



Corporate Governance Statement for 2022

24 January 2023

The governance structure of Landsbankinn forms the foundation for solid relations between shareholders, the Board of Directors, executives, employees, customers and other stakeholders and encourages objectivity, integrity, transparency and responsibility in the management of the Bank. Landsbankinn complies with recognised guidelines on corporate governance and publishes an annual statement on its governance practices in a dedicated chapter in its annual report.

In August 2022, Stjórnvísí renewed the recognition of Landsbankinn as a model of corporate governance for the period 2021-2022 based on a review undertaken by external advisors of the Bank's governance practices in March 2020. The review is based on the *Guidelines on Corporate Governance* published by the Iceland Chamber of Commerce, Nasdaq OMX Iceland and the Confederation of Icelandic Employers. The aim of the recognition is first and foremost to encourage debate and actions that promote good corporate governance.

1. References to the rules on corporate governance which the Bank complies with or is required to comply with by law and information about the accessibility of such rules are public information

According to the first paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, the Board of Directors of Landsbankinn is responsible for ensuring that corporate governance and the Bank's internal organisation contribute to the efficient and prudent management of the Bank, segregation of duties and for preventing conflict of interest. The same Article provides that the Board review governance practices annually and take appropriate action as necessary.

According to the seventh paragraph of Article 54 of Act No. 161/2002, on Financial Undertakings, Landsbankinn is required to comply with recognised guidelines on corporate governance and to publish a statement on the company's governance in a separate chapter in its annual financial statements or annual report. The Bank is also required to make information on its governance available on its website

The Bank complies with *the Guidelines on Corporate Governance* published by the Iceland Chamber of Commerce, Nasdaq OMX Iceland and the Confederation of Icelandic Employers 1 July 2021 (6th ed.). The Guidelines are available on the website of the Iceland Chamber of Commerce, <http://leidbeiningar.is> (hereafter "the Guidelines").

This chapter of the Annual & Sustainability Report contains the corporate governance statement of Landsbankinn (hereafter "the Statement") with content presented in accordance with the requirements set out in the Guidelines on Corporate Governance.

2 Deviations from the Guidelines

Landsbankinn complies with the provisions of the Guidelines with the exception of the provision for a committee dedicated to ensuring diversity among directors, executives and key managers. Details are provided in Section 5 of the Statement. As regards the provisions of the Guidelines about a Nomination Committee, it should be noted that a shareholders' meeting has not appointed a Nomination Committee as nomination of all directors falls under the scope of Article 7 of Act No. 88/2009, on Icelandic State Financial Investments. In accordance with the seventh paragraph of Article 53 of Act No. 161/2002, on Financial Undertakings, Landsbankinn has not appointed a Nomination Committee.

3 Other rules and guidelines that apply and are specific to the company's activities

Landsbankinn's activities are governed by the Act on Financial Undertakings, No. 161/2002, rules and guidelines of the Central Bank, and various other statutory provisions concerning financial markets. The Bank also bases its activities on the European Banking Authority's Guidelines on Internal Governance for financial undertakings (EBA/GL/2021/05), cf. Article 16 of regulation (EC) No. 1093/2010, transposed into Icelandic law with Act No. 24/2017, on European Control Systems in the Financial Market. The Guidelines are available on the website of the Financial Supervisory Authority of the Central Bank of Iceland (<https://www.fme.is/log-og-tilmaeli/ees-vidmidunar-reglur/eba/nr/3076>).

4 Main aspects of risk management and internal control

Effective risk management is one of the prerequisites of long-term profitability and stability in the Bank's operation. Risk management involves identification, assessment and control of risks in the Bank's operation and ensuring that an effective system is in place to meet risk. Communication of information about risk as a foundation of decision-making and a key aspect of effective risk management.

Internal control supports the Bank in achieving its objectives as regards performance, risk appetite, reliable financial information and compliance with laws and regulations. Analysis of the efficacy of internal control is based on a review of control weaknesses, risk management, supervisory activity, information and communication and management supervision.

The Board of Directors approves the risk policy, risk appetite and implementation of risk management. The Board of Directors is responsible for ensuring that an effective internal control system is in place.

