomination Committee must ensure that the composition of the Board is always in accordance with the Bank's current Articles of Association, including the rules on gender ratios within the Board of Directors. The proposals of the Nomination Committee shall also specify which Board Members shall perform the duties of Chairman and Vice-Chairman of the Bank's Board of Directors and who should serve on the Alternate Board.

Further information regarding the Committee's role may be found in its Rules of Procedure, accessible on the Bank's website.

## 2. Composition of the Nomination Committee of Arion Bank 2025-2026

Arion Bank's Nomination Committee is composed of three members. Two Committee members - Július Þorfinnsson and Auður Bjarnadóttir - were appointed by shareholders at the Annual General Meeting on 12 March 2025. The third member, Sigurbjörg Ólafsdóttir, Alternate Director of Arion Bank, was subsequently appointed by the Board of Directors. Július Þorfinnsson was elected Chair of the Nomination Committee. Sigurbjörg Ólafsdóttir was elected Secretary.



### **3. Work of the Nomination Committee in the period prior to the 2026 AGM of Arion Bank hf.**

The Nomination Committee has held numerous meetings over the past three months to prepare and plan the nomination process, review the Board's performance evaluation, to prepare and conduct interviews with Board Members, candidates, management and the largest shareholders, analyze the remuneration of the Bank's Board in comparison with workload and with the remuneration of boards in comparable companies, as well as salary trends in recent years both within and outside the Bank; to assess the Bank's policy and practices regarding the hiring of senior executives; to evaluate the structure, size, composition, and performance of the Board and the CEO; to assess and report to the Board on the knowledge, competence, and experience of individual Board Members, of the Board as a whole, and of the CEO; to assess whether the committee's regulatory framework is in accordance with applicable laws, the Bank's Articles of Association, and governance guidelines; and to work on its reporting and proposal preparation.

The Committee published an advertisement via a Nasdaq OMX Iceland press release on 15 December 2025, calling for Arion's Board candidacies, announced the deadline for declaring candidacy, and offered shareholders the chance to meet with the Nomination Committee. The Nomination Committee furthermore emailed the Bank's largest shareholders which collectively hold 70% of the Bank's share capital, inviting shareholders to meet with the Committee.

The Nomination Committee evaluated the Bank's policy and practice regarding the recruitment of senior management and submitted a report on its findings to the Board, concluding that the framework and implementation of this task is well thought out and implemented within the Bank, meets all legal requirements for the operation, and is in accordance with what are considered to be "best practice" recruitment methods.

The Nomination Committee has also assessed whether the regulatory framework governing the Committee's activities is in accordance with applicable laws, the Bank's Articles of Association, and governance guidelines, and it is the assessment of the Nomination Committee, as well as the Bank's legal counsel, that this is the case. Consequently, no changes to the Committee's rules of procedure are considered necessary at the 2026 Annual General Meeting.

The Nomination Committee has carried out an evaluation of the performance of the Board and the CEO over the past year and has assessed the knowledge, skills, and experience of individual Board Members and executives, as well as of the Board as a whole, with regard to its structure, composition, and size. The Committee's assessment is based, among other things, on the Board's and executives' performance evaluations, as well as on interviews with board members and executives.

The Committee's assessment has been presented in an assessment matrix in which the knowledge, skills, and experience of Board Members and the CEO have been evaluated based on numerous assessment factors and on specific criteria set by the Nomination Committee regarding scoring. The assessment factors relate to key aspects of the Bank's operations, including knowledge of risk management, financial regulatory frameworks and good governance, funding and lending activities, information technology, customer service, sales and marketing, and strategic planning. Consideration is also given to whether individuals possess thorough knowledge of Icelandic business and industry, and/or international experience. Furthermore, an evaluation is made of whether the individual has a good reputation, demonstrates leadership ability, and is a good team player, as well as whether Board Members are considered to have sufficient time and availability to undertake demanding board duties at Arion Bank.

