



Press Release
27 February 2025 18:50:00 GMT

Board of Directors of Íslandsbanki hf. declines merger discussions with Arion Bank hf.

The Board of Directors of Íslandsbanki hf. (the Board and the Bank) received a letter on 14 February 2025 from the CEO and the chairman of the board of directors of Arion Bank hf. (Arion), where the request was made that the two banks initiate merger discussions. The Board gives its thanks to Arion for the interest on a merger with Íslandsbanki.

The Board has discussed the subject matter of the letter carefully and has, following a thorough review and analysis, concluded to not commence merger discussions with Arion.

Íslandsbanki has established a very clear strategy emphasising profitability, progressive thinking, service, and customer experience. The Bank has considered both realistic internal and external growth opportunities that support its strategy. At Íslandsbanki, continuous efforts are made to increase efficiency, for the benefit of the Bank's customers and shareholders. The Bank's capital position is considerably above its targets, providing opportunities for profitable growth. Further, the Board considers a smooth sales process of the Icelandic state's stake in the Bank is of great importance to all shareholders of Íslandsbanki.

The Board agrees with many of the views voiced in the letter from Arion on the potential increased efficiencies that might result from mergers in the domestic banking market and how costs may be lowered with greater collaboration on the required infrastructures of banking, lower taxes and modest capital requirements. It is however the opinion of the Board that it is highly unlikely that the merger proposed by the board of directors of Arion will be approved by the Competition Authority under the current circumstances without strict and very onerous conditions.

Íslandsbanki will seek discussions with authorities, the Central Bank of Iceland and other stakeholders on how to enhance collaboration relating to infrastructures of the financial system, with the aim of achieving increased efficiencies to the benefit of customers and shareholders, while at the same time strengthening competition in the financial market.

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 Íslandsbanki's response to Arion's interest in 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

[Board of Directors of Íslandsbanki hf. declines merger discussions with Arion Bank hf.](#)