

Mr. Bjarni Benediktsson
Minister of Finance and Economic Affairs
Arnarhvoll by Lindargata
101 Reykjavík

Reykjavík, 17 December 2020

Subject: Proposal for the Sale of Shares in Íslandsbanki hf.

Icelandic State Financial Investments („ISFI“) hereby submits a proposal to the Minister of Finance and Economic Affairs („the Minister“) in accordance to item i. and j. of Article 4 of Act no. 88/2009 on ISFI and paragraph 1 of Article 1 of Act no. 155/2012 on the sale process of the state’s holdings in financial undertakings. The proposal is as follows:

To sell shares in Íslandsbanki hf. with the intention of an initial public offering followed by a listing on a regulated domestic stock market.

According to Article 1 of Act no. 155/2012, the Minister is authorized to sell the state’s holdings in Íslandsbanki subject to an authorization in the general government budget and a proposal from ISFI. On 27 November 2019, Alþingi approved the general government budget for the year 2020 which included such an authorization in Article 6. The same authorization is included in the general government budget bill for the year 2021. Therefore, the conditions of Act no. 155/2012 for sale authorization have been fulfilled with this proposal.

Further supporting information regarding this proposal can be found in the attached memorandum by ISFI to the Minister, dated 17 December 2020.

Respectfully,



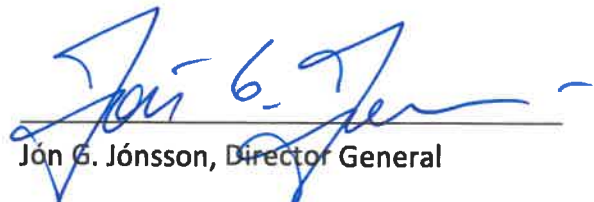
Lárus L. Blöndal,
Chairman of the Board



Margrét Kristmannsdóttir,
Vice-Chairman of the Board



Vilhjálmur Bjarnason,
Board Member



Jón G. Jónsson, Director General