

Íslandsbanki

Nomination Committee

**Report to the Annual General
Meeting**
16 March 2023

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The Board of Directors of Íslandsbanki hf. called the Bank's Annual General Meeting on 22 February 2023. The meeting will be held on Thursday 16 March 2023 at 16:00 hrs. local time, in Norðurljós the Harpa Concert Hall. Remote participation is available, and all voting at the meeting will be conducted digitally.

In accordance with the Bank's Articles of Association, the Bank operates a Nomination Committee whose role is to nominate individuals to the Bank's Board of Directors at the Bank's Annual General Meeting or as applicable, at a shareholders' meeting where Board elections are on the agenda.

This report gives an account of the Committee's work during the year and its nominations for the 2023 Annual General Meeting, together with the rationale for its proposals.

Íslandsbanki Nomination Committee

The members of the Nomination Committee were appointed by the Bank's Board of Directors in September 2022.

Its objective is to create a venue for the provision of information on candidates for Board membership; assess the eligibility of individual candidates to carry out their role; ensure that the group nominated for Board membership has sufficient breadth of expertise, experience, and background based on the Bank's policies, needs, and operations; and ensure that the group is sufficiently diverse. The Committee has an advisory role in connection with the election of the Board of Directors.

The Nomination Committee comprises three members who are elected by the Board for a term of one year in accordance with the Bank's Articles of Association. According to the Committee's Rules of Procedure, the Chairman of the Íslandsbanki Board of Directors shall be one of the Committee members but shall not chair it. The other two members shall be independent of the Bank and its day-to-day management. One of them must also be independent of Bank shareholders that own qualifying holdings in the Bank, or of any group of shareholders that act in concert or own a combined qualifying holding.

Members of the Nomination Committee are as follows:

- **Helga Valfells, Chairman**

Helga Valfells served as a member of the Board of Íslandsbanki from 2013 to 2019. She is a founder of the index fund Crowberry Capital, where she currently serves as CEO. Moreover, Helga serves as a member of the board of 7 tech companies on behalf of Crowberry Capital. Helga was deputy chairman of the board of directors of Siminn from 2018 to 2021. Previous employers include Estée Lauder UK, Merrill Lynch Europe, and the Trade Council of Iceland, where she worked with a number of export companies. Helga was a director of NSA Ventures in 2010-2016. During her tenure with the Fund, she sat on 14 start-up boards. An active entrepreneur, she has participated in founding start-up companies and previously acted as an advisor 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 has a B.A. degree from Harvard University and an MBA from London Business School.

- **Finnur Árnason, Chairman of the Board**

Finnur Árnason is an independent consultant. He is the chairman of the new Landspítali University Hospital construction project, NLSH ohf., and the chairman of Ormsson. Finnur has extensive management experience in Iceland, particularly in the

retail industry. He served as CEO of Hagar for 15 years and was previously CEO of Hagkaup. He has extensive experience as a board member of companies and organisations, including the board of Ólíuverzlun Íslands (Olís), Skeljungur, Húsasmiðjan, and the Faeroese retailer SMS. Finnur has also served on the board and executive board of the Confederation of Icelandic Enterprise, as well as serving on the board of the Iceland Chamber of Commerce, the Federation of Trade and Services, and Bifröst University. Finnur holds a cand. oecon. degree from the University of Iceland and an MBA from the University of Hartford in the US.

- **Tómas Már Sigurðsson**

Tómas Már Sigurðsson served as Vice-Chairman of the Íslandsbanki Board of Directors from 2019 to 2020. Since the beginning of 2020 he has been CEO at HS Orka, and from 2014 to 2019 he was Executive Vice President and Chief Operating Officer for Alcoa Corporation. He previously served as CEO of Alcoa Fjarðaál and Alcoa Iceland but moved to Geneva in 2011 to serve as President of Alcoa Europe and Middle East. Tómas chaired the Iceland Chamber of Commerce from 2009 to 2012 and served as a board member of the Federation of Icelandic Industries from 2005 to 2011. From 2011 to 2014, he was a member of the Executive Committees of the European Aluminium Association, Eurometaux, and the American Chamber of Commerce to the European Union. He participated in a number of boards on behalf of Alcoa Corporation and was a member of the Executive Committee of Europe Aluminium and Business Europe. Tómas sits on the board of Cargow B.V. and DTE ehf. Tómas Már holds a M.Sc. in Planning from Cornell University in the US and a B. Sc. in Civil and Environmental Engineering from the University of Iceland.

