



Press Release

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## Arion Bank: Next steps in the merger process

**Kvika banki and Arion Bank announced on 6 July that the boards of directors of the companies had decided to initiate discussions on merging the companies and have signed a letter of intent to that effect. The aim of the merger is to combine the companies' strengths and to create a robust financial institution which offers comprehensive services for its customers.**

### **One of the largest mergers on the Icelandic financial market**

This represents one of the largest mergers undertaken on the Icelandic financial market and the process can be expected to take some time. Regular updates on the status and progress of negotiations will be provided as and when needed.

The first steps involve due diligence reviews and merger negotiations between the companies, a process which is already underway. The parties aim to request preliminary discussions with the Icelandic Competition Authority in August, where the aims of the merger and benefits resulting from it, both for customers and the Icelandic financial market, will be presented. The parties hope that the preliminary discussions, the finalization of contracts and the due diligence review will be completed in the next few months. Assuming that the preliminary discussions with the Icelandic Competition Authority are successful, the merger will be formally announced to the regulators and will be submitted for approval at shareholders' meetings of both companies.

### **Enhanced banking services**

If the merger between Kvika and Arion goes ahead it will strengthen and enhance the banking services provided to the customers of the merged company – retail, corporate and investors. The merger will generate opportunities for risk distribution and more diverse revenue streams, while also creating a more effective business and bringing greater efficiency to the Icelandic financial market.

In recent years Kvika has been an active competitor on the markets, not least through its brand Auður which has had a substantial impact on the deposits market and has recently made a successful entry into the home loan market. Following the merger, the companies' brands will continue to play a key role for customers.

**For further information please contact:**

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**Attachments**

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