



Proposals of the Nomination Committee in Accordance with item 4 of the Agenda for the Annual General Meeting 2019

On 26 February 2019 the Annual General Meeting for Arion Bank (the “Bank”) was formally called. The meeting will be held on 20 March 2018 at the Bank’s HQ at 16.00.

Below is the report of the Nomination Committee (the “Committee”) and the proposals of the Committee in accordance with item 4 of the Agenda for the Annual General Meeting 2019.

1. Role of Nomination Committee

The principal role of the Committee is to ensure that Board members of the Bank have wide and versatile qualifications and experience in order to promote good corporate governance within the Bank. The Committee has an advisory role regarding the election of Board members by putting forth a proposal, at each Annual General Meeting and extraordinary shareholders meeting where Board election is on the agenda, of candidates to serve on the Board of Directors and make a proposal on their remuneration. Based on shareholders’ proposals and submissions of candidacy, the Committee shall propose to the shareholders candidates to serve on the Board of Directors and publish its proposal along with other declarations of candidacy. In its proposal for candidates, the Committee shall propose which candidate shall serve as the Chairman and the Vice Chairman of the Board of Directors of the Bank. The Committee shall also propose to the Annual General Meeting the remuneration payable to the members of the Board of Directors.

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

2. Composition of Nomination Committee

The Committee consists of three members. In accordance with the Rules of Procedure for the Committee, two Committee members, Christopher Felix Johannes Guth and Keith Magliana, were appointed by a shareholders’ meeting on 5 September 2018. The third member is the Chairman of the Board of Directors, Eva Cederbalk. Rules of Procedure for the Committee were approved by a shareholders’ meeting on 25 May 2018. Mr. Magliana was elected to Chair of the Committee.

3. Work of the Nomination Committee

The Committee met on 17 September 2018 for general discussion about the need to engage international Board members with experience and expertise in relation to digital banking and credit. At this meeting it was decided to engage a top tier executive search firm. On 3 October 2018 the Committee met with representatives from two executive search firms to discuss their service offerings for the role required by the Committee. Subsequently, the Committee formally engaged Spencer Stuart, an international executive search and leadership consulting firm, to assist with a search of qualified candidates. On 13 October 2018, the Committee met with representatives of Spencer Stuart for a high-level discussion of potential candidates. At the meeting the



Committee formally decided to engage Spencer Stuart and agreed to set a timeline for Spencer Stuart to report back with a list of potential candidates. The Committee has met regularly since the December meeting for discussion of the recruitment process and feedback on candidates.

As part of its work the Committee has examined a board performance review and competencies assessment prepared for the Board. From these reports the Committee has identified the need to in particular strengthen the composition of the board by adding individuals with experience in relation to credit and IT/operational expertise. The Committee emphasises the importance of retaining individuals with international banking experience.

The Committee has in its work taken into consideration the interests of all shareholders of the Bank. The aim of the Committee is to procure that the proposed candidates collectively possess sufficient knowledge, skill, diversity and experience necessary for the operations of the Bank as a financial undertaking. As part of that the Committee has assessed candidates based on their qualifications, experience and knowledge, considering statutory qualifications under applicable rules on the qualifications of board members in financial undertakings, as well as on the basis of the Icelandic Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Business Iceland and Nasdaq Iceland. Further, the Committee has ensured that the composition of the Board of Directors complies with the Bank's Articles of Association, including provisions on gender equality within the Board of Directors.

In light of these criteria, Spencer Stuart prepared a shortlist of candidates (four digital/operations and four credit individuals), and the Nomination Committee conducted interviews with those candidates during the course of February 2019.

Following the interview process, the Nomination Committee held a meeting on 11 March 2019 to agree on the candidates to be selected for proposal to the board. At its meeting, the Committee decided to select three new candidates for proposal to the Board, details of whom are set out below, and to propose Brynjólfur Bjarnason to assume the role of Chairman.