Two sub-committees of the Board of Directors report to the Board in their advisory and supervisory capacity in risk governance and internal control, set out in detail in the rules of procedure for each sub-committee. The Risk Committee of the Board of Directors regularly discusses internal control and risk management. The Audit Committee regularly discusses the Bank's accounts and evaluates its internal control system.

A more detailed description of risk management within the Bank is provided on the following website.¹

Implementation of internal control is determined by the nature of the controls and the implementing party.

The first line of defence is provided by the operational management of business units who are responsible for ensuring that risk governance and internal control form an integral part of the Bank's

¹ <https://www.landsbankinn.is/bankinn/fjarfestatengsl/skyrslur-og-uppgjor>

daily operation. Management shall actively and regularly analyse and assess the risk posed to the operations under their purview. Management shall assess changes in the Bank's operating environment to identify any opportunities or risks to their unit, design mitigating measures for processes, implement and monitor such measures, and report on their effectiveness.

The second line of defence is the purview of Risk Management and Compliance, who carry out risk-based internal control in that managers and employees carry out their duties in accordance with the policies, rules and processes the Bank has adopted. These units, along with Legal Services, participate in shaping and implementing policies and methodologies in internal control based on the Bank's strategy.

The third line of defence is Internal Audit which is an independent control unit. The role of Internal Audit is to provide independent and objective confirmation and advice which should be value-adding and improve the Bank's operations. Internal Audit shall in a regular and disciplined manner provide assurance of the effectiveness of the first and second line of defence, advise on areas for improvement and evaluate and enhance the efficacy of the Bank's risk management, control measures and governance.

5 Description of the company's policy on diversity among directors, executives and key managers

Landsbankinn has not adopted a special policy to ensure diversity among Directors of the Board, the Executive Board or key managers with regard for age, gender or educational or professional background.

According to law, the Board of Icelandic State Financial Investments appoints a three-person Nomination Committee which nominates directors to represent the State on the Bank's Board of Directors. The Nomination Committee shall ensure as equal a gender balance as possible. The Nomination Committee works according to rules of procedure that include guidelines on the evaluation of the qualifications, education and experience of eligible individuals. These rules of procedure provide that the Committee shall nominate individuals with a varied background as regards education and qualification. The Committee shall consider the overall make-up and seek to avoid a homogeneous composition of the boards of financial undertakings.

The Bank's Equality Policy provides for equal rights and equal job opportunities and promotion. Landsbankinn's Human Resources Policy sets out the Bank's intention to attract talented and dependable individuals with varied backgrounds to join its team. Landsbankinn places special emphasis on four of the UN Sustainable Development Goals in its operation, as stated in the Bank's Sustainability Policy. These SDGs include a goal on equal rights and the Bank has set a goal of ensuring no less than 40% representation by either gender in its leadership in its Annual and Sustainability Report.

6 Composition and activities of the Board of Directors, sub-committees of the Board and the Executive Board

The Board of Directors consists of seven directors and two alternates. The Board of Directors is elected by the Annual General Meeting (AGM) and the term of office is one year. In electing members to the Board, the aim shall be to ensure a gender balance and that the Board as a whole possesses in-depth knowledge of banking activities. The Chairman of the Board is elected specifically by the AGM and the Directors elect a Vice-chairman from amongst their members. The Board of Directors of Landsbankinn holds ultimate authority on all questions between shareholders' meetings. The Board of Directors bears ultimate responsibility for the Bank's operation and strategy, its risk policy and for ensuring an active system of internal control. The Board of Directors is ultimately responsible for ensuring that the Bank's activities comply with laws, its Articles of Association

and other rules relevant to the operation. The Board of Directors shall also monitor the Bank's general activities and ensure that control of accounting and financial management is satisfactory. The Board adopts its own rules of procedure, providing in detail for its tasks.

There are three sub-committees to the Board of Directors: The Audit Committee, the Risk Committee and the Remuneration Committee. Amongst other duties, the committees prepare the Board's discussion of certain aspects of the Bank's activities and follow up on related matters.

The Board of Directors hires the CEO and the Chief Audit Executive. The CEO hires other executives to the Bank. The Bank has 7 divisions: Personal Banking, Corporate Banking, Asset Management & Capital Markets, Risk Management, Finance & Operations, IT and the Community. Each division is directed by a managing director who, together with the CEO, form the Bank's Executive Board. The Internal Audit function reports to the Board of Directors. The CEO's Office, Legal Services and Compliance are directly responsible to the CEO.