All members of the Board and the CEO of Arion Bank met the Nomination Committee's criteria, and in the Committee's assessment all of the aforementioned requirements were fulfilled. The Nomination Committee considers the performance of the Board and the CEO during the past financial year to have been outstanding. The Committee also considers the size of the Board to be appropriate and its composition satisfactory.



With regard to the organization of the Board's work, the Nomination Committee has proposed to the Board that two of its sub-committees, the Credit Committee and the Risk Committee, be merged in the next operating year. This is proposed for reasons of efficiency, in light of the considerable overlap between the responsibilities of the two committees. With this change, the Committee believes that better workflow and operational efficiency can be achieved in the Board's committee work. The Committee's conclusions on this matter, as well as other aspects relating to the Board's activities, have been reviewed in meetings with the Chairman of the Board.

The Nomination Committee has reviewed information relating to salary trends in recent years both within and outside the Bank, the remuneration of the Board and its sub-committees, the number of meetings, and the overall cost of the Board's work, and has reached a conclusion on its proposal regarding appropriate Board remuneration for the next financial year.

The Nomination Committee also held meetings and communications with many of the Bank's larger shareholders, during which the Committee presented its work, its intended proposals, and discussed the shareholders' viewpoints.

In an announcement from the Nomination Committee, published in Nasdaq OMX Iceland company news on 15 December 2025, the Committee invited nominations for the Board of Arion Bank. The deadline for submitting an application to the Nomination Committee for candidates seeking the Committee's evaluation expired on 23 January 2026.

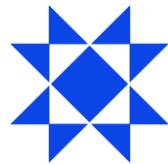
The Nomination Committee received eight nominations for the main Board, four of which came from current Board Members. One sitting Board Member, Marianne Gjertsen Ebbesen, did not make herself available for re-election, as Marianne has recently been hired CEO of OBOS in Norway. After assessing the candidates, reviewing the Board's work over the past year, considering the views of the Bank's largest shareholders, and taking into account the Board's competency assessment, the Nomination Committee has reached its conclusions regarding its nominations for the Bank's Annual General Meeting on 11 March 2026.

#### **4. Proposals of the Nomination Committee on candidates to serve on the Board of Directors of Arion Bank hf.**

As previously stated, the Nomination Committee received eight nominations for Arion Bank's Board of Directors, four of which were from current Board Members.

It is the opinion of the Committee that the four current Board Members who have announced their candidacy are all qualified to continue serving on the Bank's Board of Directors. The Committee bases that conclusion on its analysis based on the Committee's evaluation factors, which relate to the competence of the Board in terms of important key factors in the operation of Arion Bank, such as lending activities, risk management, funding, IT, and fintech, and legal issues, as well as their knowledge of the domestic and international financial markets. In the opinion of the Committee, the Board Members are harmonious and efficient in their work, and the Committee believes that the composition of the Board is of high quality. In the opinion of the Nomination Committee, the current members of the Bank's Board of Directors have a good reputation and possess the necessary experience and knowledge to be able to serve on the Bank's Board of Directors, and they, individually and collectively, have the diverse experience and knowledge required when undertaking the duties of directors as necessary for operations of the Bank as a regulated financial institution.

Arion Bank's Nomination Committee therefore proposes to the shareholders that four current Board Members, Paul Horner, Kristín Pétursdóttir, Steinunn K. Þórðardóttir and Gunnar Sturluson will be re-elected as members of the Bank's Board of Directors.



Regarding the other candidates for membership of the Board of Directors, of whom there were four in total, the Nomination Committee concluded that two of them did not meet the criteria and requirements that form the basis of the Committee's competency assessment, as referred to above. The other two candidates, however, are both highly experienced and have backgrounds that, in the Committee's assessment, make them very well qualified for board membership.