The Íslandsbanki Nomination Committee's rules of Procedure were approved in their current form at the shareholders' meeting of 17 May 2022. They can be found on the [Bank's website](#).

The Nomination Committee's activities

The Committee met 5 times over the period following its establishment.

- At its first meeting, held on 19 January 2023, the Committee selected its chairman and secretary. The Chairman of Íslandsbanki's Board of Directors presented the current composition of the Board for the Committee's information. The Committee reviewed its Rules of Procedure and the procedures of the Icelandic State Financial Investments (ISFI). The Committee received access to the results of the Íslandsbanki Board of Directors' progress report which was used, among other things, as a reference in the Committee's assessment of the Board's activities and composition.
- At its second meeting, held on 14 February 2023, the Committee reviewed declarations for candidacy received and the nominations of the ISFI.
- The Committee defined its proposals in its meetings 16, 17 and 21 February 2023 and finalized its report to the Annual General Meeting on its proposal for candidates for the Board of Directors of the Bank.

The Committee has a dedicated e-mail address, tilnefningarnefnd@islandsbanki.is, that shareholders and other interested parties can use to submit the names of candidates or to share other information with the Committee.

With an announcement made to the Nasdaq Iceland Exchange and an advertisement posted on the Bank's website on 3 February, the Nomination Committee invited interested parties to declare their candidacy for Board membership to the Committee by 13 February.

Neither the work of the Nomination Committee nor the deadline for submittal of applications for Board membership restricts candidates' right to declare their candidacy for Board membership at any time prior to the general deadline, which is 16:00 hrs. on 11 March 2023; i.e., five (5) days before the Annual General Meeting. Individuals who wish to declare their candidacy are requested to fill out a candidacy form, which can be found on the [Íslandsbanki website](#).

Competency requirements and criteria set by the Nomination Committee

In evaluating candidates, the Nomination Committee considered the eligibility requirements for Board membership pursuant to Article 52 of the Act on Financial Undertakings, no. 161/2002; the Bank's policy on the qualifications of Board members, the CEO, and key employees; and the applicable guidelines and recommendations on the qualifications of financial institutions' board members. In addition to these, the Committee considered the candidates' experience and expertise in the following areas:

- Sustainability (ESG)
- Finance and technology (Fintech)
- International professional experience
- Investment banking
- Commercial banking
- Risk management
- Auditing
- Legal/Supervisory
- Business experience
- Honesty and integrity

In preparing its recommendations for prospective Board members, the Committee assessed the candidates' qualifications, skills, experience, and expertise according to the current rules on qualifications of financial institutions' board members. The Committee also assessed the candidates' impartiality, in accordance with the Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, the Confederation of Icelandic Employers, and Nasdaq Iceland, and estimated the amount of time that Board participation can be expected to take. The Committee also attempted to achieve diversity of Board membership and thereby comply with the Bank's Articles of Association, including the provisions on gender equality.

Nominations for the Íslandsbanki Board of Directors

The Nomination Committee evaluated the candidates for Board membership, with the aim of achieving, between its own group of nominees and ISFI Selection Committee's nominees, sufficient breadth of expertise, experience, and background based on the Bank's policies, needs, and activities, and with the aim of ensuring that the group is sufficiently diverse.

All candidates submitted CVs, together with the candidacy form, which contained information enabling the evaluation of their eligibility, information on their participation in other boards of directors, their holdings in the company (either direct or through related parties), and potential connections.

The Íslandsbanki Nomination Committee recommends that, in addition to those nominated by ISFI, the following individuals be elected to the Íslandsbanki hf. Board of Directors at the Bank's Annual General Meeting on 16 March 2023.

- **Finnur Árnason, Chairman of the Board**

Finnur Árnason is an independent consultant. He is the chairman of the new Landspítali University Hospital construction project, NLSH ohf., and the chairman of Ormsson. Finnur has extensive management experience in Iceland, particularly in the retail industry. He served as CEO of Hagar for 15 years and was previously CEO of Hagkaup. He has extensive experience as a board member in companies and organisations, including the board of Olíuverzlun Íslands (Olís), Skeljungur, Húsasmiðjan, and the Faeroese retailer SMS. Finnur has also served on the board and executive board of the Confederation of Icelandic Enterprise, as well as serving on the board of the Iceland Chamber of Commerce, the Federation of Trade and Services, and Bifröst University. Finnur holds a cand. oecon. degree from the University of Iceland and an MBA from the University of Hartford in the US. Finnur holds 95,258 shares in Íslandsbanki as well as having an indirect holding of 12,658 shares through Rekavík ehf. Finnur's spouse holds 95,258 shares in Íslandsbanki. Finnur is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

