



The Offering of the State's Shares in Íslandsbanki Commences today

Reykjavík, 13 May 2025, Iceland

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SWITZERLAND, OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. THIS ANNOUNCEMENT IS NOT AN OFFER TO SELL OR A SOLICITATION TO BUY SECURITIES IN ANY JURISDICTION, INCLUDING THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SWITZERLAND, OR THE REPUBLIC OF SOUTH AFRICA. NEITHER THIS ANNOUNCEMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH, ANY OFFER OR COMMITMENT WHATSOEVER IN ANY JURISDICTION. ANY DECISION TO PURCHASE, SUBSCRIBE FOR, OTHERWISE ACQUIRE, SELL OR OTHERWISE DISPOSE OF ANY SECURITIES MUST BE MADE ONLY ON THE BASIS OF THE INFORMATION CONTAINED IN THE PROSPECTUS ONCE PUBLISHED. COPIES OF THE PROSPECTUS WILL, FOLLOWING PUBLICATION, BE AVAILABLE FROM THE REGISTERED OFFICE OF THE BANK AND ON ITS WEBSITE AT WWW.ISLANDSBANKI.IS AND WILL REMAIN PUBLICLY AVAILABLE ON SAID WEBSITE FOR AT LEAST 10 YEARS FOLLOWING THE DATE OF PUBLICATION. PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THIS ANNOUNCEMENT.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE.

Reykjavík, 13 May 2025, Iceland

The Offering of the State's Shares in Íslandsbanki hf. commences today

The Ministry of Finance and Economic Affairs on behalf of the Treasury of Iceland, today announces the launch of a fully marketed offering of existing ordinary shares in Íslandsbanki hf. and the publication of the related prospectus. The offering is made on the basis of a specific legislation passed by Alþingi (Act No. 80/2024) and the execution will be in accordance with that legislation. The offer period commences today, Tuesday 13 May at 8:30 GMT and is expected to close on Thursday 15 May at 17:00 GMT.

Individuals and legal entities are invited to take part in the fully marketed offering of the state's shares in Íslandsbanki hf. which commences today and will continue until Thursday May 15 at 17:00 GMT. The base offering covers up to 376,094,154 of the issued shares in Íslandsbanki hf., which is 20% of the total issued and outstanding share capital of the Bank. In addition, the Minister of Finance and Economic Affairs has the authority to allocate additional shares if there is excess demand in the offering. The base volume of the offering and the possible volume increase together represent 45.2% of the shares of Íslandsbanki hf.

The prospectus was published today, announcing the size of the offering and the price per share in Tranche A. It can be found on the offering website of Kvika banki hf., kvika.is/islandsbanki and Íslandsbanki's hf. website, islandsbanki.is, along with an informational brochure for individuals who wish to participate in the offering. Investors are encouraged to thoroughly review the contents of the prospectus before making any investment decision, including the terms of the offering and the discussion of risk factors.

kvika.is/islandsbanki

The offering places special emphasis on participation of individuals, as outlined in Act No. 80/2024. Allocation of shares to individuals pursuant to Tranche A, i.e. allocations to individuals with Icelandic ID, will have priority over Tranche B and C, and they will benefit from the lowest price. Following the offering, the Ministry of Finance and Economic Affairs will publish a list of the buyers, both individuals and legal entities. Barclays Bank Ireland PLC, Citigroup Global Markets Europe AG, and Kvika banki hf. are acting as Joint Global Co-ordinators and Joint Bookrunners in the offering.

Three ways to participate

- There are three options available to investors: Tranche A, Tranche B and Tranche C. The Tranches differ in terms of priority, size of bids and allocation. Individuals can participate in Tranches A and B; legal entities in Tranche B; and regulated professional investors who invest on their own account and have assets exceeding ISK 70 billion in Tranche C.
- Sales through Tranche A will have priority when the offer shares are allocated, followed by Tranche B and then Tranche C. The implementation and structure of the three Tranches are considered to meet the requirements of Act no. 80/2024 regarding due consideration to objectivity, equality, transparency, and efficiency.