One of these candidates is Tómas Már Sigurðsson, CEO of HS Orka. Tómas has decades of experience, both in Iceland and abroad, of managing large corporations as well as serving on boards. The Nomination Committee considers this experience extremely valuable for the Bank and therefore recommends to shareholders that Tómas Már Sigurðsson be elected as a new Board member of Arion Bank at the Bank's Annual General Meeting on 11 March 2026.

Tómas Már was born in 1968. He has served as CEO of HS Orka since 2020. Prior to that, Tómas held various senior roles, including CEO of Alcoa in Iceland, CEO of Alcoa in Europe and the Middle East, and Deputy CEO of Alcoa globally. Tómas was managing director at Norðurál from 1997 to 2003. He served as chair of the Iceland Chamber of Commerce from 2009 to 2012 and also has extensive board experience, including with Íslandsbanki, the Federation of Icelandic Industries, and European aluminium industry associations.

As stated above, the Nomination Committee considered eight candidacies for the Board of Directors. The three candidates who were not nominated withdrew their candidacies after being informed of the outcome of the nomination process. The three candidates requested that their names not be mentioned in this report.

Arion Bank's Nomination Committee has over the past years placed great emphasis on maintaining good communication with shareholders during the nomination process. The majority of Arion Bank's Nomination Committee is elected by shareholders, and shareholders have the advantage of having effective and interactive communication with the Committee. In recent weeks, the Committee has had many meetings with the Bank's largest shareholders, which collectively hold in excess of 60% of the Bank's share capital, where the entire nomination process has been reviewed. At these meetings, Arion Bank's Nomination Committee has provided the Bank's largest shareholders with information about all candidates to the extent that confidentiality allowed, discussed the reasoning for its nominations and received the shareholders' viewpoints. It is the Committee's opinion that effective communication between the Nomination Committee and large shareholders is conducive to increasing shareholders' confidence in the nomination process.

The Nomination Committee's proposal results in the Bank's Board of Directors being made up of five members for the next working year, two women and three men. At the time of publication of this report, there are no other valid candidacies, but it should be noted that, according to the Bank's current Articles of Association, the deadline for candidacies expires two weeks before the AGM, in this case on 25 February 2026. If no new candidates emerge within that deadline, the Bank's Board of Directors will be elected automatically at the upcoming AGM.

In light of the above, Arion Bank's Nomination Committee proposes to the Bank's shareholders that the following five individuals will be elected as members of the Bank's Board of Directors at Arion Bank's AGM on 11 March 2026:

- 1. Paul Horner:** Paul is a British citizen, born in 1962. He was first elected as a Board Director at a shareholders' meeting on 8 August 2019. Paul is Chairman of the Board of Directors and a member of the Credit Committee, the Board Risk Committee, the Board Tech Committee, the Board Remuneration Committee, and the Board Audit Committee. Paul was Vice-Chairman of the Bank's Board of Directors in 2021-2024 and has been the Chairman of the Board since 2024.

Paul is an associate of the UK Chartered Institute of Bankers and graduated with M.A. Honours in music from the University of Oxford. Paul has extensive experience of risk and general management in retail, commercial, investment and private banking, gained across various international markets. Paul held various executive and risk management roles e.g., at Barclays PLC, The Royal Bank of



Scotland PLC Group and served as an executive and senior manager of Royal Bank of Scotland PLC, Coutts & Co Ltd. in Zurich, and Ulster Bank DAC in Dublin. Paul has also extensive knowledge and experience as a Board member in financial institutions and today Paul serves on three boards in addition to the Board of Arion Bank. Paul serves on the board of AIB (UK) P.L.C., chairs its risk committee and is member of its audit and operational resilience committees. He also serves on the board of LHV (UK) Ltd. and chairs its risk committee, as well as sitting as a member of its audit, remuneration and nomination committees. Finally, he serves on the board of the UK subsidiary of The National Bank of Kuwait, chairs its risk committee and serves on its audit committee.

Paul has extensive knowledge and experience of international banking and is an expert in risk management, lending, and funding. It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Paul is independent of the Company, its managers, and significant shareholders. The Nomination Committee is of the view that Paul possesses the requisite experience and knowledge for the position as a Director of the Bank.

