



UPDATE ON OFFERING FOR ORDINARY SHARES IN ÍSLANDSBANKI HF.: OFFERING CLOSED; KEY RESULTS

Reykjavík, 15 May 2025, Iceland

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FOR IMMEDIATE RELEASE.

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UPDATE ON OFFERING FOR ORDINARY SHARES IN ÍSLANDSBANKI HF.: OFFERING CLOSED; KEY RESULTS

The Ministry of Finance and Economic Affairs refers to the announcement by the Ministry, dated 13 May 2025, regarding the launch of an Offering of existing ordinary shares in Íslandsbanki hf. and the publication of the related prospectus.

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.

The Ministry today announces the key results of the Offering. The Offer Period closed on 15 May 2025 at 17:00 GMT.

Highlights

- The Offering was made on the basis of and in accordance with Act No. 80/2024 on the Disposition of the State's Holding in Íslandsbanki hf. (as amended) and other relevant legislation.
- The number of ordinary shares of the Bank sold in the Offering is 850,000,007, including the Volume Increase.
- The Offering received significant institutional and substantial local demand, with considerable interest from both retail and institutional investors, including both local and international investors. During allocation, special emphasis will be placed on ensuring participation by individuals, whose subscriptions through Tranche A will not be reduced. In addition, efforts were made to attract large regulated professional investors, where demand was considerable.
- The Offer Price for Tranche A was fixed and set at ISK 106.56 per Offer Share. The Offer Price for Tranche B and Tranche C was set at ISK 106.56 per share, as Tranche A significantly covered the Base Volume, in accordance with Act No. 80/2024.
- The value of the Offering, at the Offer Price, amounts to ISK 90,576,000,746, while total demand amounts to around ISK 190,000,000,000.
- Orders submitted in Tranche A have priority upon allocation. In order to respect the preferential allocation of Tranche A orders, investors in Tranche A shall receive allocations tomorrow morning, 16 May 2025. In the event further stock is available following allocation to Tranche A, those investors participating in Tranche B and C investors shall receive allocation communications on Wednesday morning, 21 May 2025, respecting the allocation principles previously laid out in Act no. 80/2024.
- The final due date for payment of the allocated ordinary shares for Tranche A is set for 20 May 2025 and paid Offer Shares are expected to be delivered to the investors within two business days after payment is received. Whilst the final due date for payment and delivery of shares for Tranches B and C is set for 23 May 2025.

Capitalised terms used but not otherwise defined in this announcement shall have the meanings set out in the Prospectus, which is available on the Bank's website at www.islandsbanki.is and will remain publicly available on the Bank's website for at least 10 years following the date thereof.

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.