The final meeting of the Committee before the Annual General Meeting was held 15 March 2019 following the expiry of the deadline for individuals who intend to stand for election as a member of the Board of the Bank to submit their candidacies. The Committee also agreed to propose Herdís Dröfn Fjeldsted as vice-chairman to fill the role vacated by Mr Bjarnason.

4. Candidacies to serve on the Board of Directors

In accordance with the Articles of Association of the Bank individuals who intend to stand for election as a member of the Board had to give notice of their candidacy in writing no later than five days prior to the Annual General meeting, i.e. by 16:00 Icelandic time on 15 March 2019.

Ten individuals gave notice of their candidacy before the deadline, seven to serve on the Board and three as Alternate Directors.

Ms Eva Cederbalk and Måns Höglund have not submitted notices of their candidacy for re-election.



Based on the board evaluation, oral reports and other information, as described in section 3 above, the Committee has discussed the composition of the Board of the Bank and the competence that should be represented in the Board. The Committee proposes that the below individuals to be appointed as Board members:

Name: Benedikt Gíslason
Date of birth: 28 March 1974
Education: C.Sc. in Mechanical and Industrial Engineering - University of Iceland (1998)
Matriculation exam with a mathematical focus - Commercial College of Iceland (1994)
Principal employment: Senior Consultant at Kaupthing ehf.
Other responsible positions, including board membership: Board member at Genís hf., EC Hugbúnadur ehf. and EC Software Sweden. Alternate Board member at Brekkuás ehf.
Experience: Kaupthing - Board Member (2016-2018)
VÍS Insurance – Board Member (2016)
Iceland’s Ministry of Finance and Economic Affairs
- Senior Advisor - Liberalization of capital controls (2013-2016)
- Senior Advisor - Icelink Interconnector (2015-2016)
MP Bank - Managing Director of Investment Banking (2011-2013)
Straumur-Burdaras Investment Bank - Managing Director of Securities and CEO (2008-2011)
FL Group - Managing Director of Capital Markets (2007-2008)
Straumur-Burdaras Investment Bank / Investment Company
- Managing Director of Proprietary Trading (2004-2007)
- Managing Director of Treasury (2004-2005)
- Chief Investment Officer (2001-2004)
Islandsbanki / FBA
- Chief bond trader of the Icelandic Investment Bank (1998-2000)
- Securities broker at Islandsbanki-FBA (2000-2001)
First appointment to the Board: 5 September 2018
Information on work carried out for Arion bank hf. (other than Board work): None
Shares in Arion Bank hf. whether direct ownership or through associated parties: None
Interest links to the Company’s main clients and competitors and large shareholders in the Bank:
Senior consultant for Kaupthing ehf., the Bank’s largest shareholder through Kaupskil ehf.
Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Benedikt is independent of the Company and its managers. However, as a senior consultant for Kaupthing ehf. Benedikt is not independent of significant shareholders.
Reasons for proposal of candidate: The Nomination Committee is of the view that Benedikt possesses the relevant background and experience for a Board member of the Bank. Benedikt has made significant contributions to the Board since he joined in 2018. From his recent work in relation to the liberalisation



of capital controls Benedikt has significant experience and understanding of both domestic and international institutions and the domestic economy.

Name: Brynjólfur Bjarnason

Date of birth: 18 July 1946

Education: University of Minnesota - MBA (1973)
University of Iceland – Cand. Oecon in Business (1971)

Principal employment: None

Other responsible positions, including board membership: Board member of the Reykjavik City Theatre Playwright Fund (Leikritunarsjóður Leikfélags Reykjavíkur.), Ferguson ehf., ÍSAL hf., Marinvest ehf.

Information on work carried out for Arion bank hf. (other than Board work): None

Experience: The Enterprise Investment Fund (FSÍ) – Managing Director (2012-2014)
Skipti – CEO (2007-2010)
Icelandic Telecom (Síminn) – CEO (2002-2007)
Grandi – CEO (1984-2002)

First appointment to the Board of Arion Bank: 20 November 2014

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to the Arion Bank's main clients and competitors and large shareholders in the Arion Bank: The candidate has noted that he is familiar with many potentially influential people in other financial institutions, but only based on acquaintances (isl. kunningssskapur.)