- 2. Kristín Pétursdóttir:** Kristín was born in 1965. She was first elected as a Director at Arion Bank's Annual General Meeting on 15 March 2023. Kristín has been the Vice-Chairman of the Board from 2024. Kristín is the Chairman of the Board Risk Committee and a member of the Board Remuneration Committee, and the Board Audit Committee.

Kristín graduated as an economist from the University of Iceland and with an MBA from Handelshøyskole in Norway. Kristín was a co-founder of Audur Capital and served as chief executive officer of the company from 2007 to 2013 and as Chairman of the Board of Directors from 2013 to 2017 (later Virðing hf.). Kristín was a Chairman of the Board of Directors at Kvika hf. from 2018 to 2020, CEO at Mentor hf. from 2015 to 2017, Managing Director of Treasury at Kaupthing Bank from 1997 to 2005, and Deputy CEO at Singer & Friedlander from 2005-2007. Kristín has also served as a board member at Ölgerdin, Tal, Yggdrasil, Singer & Friedlander, Eyrir Invest, Grid, Miðeind, Viðskiptaráð, the Confederation of Icelandic Enterprise (SA,) and Finance Iceland (SFF.) Kristín has also served as a member of investment committees of Edda, Freyja, and Audur I venture capital funds. Today Kristín is a self-employed leadership consultant.

Kristín has extensive management experience in the banking, financial, and tech markets, has extensive knowledge of the Icelandic business sector and has specialized in the fields of strategy and sustainability. It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Kristín is independent of the Company, its managers, and significant shareholders. The Nomination Committee is of the view that Kristín possesses the requisite experience and knowledge for the position as a Director of the Bank.

- 3. Gunnar Sturluson:** Gunnar was born in 1967. He was first elected as a Director at a shareholders' meeting on 8 August 2019. Gunnar chairs the Board Audit Committee and the Board Remuneration Committee and is a member of the Board Credit Committee.

Gunnar graduated as Cand. Jur from the University of Iceland and gained an LL.M. degree in law from the University in Amsterdam. Gunnar has practiced law at LOGOS legal services since 1992 and became a partner in 1995. He was the managing partner of LOGOS from 2001-2013. Gunnar has sat on the boards of RÚV and Harpa, the arbitration board of the Icelandic Chamber of Commerce, and on the National Electoral Commission.

Gunnar has extensive experience of the legal profession, experience of diverse board directorships, and comprehensive knowledge of the Icelandic business sector. It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Gunnar is independent



of the Company, its managers, and significant shareholders. The Nomination Committee is of the view that Gunnar possesses the requisite experience and knowledge for the position as a Director of the Bank.

- 4. Steinunn Kristín Þórðardóttir:** Steinunn was born in 1972. She was first elected as a Director at a shareholders' meeting on 30 August 2017. Steinunn is the chairman of the Board Credit Committee and a member of the Board Remuneration Committee, the Board Risk Committee and the Board Tech Committee.

Steinunn holds a master's degree in international management from the Thunderbird School of Global Management at Arizona State University, and a BA in International Business and Politics from University of South Carolina. Steinunn previously worked as managing director of Íslandsbanki in the UK and as CEO at Beringer Finance in Norway. Steinunn has also worked as a CFO at Arundo Analytics AS in Oslo, Norway. Steinunn sits on the board of Vörður, a subsidiary of Arion Bank, Alda Solutions, and Acton Capital. Steinunn owns 12,000 shares in the Bank.

Steinunn has extensive experience of board directorships and banking and finance. Steinunn's strengths are in the fields of risk management, strategy, fintech, and lending. It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Steinunn is independent of the Company, its managers, and significant shareholders. The Nomination Committee is of the view that Steinunn possesses the requisite experience and knowledge for the position as a Director of the Bank.

