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ISFI LAUNCHES AN ACCELERATED BOOKBUILDING OFFERING FOR THE PLACEMENT OF ORDINARY SHARES IN ÍSLANDBANKI

Reykjavík, 22 March 2022, Iceland.

Bankasýsla ríkisins (Icelandic State Financial Investments, “ISFI”), hereby announces the launch of an accelerated bookbuild of existing ordinary shares in Íslandsbanki hf. (“Íslandsbanki” or the “Bank”), to qualified (professional investors and eligible counterparties) domestic and international investors (the “Transaction”). ISFI are offering at least 20% of Íslandsbanki’s outstanding share capital for sale (the “Placing Shares”), corresponding to 400 million shares, with the option of increasing the offer size (the “Offering”).

Citigroup Global Markets Europe AG, Íslandsbanki Corporate Finance and Securities Sales and J.P. Morgan SE are acting as Joint Global Coordinators in connection with the Transaction (the “Joint Global Coordinators”). HSBC Continental Europe and Fossar Markets are acting as Joint Bookrunners and ACRO Securities, Icelandic Securities and Landsbankinn are acting as Joint Lead Managers of the Transaction. STJ Advisors Group Limited is acting as a financial advisor to ISFI. Legal Advisors to ISFI are LOGOS slf. and White & Case LLP.

The closing price of Íslandsbanki shares today 22 March 2022 was ISK 122 per share. The price per share in the Transaction will be determined through the book-building process.

The price of the Placing Shares and the final number of shares to be sold will be determined by ISFI, subject to the final approval from the Minister of Finance and Economic Affairs. This decision will be made at the conclusion of the Offering on the basis of the results of the book-building process and taking into account the last closing price of Íslandsbanki’s shares on Nasdaq Iceland, market conditions, a qualitative and quantitative assessment of demand for shares and other appropriate factors.

The price of the Placing Shares and the final number of shares to be sold will be announced in a separate press release.

The allocation is expected to take place after the close of the book. The allocation will be determined by ISFI after recommendations from the Joint Global Coordinators.



The Offering commences immediately and may close at any time on short notice. Results of the Offering are expected to be published prior to market opening on 23 March 2022 at 9:30 GMT. Settlement of the Transaction will occur on 28 March 2022.

ISFI has agreed on a customary lock-up undertaking on their residual holding for a period of 90 days from the date of settlement of the Transaction, subject to (i) waiver with the prior written consent from the Joint Global Coordinators, or (ii) in respect of any share buyback scheme conducted by the Company within the lock-up period.

The Treasury of Iceland currently owns 65% share in Íslandsbanki and those holdings will continue to be managed by ISFI in accordance with Act No. 88/2009. On 18 March 2022 the Minister of Finance and Economic Affairs authorized ISFI to sell its remaining holding in Íslandsbanki in several steps and in consultation with the Minister. This authorization is valid until 31 December 2023. Following successful completion of the Transaction, the state's holdings in Íslandsbanki are expected to go below 50%.

For further information, please contact Jón G. Jónsson, Director General of ISFI, at +354 550-1701

Important Notices

Retail investors are not eligible to take part in the Transaction.

In member states of the European Economic Area (“EEA”) (each, a “Member State”), this announcement and any offer if made subsequently is directed exclusively at persons who are 'qualified investors' as defined under the Prospectus Regulation. For these purposes, the expression ‘Prospectus Regulation’ means Regulation (EU) 2017/1129 (and amendments thereto).

In the United Kingdom this announcement and any offer if made subsequently is directed exclusively at persons who are 'qualified investors' as defined under the UK Prospectus Regulation (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated. For these purposes, the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (all such persons together being referred to as “Relevant Persons”).

Any investment or investment activity to which this Announcement relates is only available to, and will be engaged in only with, Relevant Persons. Persons distributing this Announcement must satisfy themselves that is lawful to do so. This Announcement is for information purposes only and shall not constitute an offer to sell or issue or the solicitation of an offer to buy, subscribe for or otherwise acquire securities in any jurisdiction in which any such offer or solicitation would be unlawful. Any failure to comply with this restriction may constitute a violation of the securities laws of such jurisdictions.

The distribution of this Announcement and the placing of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by ISFI, the Bank, the Joint Global Coordinators or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States, Australia, Canada, Japan, South Africa, or any other jurisdiction in which the same would be unlawful. No public offering of the securities referred to herein is being made in any such jurisdiction.

This Announcement is not a public offer of securities for sale in the United States. The Placing Shares have not been and will not be registered under the US Securities Act 1933, as amended (the “Securities Act”) or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold directly or indirectly in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or any other jurisdiction of the United States. There will be no public offer of the Placing Shares in the United States or in any other jurisdiction.



The Joint Global Coordinators are acting exclusively for ISFI and no one else in connection with the Transaction, the content of this Announcement and other matters described in this Announcement. The Joint Global Coordinators will not regard any other person as their respective clients in relation to the Transaction, the content of this Announcement and other matters described in this Announcement and will not be responsible to anyone other than ISFI for providing the protections afforded to their respective clients or for providing advice to any other person in relation to the Transaction, the content of this Announcement or any other matters referred to in this Announcement.

In connection with the Transaction, the Joint Global Coordinators and any of their affiliates, acting as investors for their own account, may take up a portion of the shares in the Transaction as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such shares and other securities of the Bank or related investments in connection with the Transaction or otherwise. Accordingly, references to Placing Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Joint Global Coordinators and any of their affiliates acting in such capacity. In addition, the Joint Global Coordinators and any of their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which the Joint Global Coordinators and any of their respective affiliates may from time to time acquire, hold or dispose of shares. The Joint Global Coordinators do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Joint Global Coordinators and their affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with ISFI, the Bank and/or its affiliates for which they would have received customary fees and commissions. The Joint Global Coordinators and their affiliates may provide such services to ISFI, the Bank and/or its affiliates in the future.