Highlights of the Offering

- Tranche A is reserved exclusively for individuals with Icelandic ID numbers. The offer price for Tranche A is fixed and set at ISK 106.56 per Offer Share. The offer price is based on the average price of Íslandsbanki hf. shares over the 15 trading days preceding the publication of the prospectus with a discount of 5%, in accordance with Act No. 80/2024.
- Tranche B is open to both individuals and legal entities. The offer price for Tranche B will be set in ISK and determined through a book-building process. The offer price for Tranche B shall be set at the highest bid price that reaches the offering's base volume, however, the offer price for Tranche B may never be lower than the fixed price in Tranche A.
- Regulated professional investors who fulfil the criteria for the offering can submit offers for their own account in Tranche C. The offer price for Tranche C will be set in ISK and determined with reference to the offer price for Tranche B. Investors submitting offers in Tranche C will be given the opportunity to increase their bid price to match the offer price for Tranche B shortly after the offer price for Tranche B is announced on 15 May.
- The minimum amount of orders is restricted to offer shares with a purchase value of ISK 100,000 for Tranche A, ISK 2,000,000 for Tranche B, and ISK 300,000,000 for Tranche C. The maximum amount of orders in Tranche A is ISK 20,000,000, but no such maximum amount applies for orders in Tranche B or Tranche C other than as limited by the overall size of the offering.
- Subscriptions in Tranche A will not be reduced due to demand in other Tranches. In the event of oversubscription within Tranche A, the offer shares will be allocated proportionately. However, subscriptions in Tranche A shall not be reduced to less than ISK 2,000,000, unless this proves necessary to meet demand, in which case this shall be done pro rata. Subscriptions in Tranche B will not be reduced due to subscriptions in Tranche C.
- The offering consists of a public offering of the offer shares to both retail and institutional investors in Iceland and a private placement to certain institutional investors in various other jurisdictions, as further described in the prospectus.
- The Financial Supervisory Authority of the Central Bank of Iceland has approved the prospectus for the offering. Such approval of the Financial Supervisory Authority shall not be considered as an endorsement of Íslandsbanki hf. or the quality of the offer shares.
- The Icelandic state, as the selling shareholder, will receive all the net proceeds from the offering. Íslandsbanki hf. will not receive any proceeds from the offering.
- Barclays Bank Ireland PLC, Citigroup Global Markets Europe AG, and Kvika banki hf. are acting as Joint Global Co-ordinators and along with ABN AMRO Bank N.V. (in collaboration with ODDO BHF SCA), Arctic Securities AS, Arctica Finance hf., Arion Bank hf., J.P. Morgan SE, Landsbankinn hf. and UBS Europe SE, as Joint Bookrunners in the offering.

Expected Timetable

- The offering commences on Tuesday, 13 May 2025, at 8:30 GMT.
- It is expected to close on Thursday, 15 May 2025, at 17:00 GMT for investors in Tranches A and B. Investors in Tranche C will be given the opportunity to increase their bid price to match the offer price for Tranche B shortly after the offer price for Tranche B is announced on 15 May.
- It is expected that the result of the offering will be published on 15 May 2025 and posted on the Government's website, Íslandsbanki's and Kvika's respective websites.
- Results of allocations under the offering are expected to be notified to investors on 16 May 2025 before markets open.
- The final due date for payment of the allocated shares is set for 20 May 2025 and paid offer shares are estimated to be delivered to the investors within two business days after payment is received.

Publication of Prospectus

- The prospectus referred to herein has been published on the websites of Íslandsbanki hf., Kvika banki hf. and on the website of the Financial Supervisory Authority. The websites of Íslandsbanki hf. and Kvika banki hf. further include an informational brochure for individuals who wish to participate in the offering. Investors are encouraged to thoroughly review the contents of the prospectus before making any investment decision, including the terms of the offering and the discussion of risk factors.
- Capitalised terms used but not otherwise defined in this announcement shall have the meanings set out in the prospectus, which is available on the website of Íslandsbanki hf. website at www.islandsbanki.is and will remain publicly available on the website of Íslandsbanki hf., for at least 10 years following the date of publication.

Important legal information

This announcement has been issued by and is the sole responsibility of the Ministry of Finance and Economic Affairs. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. The information in this announcement is subject to change without notice.

This announcement is not a prospectus but an advertisement. This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia, the “United States”), Australia, Canada, Japan, Switzerland, the Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement does not form the basis of or constitute any offer or invitation to sell or issue, or any invitation or solicitation of any offer to buy, purchase or subscribe for any shares or any other securities to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful, including the United States, Australia, Canada, Japan, Switzerland, the Republic of South Africa or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The shares referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The shares may not be offered or sold or otherwise transferred in the United States, except to qualified institutional buyers as defined in, and pursuant to, Rule 144A under the Securities Act or pursuant to another applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the shares in the United States, or in any other jurisdiction, except Iceland. The proposed offer and sale of the shares referred to herein has not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, Switzerland, or the Republic of South Africa. Subject to certain exceptions, the shares referred to herein may not be offered or sold in Australia, Canada, Japan, Switzerland, the Republic of South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan, Switzerland, or the Republic of South Africa. There will be no public offer of the shares referred to herein in Australia, Canada, Japan, Switzerland, or the Republic of South Africa.

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 only 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 current view of Íslandsbanki hf., with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Íslandsbanki hf. business, results of operations, financial position, liquidity, prospects, growth and strategies. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. Forward-looking statements speak only as of the date they are made. No representation is made or will be made that any forward-looking statements will come to pass or prove to be correct.

Each of Íslandsbanki hf., as the Bank, the Ministry of Finance and Economic Affairs on behalf of the Treasury of Iceland, Barclays Bank Ireland PLC, Citigroup Global Markets Europe AG, Kvika banki hf., ABN AMRO Bank N.V. (in collaboration with ODDO BHF SCA), Arctic Securities AS, Arctica Finance hf., Arion Bank hf., J.P. Morgan SE, Landsbankinn hf., UBS Europe SE (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”), directors, officers, employees, advisers and agents, 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 shares in the proposed 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 shares in the offering, persons viewing this announcement should ensure that they fully understand and accept the risks which have been 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 constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to buy, whether by subscription or purchase, any shares or any other 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, or act as any inducement to enter into, any contract or commitment whatsoever.

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 the shares 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 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 Selling Shareholder 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 referred to herein 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 II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II 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 II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (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 II; 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.