



Press Release  
21 February 2026 17:01:00 GMT

## Íslandsbanki hf.: Merger discussions between Íslandsbanki and Skagi hf. discontinued

**With reference to an announcement released on 6 October 2025, on the signing of head of terms (the Heads of Terms) pertaining to a merger between Íslandsbanki hf. (the Bank or Íslandsbanki) and Skagi hf. (Skagi) the board of directors of Íslandsbanki (the Board) hereby announces that the merger discussions have been discontinued.**

Since the signing of the Heads of Terms the parties have been working towards the proposed merger of the two companies, including through carrying out a due diligence, synergy analysis, preparations of notices to the Icelandic Competition Authority and the Financial Supervisory Authority of the Central Bank of Iceland and drafting of a merger agreement.

By signing of the Heads of Term certain main terms of a proposed merger were laid out while also entailing that the terms of a final merger agreement would rely on further negotiations, the conclusion of due diligence and other work streams carried out from the signing of the Heads of Terms. Such merger agreement would be subject to the approval of boards of both companies and ultimately the shareholders of both companies.

According to Íslandsbanki's Board, issues from due diligence and analysis carried out under the process, development of the market value of both companies and expected increased capital requirements from the Central Bank of Iceland related to a bank's ownerships of an insurance undertaking lead to the conclusion that changes needed to be made the exchange rate noted in the Heads of Terms to fully take into account the best interests of Íslandsbanki's shareholders. An agreement on such changes was not reached, and the parties have thus agreed to abandon the Heads of Terms and discontinue the merger discussions.

Íslandsbanki and VÍS, the insurance subsidiary of Skagi, have had a fruitful partnership this past year. Through the partnership, mutual customers of both companies enjoy benefits within each the loyalty systems of each company. Additionally, customers have experienced an enhanced view of their financial products and insurances through the Bank's app. The parties agree to continue this successful partnership, to the benefit of customers of both companies.

Íslandsbanki believes that numerous opportunities lie within the Bank's current operations and its environment and recently announced updated financial targets which did not take into consideration the assumed effects of a potential merger, thus remaining unaffected by these latest developments. According to the updated targets, return on equity is set in excess of 13% in the medium term and the Bank will continue to work on the optimisation of its capital structure throughout 2026.

*This announcement is released by Íslandsbanki hf. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the merger discussions described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ellert Hlöðversson, CFO of Íslandsbanki hf.*



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**Attachments**

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