Landsbankinn's Executive Board is a forum for consultation and decision-making by the CEO and managing directors. The Executive Board sees to strategy formulation and shall ensure that Landsbankinn's operations accord with current laws and rules at each time. The CEO has appointed four cross-disciplinary standing committees with the aim of ensuring collaboration and implementation of the Bank's strategy: The Credit Committee, the Risk & Finance Committee (RAFC), the Operational Risk Committee and the Project Committee. The committees have appointed work groups and teams around specific subjects.

7 Appointment to a Nomination Committee

In accordance with the seventh paragraph of Article 53 of Act No. 161/2002, on Financial Undertakings, Landsbankinn has not appointed a Nomination Committee as nomination of all directors falls under the scope of the Act on Icelandic State Financial Investments.

8 Appointment to the sub-committees of the Board of Directors

The Board of Directors appoints members to its sub-committees. No change was made to the committee structure in 2022. The Audit Committee is comprised of three Directors and one outside party with expert knowledge of accounting and auditing. The Risk Committee and the Remuneration Committee are each comprised of three Directors.

9 Information on the number of Board meetings, sub-committee meetings, and attendance

In 2022, the Board of Directors of Landsbankinn held a total of 14 meetings. The Audit Committee met 9 times; the Risk Committee 11 times; and the Remuneration Committee Development Committee met 6 times. The table provides an overview of attendance.

	Term of office in 2022	Board of Directors	Audit Committee	Risk Committee	Remuneration Committee
Meetings of the Board of Directors and sub-committees		14	9	11	6
Board of Directors					
Helga Björk Eiríksdóttir, Chairman	01.01 - 31.12	14			6
Berglind Svavarsdóttir	01.01 - 31.12	14		10	6
Elín H. Jónsdóttir	01.01 - 31.12	14		11	
Guðbrandur Sigurðsson	01.01 - 31.12	14		11	
Guðrún Blöndal	01.01 - 31.12	14	9		6
Helgi Friðjón Arnarson	01.01 - 31.12	13	9		
Thorvaldur Jacobsen	01.01 - 31.12	14	8		
Sigríður Olgeirsdóttir, alternate	01.01 - 31.12	4			
Sigurður Jón Björnsson, alternate	01.01 - 31.12	4			
Audit Committee					
Hjörleifur Pálsson, certified public accountant	01.01 - 31.12		9		

10 Rules of Procedure for the Board of Directors and its sub-committees

The Rules of Procedure for the Board of Directors are available on Landsbankinn's website.² Special procedural rules have been issued for the Audit Committee, the Risk Committee and the Remuneration Committee, and these rules are also available on the Bank's website.

11 Information about members of the Board of Directors

Directors of the Board are as follows:

Directors

Helga Björk Eiríksdóttir Chairman

Helga Björk Eiríksdóttir was born in 1968. Helga Björk works in real estate development and consultancy. Previously, she handled public relations for Marel and chaired the Board of Directors of Sparisjóður Svarfdæla. Helga Björk holds an MBA from the University of Edinburgh. She graduated from the University of Iceland in 1997 with a BA degree in English and Italian and completed a degree in journalism from the same institution in 1999. Helga Björk completed a degree in marketing and export management with the Department of Continuing Education at the University of Iceland in 2002 and has studied brokerage at Reykjavík University. She worked as an independent consultant in 2010-2012. In 2009 and 2010, she handled PR for the Resolution Committee and Winding-up Board of Kaupthing hf. Previously, Helga Björk spent eight years working as marketing and PR manager of Nasdaq OMX Iceland. Helga Björk has also worked in media, various other jobs and worked for savings bank Sparisjóður Svarfdæla at Dalvík for a longer period. Helga Björk was elected to the Board of Directors of Landsbankinn in April 2013. She is Chairman of the Board of Directors and chairs the Remuneration Committee.