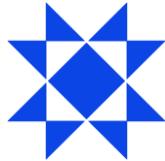
- 5. Tómas Már Sigurðsson:** Tómas was born in 1968. He completed a degree in mechanical engineering at the University of Iceland and holds a master's degree from Cornell University in New York. Tómas has been CEO of HS Orka since 2020. Previously, he worked at Alcoa for many years, most recently as Deputy CEO of Alcoa Corporation, and before that he served as CEO of Alcoa in Iceland, Europe, and the Middle East. Tómas was director of the technical division at Norðurál from 1997 to 2003. He served as chair of the Iceland Chamber of Commerce from 2009 to 2012 and has extensive board experience, including with Íslandsbanki, the Federation of Icelandic Industries, and European aluminium industry associations.

Tómas has extensive experience, both in Iceland and abroad, of managing large corporations as well as serving on boards, experience the Nomination Committee believes will be highly valuable to the Bank. It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Tómas is independent of the Company, its managers, and significant shareholders. The Nomination Committee is of the view that Tomas possesses the requisite experience and knowledge for the position as a Director of the Bank.

- 5. Proposals of the Nomination Committee for the Chairman of the Board of Directors of Arion Bank hf.**

**Name: Paul Horner**

Paul Horner, the current Chairman of the Board, has been on the Board of Directors of Arion Bank since 2019, as Vice-Chairman of the Board from 2021-2024, and Chairman from 2024. Paul has an extensive background in the banking sector and considerable international experience in the field of risk management. The Committee is of the view that Paul's aforementioned experience and professional background, and his duties as chairman in the past year, make him ideally suited for the role of Chairman of the Board of Directors of Arion Bank.



## 6. Proposals of the Nomination Committee for the Vice-Chairman of the Board of Directors of Arion Bank hf.

Name: Kristín Pétursdóttir

Kristín Pétursdóttir, the current Vice-Chairman, has been a member of the Board of Arion Bank since 2023 and Vice-Chairman since 2024. Kristín has a wide range of experience from the banking sector, which has included positions as the CEO and chairwoman of several financial institutions, and she has a thorough knowledge of the Icelandic business sector. The Committee is of the view that Kristín's aforementioned experience and professional background make her ideally suited for the role of Vice-Chairman of the Board of Directors of Arion Bank.

## 7. Proposals of the Nomination Committee on candidates to serve on the Board of Directors of Arion Bank hf. as Alternate Directors

The Board of Arion Bank currently has two Alternate Board Directors. The Bank's Alternate Directors Board currently consists of Sigurbjörg Ólafsdóttir and Einar Hugi Bjarnason, who have both announced they wish to run for re-election. Sigurbjörg Ólafsdóttir is the CFO of Kaldalón and prior to that worked at Arion Bank for about 20 years. Einar Hugi is a Supreme Court attorney and works at Reykjavík Law Firm.

The Nomination Committee of Arion Bank believes that Sigurbjörg and Einar Hugi to be well qualified to serve on the Alternate Board. The Nomination Committee of Arion Bank proposes to shareholders that the following two individuals will be elected as Alternate Directors at the Annual General Meeting on 11 March 2026.

**Sigurbjörg Ólafsdóttir:** Sigurbjörg was born in 1978. Sigurbjörg holds a BSc in mechanical and industrial engineering from the University of Iceland and is a licensed securities broker. Sigurbjörg has been the CFO of Kaldalón since 2023. From 2019 to 2023, Sigurbjörg worked as the director of the real estate and infrastructure team in Arion Bank's Corporate Banking. From 2015 to 2019, she worked as an account manager in Corporate Banking at Arion Bank for corporate financing. From 2005 to 2015, she worked as director of risk management at Arion Bank. Sigurbjörg was a member of Arion Bank's Credit Committee, Finance Committee, and IFRS 9 Implementation Committee for many years. Sigurbjörg has served as a board member of Landfestar, HD and Terra. Sigurbjörg owns 46,933 shares in the Bank.