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Brynjólfur is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Brynjólfur possesses the relevant background and experience for a Board member of the Bank. Brynjólfur has been a Board member since 2014 and enjoys good relations with the management and other directors. Brynjólfur has extensive experience across the Icelandic business community and retains the trust of the relevant surveillance institutions.

Name: Herdís Dröfn Fjeldsted

Data of birth: 21 September 1971

Education: Reykjavík University - M.Sc. in Corporate Finance (2011)
Technical University of Iceland – B.Sc. in Business Administration (2005)

Principal employment: None

Other responsible positions, including board membership: Board member at The Icelandic Canadian Chamber of Commerce.

Experience: Chief Executive Officer – The Icelandic Enterprise Investment Fund (2014-2018)
VÍS hf. – Chair of the Board of Directors (2015-2017)
Invent Farma – Board Member (2013-2014)
Medicopack A/S – Board Member (2014-2016)
Promens – Vice Chair of the Board (2011-2014)



Icelandair Group – Board Member (2011-2014)
Icelandic Group – Chair of the Board of Directors (2010 – 2018)
Copeinca – Board Member (2013-2014)
Thule Investments – Senior Investment Analyst (2004-2010)

First appointment to the Board of Arion Bank: 15 March 2018

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to Arion Bank’s main clients and competitors and large shareholders in Arion Bank:
None

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Herdís is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Herdís possesses the relevant background and experience for a Board member of the Bank. Herdís has extensive executive experience and has served as a board director on a number of large listed Icelandic companies, and is well respected within the Icelandic business community.

Name: Liv Fiksdahl

Date of birth: 7 January 1965

Education: Massachusetts Institute of Technology - Advanced Management Program for Executives in Management, Innovation and Technology (2018)
Stanford University - Programs in Big Data-Strategic Decisions and Analysis, The Innovative Technology Leader and Design Thinking (2018)
BI Norwegian Business School - English for Management (1996)
Trondheim Business School - Finance and Management (1986)

Principal employment: Assignment associated Vice President - Capgemini Invent, Norway]

Other responsible positions, including board membership:

Scandinavian Airlines Systems, SAS - Non-Executive Director (2018-)
Nille AS - Non-Executive Director (2018-)
Posten Norge AS - Non-Executive Director (2018-)

Experience:

BankAsept - Non-Executive Director (2017-2018)
DNB - Group EVP, CIO/COO, IT & Operations (2013-2018)
Doorstep - Non-Executive Director (2013-2015)
Sparebankforeningen - Deputy Chair of the Board (2009-2016)
Finans Norge - Chair of the Board, Banking and Payment (2007-2012)
DNB - Group EVP, COO, Operations (2007-2012)
Sparebankforeningen - Deputy Board Member (2007-2009)
DnB NOR - EVP, Divisional Director, Bank Productions, Corporate Customers (2006-2007)
DnB NOR - VP, Customer Support, Corporate Customers (2003-2006)
DnB/Gjens.NOR - Program Manager, Merger DNB/Gjensidige NOR Corporate Customers (2003)
Gjensidige NOR - VP, Head of staff, Corporate Customers (2001-2002)



Gjensidige NOR - VP, Senior Account Manager, Large Corporate Customers (1999-2000)

Trondheim Kommune Bystyret - Representative (1995-1999)

Gjensidige NOR/Handelsbanken/Fokus Bank - Senior Account Manager positions, corporate customers (1986-1998)

First appointment to the Board of Arion Bank: N/A

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to Arion Bank's main clients and competitors and large shareholders in Arion Bank: None

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Liv is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Liv possesses the relevant background and experience for a Board member of the Bank. Liv has longstanding experience at leading Nordic bank (DNB, latterly as CIO and COO) and strong track record of operational efficiency initiatives and systems improvements. She further retains solid background from both IT and Operations, which is valuable in relation to an increased digitization agenda and has extensive experience from her current and previous board positions could contribute and bring valuable insights to the board at Arion.

