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UPDATE ON ÍSLANDBANKI'S ABB: PRICE GUIDANCE AND THE OFFER SIZE

Reykjavík, 22 March 2022, Iceland.

Íslandsbanki hf. (“Íslandsbanki” or the “Bank”), has received the following information from Bankasýsla ríkisins (Icelandic State Financial Investments, “ISFI”), Citigroup Global Markets Europe AG (“Citigroup”), Íslandsbanki Corporate Finance and Securities Sales (“ÍSB IB”) and J.P. Morgan AG (“J.P. Morgan”). Citigroup, ÍSB IB, and J.P. Morgan, are acting as Joint Global Coordinators in the transaction (“Joint Global Coordinators”).

Reference is made to the announcement by ISFI on behalf of the Treasury of Iceland, Citigroup, ÍSB IB and J.P. Morgan, dated 22 March 2022 regarding the accelerated bookbuilding (“ABB”) offering to domestic and international qualified investors (the “Transaction”).

The shares in Íslandsbanki are being offered through an ABB offering, which was launched on 22 March 2022 at 16:11 GMT. Results of the ABB offering are expected to be published prior to market opening on 23 March 2022 at 9:30 GMT. The settlement of the Transaction is estimated on 28 March 2022.

The ISFI now announces that the Joint Global Coordinators have provided final pricing guidance for the Offering of ISK 117 per share. Orders below the guidance price risk missing the Transaction.

ISFI will advise on the size of the Offering to be 22.5% of outstanding capital. The Offering will close 22 March 2022 at 21:30 GMT.

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”).

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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.

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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.