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## **EXERCISE OF THE OVER-ALLOTMENT OPTION IN THE IPO OF ÍSLANDBANKI AND END OF STABILISATION PERIOD**

*Reykjavík, 2 July 2021, Iceland.* Citigroup Global Markets Europe AG, Íslandsbanki hf. and J.P. Morgan AG (together the "Joint Global Coordinators") have today notified Bankasýsla ríkisins (Icelandic State Financial Investments, "ISFI"), that the over-allotment option has been exercised in full. The stabilisation period, initially scheduled to end on 22 July 2021, was ended today. The market making agreement with Arion Bank will therefore become effective as of 5 July 2021.

In connection with the initial public offering of Íslandsbanki hf., and the listing of Íslandsbanki's shares on Nasdaq Iceland on 22 June 2021 (the "Offering"), ISFI granted the Joint Global Coordinators an option to purchase up to 63,636,363 additional existing shares in Íslandsbanki to cover any over-allotment in connection with the Offering (the "Over-Allotment Option"), exercisable in whole or in part within 30 days after the date on which Íslandsbanki's shares commenced trading on Nasdaq Iceland. The Over-Allotment Option has now been exercised in full.

No price stabilisation activities have been carried out since the Offering. The purchase price of the option shares is ISK 79 per share, equal to the offer price of the shares in the IPO, for an aggregate consideration to ISFI of approximately ISK 5,027 million. Settlement of the over-allotment option has been concluded. The stabilisation period in respect of the IPO has now ended and no further stabilisation transactions will be carried out.

### **Enquiries**

#### *Íslandsbanki – Investor Relations*

Jóhann Ottó Wathne      T: + 354 844 4607      E: [Johann.Otto.Wathne@islandsbanki.is](mailto:Johann.Otto.Wathne@islandsbanki.is)

#### *Citigate Dewe Rogerson*

David Westover      T: + 44 7768 897722      E: [David.Westover@citigatedewerogerson.com](mailto:David.Westover@citigatedewerogerson.com)

Caroline Merrell      T: + 44 7852 210329      E: [Caroline.Merrell@citigatedewerogerson.com](mailto:Caroline.Merrell@citigatedewerogerson.com)

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Each of the Bank, the Selling Shareholder, Citigroup Global Markets Europe AG, Íslandsbanki hf., J.P. Morgan AG, Barclays Bank Ireland PLC, HSBC Continental Europe, Fossar Markaðir hf., Landsbankinn hf., Arion banki hf., Kvika banki hf., Arctica Finance hf., Íslenskir fjárfestar hf. and Íslensk verðbréf hf. (together, except for the Bank and the Selling Shareholder, the “Managers”) and their respective affiliates as defined under Rule 501(b) of Regulation D of the Securities Act (“affiliates”), expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise, and the distribution of this announcement shall not be deemed to be any form of commitment on the part of the Selling Shareholder to proceed with the Offering or any transaction or arrangement referred to therein.

None of the Selling Shareholder, the Managers or any of their respective affiliates or any of their or their affiliates’ directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/ or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Bank, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith. Accordingly, each of the Selling Shareholder, the Managers, and any of their respective affiliates and any of their or their affiliates’ directors, officers, employees, advisers or agents expressly disclaims, to the fullest extent possible, any and all liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this announcement, whether in tort, contract or otherwise which they might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.

Each of the Managers is acting exclusively for the Bank and the Selling Shareholder and no-one else in connection with the proposed Offering. They will not regard any other person as their respective clients in relation to the proposed Offering and will not be responsible to anyone other than the Bank for providing the protections afforded to their respective clients, nor for providing advice in relation to the proposed Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering, the Managers and any of their respective affiliates, may take up a portion of the Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Bank or related investments in connection with the Offering or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by the Managers and any of their respective affiliates acting in such capacity. In addition, the Managers and any of their respective affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which they may from time to time acquire, hold or dispose of Shares. None of the Managers nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID 2”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID 2; and (c) local implementing measures (together, the “MiFID 2 Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Shares

have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID 2; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID 2 (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID 2; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.