Name: Paul Richard Horner

Date of birth: 5 August 1962

Education: University of Oxford - M.A. Honours in Music (1983)

UK Chartered Institute of Bankers - Associate

RBS Global Banking & Markets - Advanced Credit Training Programme

Principal employment: The Royal Bank of Scotland Group plc (2003-)

- Ulster Bank Ireland DAC - Director of Risk (2018-)

Other responsible positions, including board membership: Coutts International - Non-Executive Director

Experience: The Royal Bank of Scotland Group plc (2003-2017)

- Coutts International - Chief Executive (2016-2017)
- Coutts International - Managing Director and Chief Risk Officer (2012-2016)
- RBS Non-Core Division - (2009-2012) Head of Risk, International Businesses, RBS Non-Core Division
- ABN Amago, Europe & Middle East, Commercial & Consumer (Amsterdam) - (2008-2009) Chief Risk Officer (2008-2009)
- RBS European Consumer Finance (Dusseldorf) - Chief Risk Officer (2007-2008)
- RBS Group Risk Management - Senior Manager (2003-2007)

Barclays PLC (1988-2003)

- Credit Risk Director, Specialist Larger Business (2002-2003)
- Area Director, Medium Business (1999-2002)
- Head of Corporate Credit, Group Risk Management (1996-1999)
- Head of Supplier Management, Group Operations Centres (1996)
- Relationship Director, Larger Business, Central London (1993-1996)



- Corporate Manager, London (1992-1993)
- Assistant Manager, Central Advances Department (1991-1992)
- Barclays Management Development Programme (1988-1992)

First appointment to the Board of Arion Bank: N/A

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to Arion Bank's main clients and competitors and large shareholders in Arion Bank: None

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Paul is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Paul possesses the relevant background and experience for a Board member of the Bank. Paul is a seasoned banking professional with extensive experience of Risk and General Management in Retail, Commercial and Private Banking, gained across various international markets at both management and board level, within the RBS group and, prior to that, Barclays.

Name: Renier Lemmens

Date of birth: 22 August 1964

Education: INSEAD-Europe Campus - MBA (1992)
Delft University of Technology - MSc, Computer Science (1988)

Principal employment: Consultancy and non-executive roles.

Other responsible positions, including board membership:

Revolut - Non-Executive Director (2018-)

Divido - Non-Executive Chairman (2018-)

TransferGo - Non-Executive Chairman (2018-)

Experience: Video - Chief Executive Officer (2016-2017)

Ramphastos Investments - Partner and Chairman (2012-2015)

Novum Bank Ltd. - Non-Executive Chairman (2012-2015)

Antenna Company Ltd. - Non-Executive Director (2012-2015)

Robin Mobile BV - Non-Executive Director (2012-2015)

VoiceTrust BV - Non-Executive Director (2012-2015)

PayPal - Chief Executive Officer (2009-2012)

ZBG - Chief Executive Officer (2007-2009)

Krefima NV - Executive Chairman (2007-2009)

Arenda BV - Executive Chairman (2007-2009)

ZA Life Assurance NV - Non-Executive Director (2007-2009)

Zenith Bank Ltd (Regulated), Chair Audit Committee, Member Risk Committee - Non-Executive Director (2006-2013)

Barclays - Chief Operating Officer, International Retailing and Commercial Banking (2005-2007)

Amodo - Chief Executive Officer (2005-2007)

First Caribbean International Bank - Non-Executive Director (2005-2007)

Budapest Bank - Chairman and CEO (2004-2005)

GE Capital - Senior Vice President, Business Development, Chairman and Chief Executive Officer (2002-2005)



McKinsey & Company - Partner (1992-2002)

Arthur D. Little - Consultant (1988-1991)

First appointment to the Board of Arion Bank: N/A

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to Arion Bank's main clients and competitors and large shareholders in Arion Bank: None

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Renier is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Renier possesses the relevant background and experience for a Board member of the Bank. Renier has significant international strategic consulting, banking, private equity, online payments and digital, IT and operations experience with world class institutions. Renier is further an experienced non-executive director in several countries in Europe, India and the USA.