- **Ari Daniélsson, member of the Board**

Ari Daniélsson joined the Board March 2022. Ari has been actively engaged in financial services and information technology, in Iceland and internationally, for over two decades, as both an executive and a non-executive board member. Since 2010, he has served as CEO and board member of Reviva Capital S.A., a specialised and regulated loan servicing firm headquartered in Luxembourg, servicing banks and institutional investors across the Continent. During his time with Reviva, Ari has been an active participant in the secondary market for European bank assets, with active engagements in 12 jurisdictions, including involvement in the financial reorganisation of banks, real estate companies, and investment firms. From 2006 to 2010, Ari was employed by Íslandsbanki's predecessor, leading retail bank business development, asset financing (now Ergo), and participation in the restructuring of the bank's Luxembourg subsidiary and recovery of the bank's European real estate portfolio. Ari also has extensive experience in information technology and in financial and payment intermediation infrastructure. He has participated in the boards of several companies these fields, including serving on the board of Borgun hf. from 2006 to 2008 and again

from 2018 to 2021. From 2000 to 2006, he ran software company Mentis hf., which developed infrastructure solutions for the financial market. Ari is a member of the board of Origo hf. and Menntaskóli í tónlist (MÍT Music College) and the chairman of the board of Reviva Capital S.A. Ari has a B.Sc. in Computer Science and an MBA from Reykjavík University and has completed the International Directors Programme (IDP) from INSEAD in France. Ari has an indirect holding of 469,005 shares in Íslandsbanki through R-Holdings 1 S.a.r.l. and 37,976 shares through the holding company MFT 1 ehf. He is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

- **Frosti Ólafsson, member of the Board**

Frosti Ólafsson joined the Board in March 2020. He is the CEO of Olíuverzlun Íslands hf. Before joining the Board, he worked as an independent consultant, CEO of ORF Genetics, Managing Director of the Iceland Chamber of Commerce, and strategic 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 Controlant, and Garður ehf. He holds an MBA from London Business School and a B.Sc. in Economics from the University of Iceland and Macquarie University in Sydney, Australia. Frosti holds 12,659 shares in Íslandsbanki as well as having an indirect holding 12,659 shares through Óson ehf. Frosti's spouse holds 12,659 shares in Íslandsbanki. Frosti is considered independent of the Bank and major shareholders. No interest ties with main customers or competitors of the Bank.

- **Valgerður Skúladóttir, member of the Board**

Valgerður Hrund Skúladóttir is the founder and CEO of Sensa, an IT services company. She has been involved in enterprise IT for 30 years total, former as a Director of Corporate sales and Director of Infrastructure solutions at TækniVal. She has served on various boards of IT companies, i.e. Staki Automation, Talenta, Siminn DK and Sensa A/S and is currently on the board of a fintech company Memento og Erit ehf. She has served on the board of Federation of Icelandic Industries and was chairman of the board for Federation of IT companies. She is currently a member of the University Council of Reykjavík University as well as member of the board at Reykjavík's Forestry Association. Valgerður has a C.Sc. degree in Electric Engineering from the University of Iceland and a MBA from University of Miami. Valgerður owns a direct holding of 12,659 shares in Íslandsbanki. She is considered independent of the Bank and its major shareholders. She has no connections with the Bank's key customers or competitors.

- **Páll Grétar Steingrímsson, alternate member of the Board**

Páll Grétar Steingrímsson was an employee of Deloitte in 1988-2021, where he became partner in 1999. While at Deloitte, he was responsible for the audit of the following companies: Arion Bank, Stefni, Landsnet, Sjóvá and Íslandsbanki. Páll was a member of the Board of Deloitte from 2007-2018. While with Deloitte he was responsible for service to the financial industry in Iceland from 2006 and was on the Deloitte Nordic Financial Service Executive Team from 2016 and led Audit service. Páll was Vice Chairman for the Institute of State Authorised Public Accountants in Iceland. He is currently chairman of the Board Audit Committee of

Þorbjörn hf and an alternate member of the Audit Committee for the City of Reykjavík. Páll holds a Cand Oecon. in Business Administration from the University of Iceland and is a Chartered Accountant. Páll holds no shares in Íslandsbanki and is considered independent of the Bank and its major shareholders. He has no connections with the Bank's key customers or competitors.

The Nomination Committee is of the opinion that if the Board comprises the individuals nominated by the Nomination Committee and the ISFI Selection Committee, it will have sufficient breadth of expertise, experience, and background based on the Bank's policies, needs, and activities; furthermore, it will satisfy the provisions of the law and the Bank's Articles of Association requiring that, among Board members and alternates, the proportion of both genders must be at least 40%. This group also reflects a diverse group of individuals as regards, among other things, education, professional experience and age.

