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KEY RESULTS OF ÍSLANDBANKI'S INITIAL PUBLIC OFFERING

Reykjavík, 15 June 2021, Iceland. Bankasýsla ríkisins (Icelandic State Financial Investments, "ISFI"), on behalf of the Treasury of Iceland ("Selling Shareholder"), and Íslandsbanki hf. ("Íslandsbanki" or the "Bank"), today announce the key results of Íslandsbanki's initial public offering (the "IPO" or the "Offering"). The offer period closed today, at 12:00 (GMT).

Highlights

- The price at which the Offer Shares will be sold (the "Offer Price") has been set at ISK 79 per share.
- The number of ordinary shares of the Bank ("Shares") to be sold in the Offering ("Offer Shares") is 636,363,630, plus up to 63,636,363 additional Shares assuming full exercise of the overallotment option.
- The value of the Offering, at the Offer Price and assuming full exercise of the overallotment option, amounts to ISK 55.3 billion or USD 457 million.
- The Offering is the largest IPO in the history of Iceland.
- On the basis of the Offer Price the implied market capitalisation of the Bank is ISK 158 billion or USD 1.3 billion.
- The Offering was multiple times oversubscribed at the final Offer Price, with substantial interest from both retail and institutional investors, resulting in total demand of ISK 486 billion or USD 4.0 billion.
- In accordance with the Prospectus and other sources of law, the Selling Shareholder, during allocation, aimed for a dispersed and diverse ownership of the Bank. Furthermore, retail investors will be guaranteed a minimum allocation of up to ISK 1 million.
- Information on allocations will be provided no later than Wednesday, 16 June 2021.
- Total number of shareholders, post Offering, will be approximately 24 thousand, which is the largest shareholder base of any listed company in Iceland.
- Following the Offering, the Selling Shareholder will hold 65% of the share capital of the Bank, assuming full exercise of the overallotment option. Other domestic investors are expected to hold approximately 24% and international investors approximately 11%.
- Trading on Nasdaq Iceland is expected to commence at 09:30 GMT on 22 June 2021, under the ticker symbol "ISB".
- The Bank and the Selling Shareholder have agreed on customary lock-up undertakings for the benefit of the Joint Global Coordinators for a period of 180 days from the first day of trading.
- Citigroup Global Markets Europe AG, Íslandsbanki hf. and J.P. Morgan AG acted as Joint Global Coordinators and Joint Bookrunners on the Offering. Barclays Bank Ireland PLC, HSBC

Continental Europe, Fossar Markaðir hf. and Landsbankinn hf. acted as Joint Bookrunners for the Offering. Arion banki hf. and Kvika banki hf. acted as Joint Lead Managers, and Arctica Finance hf., Íslenskir fjárfestar hf. and Íslensk verðbréf hf. as Co-Lead Managers. STJ Advisors Group Limited acted as financial advisor to the Selling Shareholder, and ABN AMRO Bank N.V. as financial advisor to Íslandsbanki.

Bjarni Benediktsson, Minister of Finance and Economic Affairs:

“It is pleasing to see the results of Íslandsbanki's IPO. High demand and public participation are particularly enjoyable, as Íslandsbanki's shareholder base will be the largest of all listed companies in Iceland. This is not least due to the decision to allow subscriptions down to ISK 50,000 and guarantee a minimum allocation of up to ISK 1 million. The sale is profitable for the Treasury and will be helpful for the recovery in the near future. More importantly, this is the first step in reducing the state's risk in the banking sector and with that we move closer to a healthier environment, similar to the Nordic countries and other neighbouring countries of ours.”

Lárus L. Blöndal, Chairman of the Board of Directors of ISFI:

“The IPO of Íslandsbanki has successfully priced in line with its originally proposed timeline. This is a significant milestone in ISFI's management of the government's holding in financial undertakings and a great achievement for all parties involved. The offer was very well received and generated high demand from all investor types, both domestically and internationally. It has been a great pleasure to witness the momentous retail demand which will give Íslandsbanki the largest shareholder base of any company on Nasdaq Iceland. This first important step will pave the way for the government's policy of fully disposing the bank to private ownership when market conditions are favourable and acceptable.”

Birna Einarsdóttir, CEO of Íslandsbanki:

“We are very happy with the result of the Offering, which marks a very important moment in the history of the Bank. I am pleased to see the strong demand confirming investors' belief in Íslandsbanki's strategy and vision and the opportunities which lay ahead in Iceland. I very much welcome the new shareholders to the Bank.”

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In any member state of the European Economic Area, other than Iceland, this announcement and any offer if made subsequently is, and will be, directed only at persons who are “qualified investors” within the meaning of Article 2(e) of Regulation (EU) 2017/1129 and amendments thereto.

In the United Kingdom, this announcement is only being distributed to and is directed at “qualified investors” within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, (a) having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005, as amended (the “Order”); (b) who are high net worth entities described in Article 49(2) (a) to (d) of the Order; or (c) other persons to whom they may lawfully be communicated (all such persons together being referred to as “Relevant Persons”). Any investment or investment activity to which this announcement relates will only be available to and will only be engaged in with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this announcement or any of its contents.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Bank’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Bank’s business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

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.

Any purchase of any securities in the Offering should be made solely on the basis of information contained in the Prospectus which has been issued by the Bank in connection with the Offering. The information in this announcement is subject to change. Before purchasing any securities in the Offering, persons viewing this announcement should ensure that they fully understand and accept the risks which is set out in the Prospectus. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement shall not form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase any securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The date of Admission may be influenced by a variety of factors which include market conditions. The Bank may decide not to go ahead with the Offering and there is therefore no guarantee that Admission will occur. You should not base your financial decision on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. This announcement does not form part of or constitute a recommendation concerning any offer. The value of securities can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of a possible offer for the person concerned.

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 Offering. They will not regard any other person as their respective clients in relation to the 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 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 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.