Name: Steinunn Kristín Thórdardóttir

Data of birth: 9 April 1972

Education: Thunderbird, Arizona – MIM: Mast of International Management with concentration of Finance (1999)
University of South Carolina, CCC – Bachelor of Arts degree in International Business and Politics (1995)
Commercial College of Iceland (1992)

Principal employment: None

Other responsible positions, including board membership: Deputy Chairman at Norwegian-Icelandic Chamber of Commerce and Board Member of Cloud Insurance, Acton Capital AS and Akton AS. Member of the Nomination Committee of Síminn.

Experience: Beringer Finance, Reykjavík, Iceland and Oslo, Norway - Interim CEO in Iceland and Global Head of Food and Seafood (2017)

Beringer Finance, Norway - Partner and CEO Norway (2015-2016)

Akton AS establishment – Founder and MD (2010-2015)

Akton AS establishment - Independent consulting projects and preparation (2009-2010)

Islandsbanki, UK – MD and Head of UK (2005-2008)

Islandsbanki, Iceland - Executive Director, International Corporate Credit (2003-2005)

Islandsbanki, Iceland - Manager (2001-2003)

Enron Corporation, Houston, USA (1999-2001)

First appointment to the Board of Arion Bank: 30 November 2017

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to Arion Bank's main clients and competitors and large shareholders in Arion Bank:



The candidate has noted that she is acquainted with many people within the financial institutions in Iceland. Furthermore, she reports that her brother is a part owner and CEO of Fossar Markets, an independent securities firm.

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Steinunn is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Steinunn possesses the relevant background and experience for a Board member of the Bank. Steinunn has relevant experience as a board director and has made great contributions to the board since joining in 2017.

Reasons for the proposal of each candidate with references and explanations for his/her qualification are summarised above. The Committee has after careful deliberation concluded that the candidates proposed above individually and collectively possess sufficient knowledge, skill, diversity and experience necessary for the operations of the Bank as a financial undertaking. The Committee is of the view that the Board is well suited to fulfil its roles in the best interest of the Bank and its shareholders.

An evaluation of the independence of the proposed Board Members has been performed, showing that the group fulfils the requirements made in the Guidelines. The group also fulfils legal gender ratio requirements.

5. Proposed candidates to serve on the Board of Directors as Alternate Directors

Name: Ólafur Örn Svansson
Date of birth: 30 May 1972
Education: University of Iceland – Cand.Jur. (2000)
Principal employment: Partner, Forum Lawyers
Partner, Tort Law Office
Other responsible positions, including board membership: Board member on the board of LMK fasteignir ehf., Forum Lögmenn ehf. and Tort ehf.
Experience: LMK Law Office – Lawyer (2000-2004)
Lecturer at the Law Faculty of the University of Iceland – Paralegals (2003)
Lecturer at the Law Faculty of the University of Bifröst – Commercial law (2005)
Lecturer at the Law Faculty of the University of Reykjavik – Civil justice (2005)
Lecturer at the Law Faculty of the University of Reykjavik – Commercial law (2006)
Lecturer at the Law Faculty of the University of Reykjavik – Tort (2007)
First appointment to the Board of Arion Bank: 21 March 2013, as an Alternate
Information on work carried out for Arion bank hf. (other than Board work): None
Shares in Arion Bank hf. whether direct ownership or through associated parties: None
Interest links to Arion Bank’s main clients and competitors and large shareholders in Arion Bank:
None



Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Ólafur is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Ólafur possesses the relevant background and experience for an Alternate Board member of the Bank. As lawyer, Ólafur has relevant background as a board director.