² <https://www.landsbankinn.is/bankinn/um-bankann/stefna-og-skipulag/bankarad>

Berglind Svavarsdóttir
Vice-chairman of the Board

Berglind Svavarsdóttir was born in 1964. She is a Supreme Court Attorney and partner at Lögfræðistofa Reykjavíkur. Berglind is a law graduate of the University of Iceland 1989, was admitted to the bar as a District Court Attorney in 1995 and a Supreme Court Attorney in 2008. Berglind holds a diploma in general management from the University of Akureyri 2006. She worked at the Directorate of Tax Investigations in Iceland in 1988-1989 and for the District Commissioner at Húsavík in 1990-1996. She was owner of a legal firm and real estate agency in 1996-2003, partner in Regula lögmannsstofa ehf. in 2003-2010, and partner in Acta lögmannsstofa in 2011-2016. The last firm merged with Lögfræðistofa Reykjavíkur on 1 April 2016. Berglind has held various executive and confidentiality positions. She was on the Board of Directors of Lögmannafélag Íslands in 2015-2021, three years thereof as chairman of the association. She was a member of the Winding-up Board of SPB hf. in 2009-2016. She chairs the Evangelical Lutheran Church of Iceland Complaints Board and the Election Rulings Committee. Berglind was elected to the Board of Directors in April 2016 and is its Vice-chairman.

Elín H. Jónsdóttir
Director

Elín H. Jónsdóttir was born in 1966. She is Dean of Law at Bifröst University. Elín is a law graduate of the University of Iceland 1993 and completed an LL.M. degree from Duke University in 1996. She was awarded an MBA from Stockholm School of Economics in 2018 and is a licensed securities broker. She worked in securities market regulation for the Financial Supervisory Authority in 2001-2005, as managing director at Arev Securities in 2005-2009, as Director of Icelandic State Financial Investments in 2010 to 2011, and as managing director of asset management at Íslandsbanki in 2014 to 2017. Elín has in addition worked as a consultant and teacher. She has sat on the boards of various companies, including Reginn Real Estate, Tryggingamiðstöðin, Promens, Icelandair, Borgun and Skeljungur. Elín also served on the board of directors of Kvennaathvafið, the Women's Shelter, in 2013-2020 She was elected to the Board of Directors in March 2021.

Guðbrandur Sigurðsson
Director

Guðbrandur Sigurðsson was born in 1961. He is managing director of Brynja leigufélag. Guðbrandur completed a BSc degree in food science in 1985 and an MBA from the University of Edinburgh in 1994. He worked for Íslenskar sjávarafurðir and its predecessors in 1985-1996 and was one of its managing directors when it was founded in 1991. He was managing director of ÚA and Brimir in 1996-2004. In 2005-2008, he was managing director of MS, managing director of Nýland ehf. in 2008-2010, and managing director of Plastprent ehf. in 2010-2012. He was later managing director of auditing firm PwC in Iceland between 2013-2016, managing director of Heimavellir hf. in 2016-2019, and managing director of Plastprent ehf. in 2019-21. Guðbrandur has served on the boards of numerous companies and associations, including BL hf., Hagar hf. and Reitir hf. He currently sits on the Board of Directors of Talnakönnun hf. Guðbrandur was elected to the Board of Directors in April 2019 and is Chairman of the Risk Committee.

Guðrún Ó. Blöndal
Director

Guðrún Ó. Blöndal was born in 1960. Guðrún completed a cand.ocean. degree from the University of Iceland in 1990. Guðrún worked for Kaupthing in 1982-2002, first in asset management and later as marketing director, HR manager and head of the custody department until 2002. She was managing director of Arion custody, a subsidiary of Kaupthing, from its establishment in 2002 un-

til it merged into Arion Bank in 2012. Guðrún has been a director of the board of Eimskipafélag Íslands hf. since 2018. In 2012-2013, she was a director of the boards of Framtakssjóður Íslands slhf., Reginn hf., Vörður tryggingar hf., Vörður líftryggingar hf. and Míla ehf. Guðrún was managing director of Nasdaq verðbréfamíðstöð hf. from 2013 to 2018. Guðrún was elected as alternate to the Board of Directors of Landsbankinn in March 2018 and became a regular member in April 2021.