It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Sigurbjörg is independent of the Company, its managers, and significant shareholders. The Nomination Committee is of the view that Sigurbjörg possesses the requisite experience and knowledge for the position as an Alternate Director.

**Einar Hugi Bjarnason:** Einar Hugi was born in 1977. He qualified as a Supreme Court attorney in 2012, as a District Court attorney in 2006, and received a degree in law from the University of Iceland in 2005. Einar Hugi has worked as a lawyer at Reykjavík Law Firm since 2017, and was previously at Atlas lögmann, Íslenska lögfræðistofan, and Mörkin lögmannsstofa. Einar Hugi was an alternate director at Júpiter rekstrarfélag hf. (now Kvika eignarstýring hf.,) chairman of the board of Inkasso ehf., and chairman of the board of Gamma Capital Management since 2020. He was a member of a government debt-relief committee, was in the constitution committee from 2013 to 2017, and is now chairman of the media committee. Einar Hugi owns 35,000 shares in the Bank.

It is the conclusion of the Nomination Committee that, according to the Icelandic Corporate Governance Guidelines, Einar Hugi is independent of the Company, its managers, and significant shareholders. The



Nomination Committee is of the view that Einar Hugi possesses the requisite experience and knowledge for the position as an Alternate Director.

## **8. Proposals on remuneration to the members of the Board of Directors of Arion Bank hf.**

In accordance with the Rules of Procedure of the Nomination Committee it is the role of the Nomination Committee to submit a proposal on remuneration to Board Members and compensation to members of Board sub-committees.

In its review of remuneration to the members of the Board of Directors, the Nomination Committee examined a wide range of information and material, including salary trends last year within and outside the Bank, an overview of all costs relating to the Board's activities; an overview of remuneration paid to the boards of comparable listed companies in Iceland and abroad, as well as peer banks in Iceland; a board performance review in regard to workload required of the Board and the size of the Board; and a comprehensive summary of activities within Board sub-committees.

In preparing its proposal, the Nomination Committee has also considered Intellecta's review of salary trends within the Bank over the past year (a 6% increase), salary trends among companies in the financial sector (a 6% increase), the rise in the wage index over the past year (a 7% increase), and the increase in the consumer price index over the past year (a 5% increase).

Taking the above into account, the Nomination Committee proposes that the general monthly Board salary increases by ISK 35,000, or by 5.8%, to ISK 635,000 per month (2025: ISK 600,000.) The salary of the Chairman of the Board will remain double the general Board salary and the salary of the Vice-Chairman will be 50% higher than the general Board salary.

The travel allowance paid to Board Members residing abroad shall increase by ISK 22,500, or 5.8%, bringing it to ISK 410,000 (2025: 387,500). The annual remuneration for an Alternate director shall be equal to one month's Board salary, ISK 635,000 (2025: 600,000). The salary paid to an Alternate director for each Board meeting attended shall be ISK 317,500 (2025: 300,000), but the salary of an Alternate director shall never exceed ISK 635,000 per month.

Currently, five Board sub-committees are in place. The Committee proposes that the monthly salary for a position on three sub-committees (Audit Committee, Remuneration Committee and Technology Committee) will also increase by 5.8%, ISK 14,500, and will be ISK 264,500 (2025: ISK 250,000.) As before chairs of sub-committees will receive an additional 50% on top of the general committee salary.

The Nomination Committee has proposed to the Board that two of its subcommittees, the Credit Committee and the Risk Committee, be merged in the next operating year. This is proposed for reasons of efficiency, in light of the considerable overlap between the responsibilities of the two committees. It is proposed that the salary for a position on the merged committee will be 75% higher than the salary for the other sub-committees, ISK 462,500 for committee members and an additional 50% for the chair. The Committee believes that this measure will result in better workflow and operational efficiency in the Board's committee work. The proposal takes into account the extensive responsibilities of the Risk Committee, while also resulting in an overall reduction of approximately 5% in the total cost of the Board's sub-committees.