Name: **Sigurbjörg Ásta Jónsdóttir**
Date of birth: 7 April 1970
Education: University of Iceland – Cand.Jur. (1996)
Cambridge University, England – Masters of Law degree (1997)
Principal employment: Risk ehf.
Other responsible positions, including board membership: None
Experience: Policy Officer – NATO (1999-2018)
Legal Officer - Ministry of Interior (2014-2015)

First appointment to the Board of Arion Bank: 20 March 2014, as an Alternate

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf., whether direct ownership or through associated parties: None

Interest links to Arion Bank's main clients and competitors and large shareholders in Arion Bank: None

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Sigurbjörg is independent of the Company, its managers and significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Sigurbjörg possesses the relevant background and experience for an Alternate Board member of the Bank. As lawyer, Sigurbjörg has relevant background as a board director.

Name: **Pröstur Ríkharðsson**
Date of birth: 12 January 1978
Education: University of Iceland – Cand.Jur. (2003)
Principal employment: Senior counsel of Kaupthing ehf.
Other responsible positions, including board membership:
Kaupthing Holding UK Limited - Non-Executive Director (2017-)
Seabreeze Holding ehf. - Non-Executive Director (2017-)
B262019 ehf. - Non-Executive Alternative Director (2016-)
RK Design ehf. - Non-Executive Alternative Director (2007-)
Experience: Kaupþing ehf.
- Managing Director - Legal Department (2013-2019)
- Deputy Managing Director - Legal Department (2011-2013)
- Head of legal for the winding-up committee of Kaupþing (2009-2011)
Kaupthing Holdings (Isle of Man) Limited - Non-Executive Alternative Director (2016-2017)
Avant hf. - Head of legal division (2007-2009)
AM Kredit ehf. - Head of legal collection (2005-2007)
AM Praxis law firm - Associate (2003-2005)



First appointment to the Board of Arion Bank: N/A

Information on work carried out for Arion bank hf. (other than Board work): None

Shares in Arion Bank hf. whether direct ownership or through associated parties: None

Interest links to Arion Bank's main clients and competitors and large shareholders in Arion Bank:

Senior counsel for Kaupthing ehf., the Bank's largest shareholder through Kaupskil ehf.

Evaluation of independence or non-independence: It is the conclusion of the Nomination Committee that according to the Guidelines that Pröstur is independent of the Company and its managers. However, as a senior counsel for Kaupthing ehf. Pröstur is not independent of significant shareholders.

Reasons for proposal of candidate: The Nomination Committee is of the view that Pröstur possesses the relevant background and experience for an Alternate Board member of the Bank. As lawyer, Pröstur has relevant background as a board director.

6. Proposal on Chairman the Board of Directors

According to the Rules of Procedure the Chairman of the Board of the Bank is automatically a member of the Committee and the Rules state that in its proposal for candidates, the Committee shall propose which candidate shall serve as the Chairman and Vice Chairman of the Board of the Bank. Accordingly, the Chairman is put in the unfortunate position to nominate oneself. However, since Ms Cederbalk has announced that she would not seek re-election, she is able to participate in the proposal on Chairman.

Name: Brynjólfur Bjarnason

Brynjólfur is an independent director and as the senior member of the Board and well-presented and connected in the Icelandic business community he is ideally suited for the role of the Chairman.

7. Proposal on Vice-Chairman the Board of Directors

Name: Herdís Dröfn Fjeldsted

Herdís is an independent director and her qualifications described above make her ideally suited for the role of Vice-Chairman.

8. Formal proposal on remuneration and other fees payable to the members of the Board of Directors

The Committee notes the publication of the Remuneration Proposal by Arion on 26 February 2019, which it had proposed prior to its publication.

9. The Nomination Committee's Rules of Procedure



According to the Rules of Procedure the Chairman of the Board of the Bank or another Board Member appointed by the Board shall be the third member of the Committee. The Rules of Procedure state that in its proposal for candidates, the Committee shall propose which candidate shall serve as the Chairman and Vice Chairman of the Board of the Bank. Accordingly, the Chairman is put in the unfortunate position to nominate oneself. The Nomination Committee draws the attention of the Bank to this and proposes that the Rules of Procedure to be reviewed.