Helgi Friðjón Arnarson
Director

Helgi Friðjón Arnarson was born in 1957. He graduated with a cand.oecon. degree from the University of Iceland in 1983 and became a legally certified accountant in 1987. Helgi worked as a certified accountant and partner at KPMG in 1984-2020. His duties involved auditing and other services for financial undertakings and pension funds. He served as auditor of banks, savings banks, pension funds and other entities in the financial market for several years. Helgi has taught KPMG courses in auditing and financial reporting for financial undertakings, and courses for managers of financial undertakings preparing for eligibility assessments administered by the Financial Supervisory Authority. Helgi chairs the audit committee of Nova klúbburinn hf. He was elected to the Board of Directors in March 2021 and is Chairman of the Audit Committee.

Thorvaldur Jacobsen
Director

Thorvaldur Jacobsen was born in 1963. He is managing director of Landsnet's system administration division. Thorvaldur completed a degree in electrical engineering from the University of Iceland in 1987 and a degree in computer science from the same institution in 1988. He completed a master's degree in electrical engineering from the University of Texas at Austin in 1990. Thorvaldur worked for Opin kerfi as a sales manager in 1990-1996 and as a sales and marketing manager of Teymi in 1996-1999. He became managing director of Vísir.is ehf. in 1999 and led that company until 2001. Thorvaldur worked for the Nýherji Group for several years, first as managing director of communications solutions in 2001-2005 and later as managing director of core solutions in 2005-2008. He acted as CEO of Dansupport A/S (a Nýherji subsidiary in Denmark) for a six-month period in 2007-2008, was a managing director at Skyggni 2009-2011, managing director at UAB Baltic IT Services 2010-2012 (a Nýherji subsidiary in Lithuania), and finally managing director of operating solutions at Nýherji in 2011-2012. Thorvaldur was managing director of development at VÍS in 2012-2017 and worked for Valcon Consulting A/S in management consultancy and change control in 2017-2019. He has served on the boards of various companies and associations in his field. Thorvaldur was elected as alternate to the Board of Directors of Landsbankinn in March 2018 and became a regular member in April 2019.

Alternates

Sigríður Olgeirsdóttir
Alternate

Sigríður Olgeirsdóttir was born in 1960. Sigríður is a graduate of applied computing from EDB, Denmark in 1984, completed a course in business operation and administration from the Department of Continuing Education at the University of Iceland in 1991, holds an MBA from Reykjavík University 2005 and an AMP from Harvard Business School 2017. She has extensive management experience in the field of IT and the financial sector. She was director of services at Valka ehf. in 2019-2021, managing director of the operation and IT division at Íslandsbanki in 2010-2019, director of Humac ehf. in Iceland in 2007-2008, managing director of Skipti in 2006-2008, managing director of Ax hugbúnaðarhús in 2001-2006, managing director at Ax Business Intelligence A/S in

Denmark in 1999-2001, and managing director and director of Tæknival in 1994-1999. Sigríður has sat on the boards of Penninn, Arion securities custody, Reitir, Auðkenni and Kerfi. She was also on the board of directors of Sensa and chairman of the audit committee of Kópavogsbær Civil Servants' Pension Fund. Sigríður has sat on the boards of IT companies in the Nordic countries and is currently a director of now the board of Opin kerfi hf., Íslandshótel hf., Fosshótel Reykjavík ehf. and Hagar hf. Sigríður sits on the nomination committee of Sjóvá-Almennar tryggingar hf. Sigríður was elected as alternate to the Board of Directors in March 2021.

Sigurður Jón Björnsson
Alternate

Sigurður Jón Björnsson was born in 1966. He completed a cand.oecon. degree from the School of Accounting and Finance at the University of Iceland in 1994 and became a licensed securities broker in 2009. Following graduation, he worked as assistant sales manager for Íslensk Ameríska hf. in 1995-1997. He worked as head of finance, deputy managing director and analyst in investment banking at Framtak Fjárfestingarbanki hf. in 1997- 2003. He headed up the financial administration department of Air Atlanta in 2003-2006 and was CFO and deputy managing director of financial administration at Norðurál in 2006-2007. He worked as a corporate consultant at Capacent in 2007 and later became a partner at securities house Capacent Fjárfestingarráðgjöf, later Centra Fyrirtækjaráðgjöf hf. Alongside his consultancy role, Sigurður served as Compliance Officer for the securities house. Sigurður was CFO of the Housing Financing Fund in 2011-2017 and was, among other things, responsible for risk management at the fund in 2011-2015. Sigurður was chairman of the board of tech company Betware in Iceland from the company's establishment in 1998 and until it was sold to foreign parties in 2014. He has also served on the boards of companies Stoðir hf., Íslandsflug hf., Landsafl hf., IMSI Inc., and SPC Holding AS. Sigurður was elected as alternate to the Board of Directors in April 2019.

