



Press Release

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Arion Bank expresses interest in merger talks with Íslandsbanki

The board of directors of Arion Bank decided at a meeting today to express its interest in starting talks with the board of directors of Íslandsbanki on a merger between the companies. A letter on this matter has been sent to the chairman of the board of directors and CEO of Íslandsbanki.

Arion Bank sees enormous opportunities in a merger between the banks, for the customers, shareholders and the Icelandic economy. The fact of the matter is that despite the numerous actions taken to rationalize the Icelandic banks in recent years, the cost of the financial system remains relatively high in Iceland by international standards. This is both due to the small size of the Icelandic economy and the fact that the three largest banks in the country are all classed as systemically important financial institutions under European law. Therefore, they are required to meet the requirements of a complex and extensive regulatory framework created by the European Union designed for much larger banks, plus rules which specifically apply to Iceland.

We therefore see unique opportunities in merging Arion Bank and Íslandsbanki. It will create a more efficient and more robust bank which will be in a better position to meet the needs of its customers, invest more resources in development and innovation and support the growth of the Icelandic economy.

It will be possible to achieve significant synergies through the merger of the banks and thereby reduce the cost of the Icelandic financial system for the benefit of consumers and the shareholders of both banks.

- Arion Bank is prepared to work closely with the Icelandic Competition Authority to ensure that a minimum of ISK 5 billion of the amount saved annually by the merger will be passed on to consumers. Over a 10-year period the direct savings for Icelandic households would therefore amount to ISK 50 billion, in addition to the other benefits and savings generated by the merger.
- In addition, Arion Bank is prepared to offer shareholders of Íslandsbanki, including the Icelandic government which owns 42.5% in the bank, a 5% premium over the average closing price over the last 30 days when setting exchange ratios in the merger. The government's stake in the merged company would be over 20%.
- The Icelandic public would indirectly own a majority holding in the merged bank via the Icelandic government and pension funds.



Arion believes the merger would meet the three cumulative conditions from the European Commission's Merger Guidelines: the consumer benefits are substantial, quantifiable and could not be achieved through alternative means.

The letter from Arion Bank to Íslandsbanki, which is attached, expands on the benefits which Arion Bank sees in the merger.

For further information please contact:

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This information is information that Arion Bank is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2025-02-14 16:40 GMT.

Attachments

[Letter to Chairman and CEO of Íslandsbanki](#)
[Arion Bank expresses interest in merger talks with Íslandsbanki](#)