Icelandic State Financial Investments and its nominations

Icelandic State Financial Investments operates a three-member Selection Committee whose task is to nominate parties on behalf of the State who are eligible to participate in the boards of directors of banks or undertakings falling under the auspices of the agency. ISFI shall nominate candidates for election to the Board in proportion to the State's shareholding in the Bank at the time the election is held. ISFI now nominates the persons named below, three members and one alternate, to the Board of Directors. ISFI does not nominate other individuals for election to the Board but did work with the Bank's Nomination Committee on the nomination of the Chairman of the Board. It was therefore the Nomination Committee's task to nominate four candidates and one alternate for Board membership.

- **Anna Þórðardóttir, member of the Board of Directors**

Anna Þórðardóttir has been a member of the Board since 2016. She has served on the board of several companies and organisations, including 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 Hagar and Reginn. Anna was employed by KPMG from 1988 to 2015, where she became a partner in 1999. While at KPMG, she was responsible for the audit of the following companies: Reitir, Hagar, 365, Baugur Group, Vodafone, Landfestar, Landey, 10-11, and Félagsbústaðir. Anna holds a cand. oecon. in Business Administration from the University of Iceland and is a Chartered Accountant. She has also studied towards a cand. mer. in Financial Studies at Handelshøjskolen in Århus, Denmark. Anna holds no shares in Íslandsbanki and is considered independent of the Bank and its major shareholders. She has no connections with the Bank's key customers or competitors.

- **Agnar Tómas Möller, member of the Board of Directors**

Agnar Tómas Möller has a lot of experience of the financial market, especially the bonds market. He works as an independent consultant but prior he worked for Kvikka Asset Management where he managed bond funds from 2018-2022. He worked at GAMMA Capital Management between 2009 till 2018, also managing bond funds. Before that he worked as a bonds broker for Kaupþing bank during the years 2006 till 2008. Agnar holds a M.Sc. in industrial engineering from the University of Iceland

and a B.A. in history from the same university. Agnar is a member of the board of Klettur byggingafélag ehf. and ATM ehf. Agnar holds no shares in Íslandsbanki and is considered independent of the Bank and its major shareholders. He has no connections with the Bank's key customers or competitors.

- **Guðrún Þorgeirsdóttir, member of the Board of Directors**

Guðrún Þorgeirsdóttir joined the Board in March 2020. She is Chief Business Development Officer at PayAnalytics. Previously, she served as Chief Financial Officer at Skeljungur. Guðrún has experience as a Chief Risk Officer and as an investment manager. An experienced board member, she has served on the boards of insurance companies, financial companies, and retail and service companies, including VÍS, Lífis, Lyfja, and Lýsing. Guðrún is an alternate member of the board of Pavonis ehf. and CEO of Tharsis ehf. She holds an MBA from HEC School of Management in France and a B.Sc. in Industrial Engineering from the University of Iceland, and is a securities broker licenced by the Icelandic Ministry of Finance and Economic Affairs. Guðrún holds no shares in Íslandsbanki and is considered independent of the Bank and major shareholders. Jón Þór Sigurvinsson, the spouse of Guðrún, is the head of corporate finance and one of the founders of Arctica Finance hf., one of the Bank's competitors. Otherwise there are no interest ties with main customers or competitors of the Bank.

- **Herdís Gunnarsdóttir, alternate member of the Board of Directors**

Herdís Gunnarsdóttir joined the Íslandsbanki Board of Directors as an alternate member in April 2016. She took a seat on the Board in November 2020 and held that position until the Bank's Annual General Meeting in 2021. Herdís is the Director of the Icelandic Social Insurance Administration's rights division and formerly served as CEO of the Health Care Institute of South Iceland. She has broad experience as a manager in the healthcare sector and in public institutions but has also worked on independent projects in the fields of policy making and project management. She has also taught at the university level. Herdís has extensive experience of board activities, including serving on the boards of non-governmental organisations, labour unions, professional associations, and pension funds. She also has experience of European partnership, including chairing a pension fund board, and of European associations. She holds an MBA, an M.Sc. in Paediatric Nursing, and a B.Sc. in Nursing from the University of Iceland. Herdís holds no shares in Íslandsbanki and has no connections with the Bank's key customers or competitors. Herdís is not considered independent of the Bank and its major shareholders on account of her employment with the Icelandic Government which is a large shareholder of the Bank.