Committee members who are not Directors of the Board

Hjörleifur Pálsson
Member of the Audit Committee of the Board of Directors

Hjörleifur Pálsson was born in 1963. Hjörleifur completed a cand.ocean. degree from the University of Iceland in 1988. He became a certified public accountant in 1989 and worked as an auditor to 2001. He was managing director of finance at Össur hf. from 2001 to 2013. Since 2013, Hjörleifur has sat on the boards of various companies and invested in and supported start-ups. He is currently a director of the board of Festi hf., on the investment council of Akur fjárfestingar slhf., a director of the board of Brunnur vaxtarsjóður slhf., Lotus Pharmaceutical Co., Ltd in Taiwan and Ankra ehf. Hjörleifur chairs the nomination committee of Icelandair Group hf. He became a member of the Audit Committee of the Board of Directors in May 2019.

12 Information on the independence of Directors of the company and of major shareholders

Regular and alternate members of the Board of Directors do not hold shares in Landsbankinn, neither directly or indirectly through related parties. Regular and alternate members of the Board of Directors are independent of Landsbankinn and of major shareholders. They have no connected interests with the Bank's main customers or competitors, other than those mentioned in Section 11, or large shareholders in the Bank.

13 Key aspects of the performance assessment

The Board of Directors underwent a performance evaluation in December 2022 and January 2023. The activities and work of the Board of Directors in 2022 were evaluated. Also up for evaluation was information disclosure, strategy development and future vision, the performance of Directors, exchange of opinions, the work of sub-committees of the Board and the performance of the Chairman.

14 Information on the CEO and description of her main responsibilities

Lilja Björk Einarsdóttir took up the position of CEO of Landsbankinn on 15 March 2017.

Lilja graduated as a mechanical and industrial engineer from the University of Iceland in 1998 and achieved an MSc. in financial engineering from the University of Michigan, Ann Arbor, in 2003. In 2008 to 2016, Lilja directed the operation, asset management and recovery of assets of old Landsbanki Íslands, LBI ehf., in London. She was an independent consultant and director as of 2016 and until she was hired as CEO of Landsbankinn. In 2005 to 2008, she worked as a specialist and later Managing Director at Landsbanki Íslands hf. in London, responsible for the daily operation and development of support functions, amongst other things. Lilja previously worked for consulting firm Marsh & McLennan from 2003 to 2005 for such clients as the Ford Motor Company, as an expert in planning and creating risk models for the insurance and treasury departments. Lilja sits on the board of directors of the Icelandic Financial Services Association (SFF) and the board of the Iceland Chamber of Commerce.

Lilja does not hold shares in the Bank and has no connected interests with its main customers, competitors or large shareholders.

The Bank's CEO shall be responsible for the Bank's day-to-day operation and shall be authorised to take decisions on all questions not entrusted to others by law, the Bank's Articles of Association or decisions by the Board of Directors. Day-to-day operation does not include extraordinary actions or actions of major significance. Such actions can only be taken by special authorisation from the Board of Directors. The CEO shall ensure that the Bank's operation complies with laws, regulations and the Articles of Associations, and with Board decisions. She shall ensure that the Bank's accounting complies with law and good business practice and that handling of the Bank's assets is secure. The Bank's CEO serves as spokesperson for the Bank on all business and administrative issues.

15 Laws and rules

No remarks were received from supervisory entities in 2022 concerning violations of laws or rules leading to penalties.

16 Organisation of communication between shareholders and the Board of Directors

At year-end 2022, shareholders in Landsbankinn numbered 851. The Board of Directors communicates with shareholders in accordance with law, the Bank's Articles of Association and the Board's Rules of Procedure. The Chairman of the Board directs its communications with shareholders. Members of the Board of Directors shall, in their duties and decision-making, safeguard the interests of the Bank and shareholders in accordance with the provisions of Act No. 2/1995, on Public Limited-liability Companies, Act No. 161/2002, on Financial Undertakings, and other rules and guidelines about the Bank's activities.