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**Íslandsbanki hf. announces Tender Offer for its
€300,000,000 7.375 per cent. Senior Preferred Notes due 17 May 2026**

17 June 2024. Íslandsbanki hf. (the **Offeror**) announces today an invitation to holders of its outstanding €300,000,000 7.375 per cent. Senior Preferred Notes due 17 May 2026 (ISIN: XS2553604690) (the **Notes**) to tender any and all of their Notes for purchase by the Offeror for cash (such invitation, the **Offer**).

The Offer is being made on the terms and subject to the conditions contained in the tender offer memorandum dated 17 June 2024 (the **Tender Offer Memorandum**) prepared by the Offeror, and is subject to the offer restrictions set out below and as more fully described in the Tender Offer Memorandum.

Copies of the Tender Offer Memorandum are (subject to distribution restrictions) available from the Tender Agent as set out below. Capitalised terms used in this announcement but not defined have the meaning given to them in the Tender Offer Memorandum.

Summary of the Offer

Description of the Notes	ISIN / Common Code	Outstanding Principal Amount	Benchmark	Purchase Spread	Amount subject to the Offer
€300,000,000 7.375 per cent. Senior Preferred Notes due 17 May 2026	XS2553604690 / 255360469	€300,000,000	Interpolated Mid-Swap Rate	80 bps	Any and all

Rationale for the Offer

The Offer is made by the Offeror as part of its continuing efforts to maintain a strong balance sheet position while efficiently applying surplus liquidity and managing interest cost.

Acceptance and No Scaling

If the Offeror decides to accept valid tenders of Notes pursuant to the Offer, the Offeror will accept for purchase all of the Notes that are validly tendered and there will be no scaling of any tenders of Notes for purchase.

Purchase Price and Accrued Interest

In respect of any Notes validly tendered and accepted for purchase by the Offeror pursuant to the Offer, the Offeror will pay a purchase price for such Notes (the **Purchase Price**) to be determined at or around 12.00 p.m. (CEST) on 25 June 2024 (subject to the right of the Offeror to amend such time and date and extend, re-open, amend and/or terminate the Offer, the **Pricing Time**) in the manner described in the Tender Offer Memorandum by reference to the sum (such sum, the **Purchase Yield**) of (i) the Interpolated Mid-Swap Rate; and (ii) a fixed purchase spread of 80 bps (the **Purchase Spread**).

The Purchase Price will be determined in accordance with market convention and expressed as a percentage of the principal amount of the Notes accepted for purchase pursuant to the Offer (rounded to the nearest 0.001 per cent., with 0.0005 per cent. rounded upwards), and is intended to reflect a yield to maturity of the Notes on the Settlement Date based on the Purchase Yield. Specifically, the Purchase Price will equal (a) the value of all remaining payments of principal and interest on the Notes up to and including the scheduled maturity date of the Notes, discounted to the Settlement Date at a discount rate equal to the Purchase Yield, minus (b) Accrued Interest. Accrued Interest is interest accrued and unpaid on the Notes from (and including) the immediately preceding interest payment date for the Notes to (but excluding) the Settlement Date, determined in accordance with the terms and conditions of the Notes.

The Offeror will also pay an Accrued Interest Payment in respect of any Notes accepted for purchase pursuant to the Offer. The Accrued Interest Payment is an amount in cash (rounded to the nearest €0.01, with €0.005 rounded upwards) equal to the Accrued Interest on the Notes validly tendered by a Noteholder and accepted for purchase by the Offeror.

The Offeror's right to redeem following the repurchase or redemption of at least 75 per cent. of the Notes

Under the terms and conditions of the Notes (the **Conditions**), and subject to Condition 6.13, in the event that at least 75 per cent. of the initial aggregate principal amount of the Notes has been redeemed or purchased by, or on behalf of, the Offeror or any of its subsidiaries, and in each case, cancelled, including pursuant to the Offer or otherwise, the Offeror may, at its option, having given (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Principal Paying Agent (as defined in the Conditions) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem in whole (but not in part) the remaining outstanding Notes at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date.

Any future decision by the Offeror to redeem any outstanding Notes pursuant to this clean-up redemption option will depend on various factors existing at that time. No assurance can be given that the 75 per cent. threshold described above will be met. Even if the threshold is met, no assurance can be given as to whether or when the Offeror will choose to exercise the clean-up redemption option. However, the Offeror currently intends to exercise its option if it has accepted all valid tenders of Notes for purchase pursuant to the Offer and satisfied the requirements of the Conditions.

Tender Instructions

In order to participate in, and be eligible to receive the Purchase Price and Accrued Interest Payment pursuant to the Offer, Noteholders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by 5.00 p.m. (CEST) on 24 June 2024, unless extended, re-opened, amended and/or terminated as provided in the Tender Offer Memorandum (the **Expiration Deadline**).

Tender Instructions will be irrevocable except in the limited circumstances described in the Tender Offer Memorandum.

Tender Instructions must be submitted in respect of a minimum principal amount of Notes of no less than €100,000, being the minimum denomination of the Notes, and may thereafter be submitted in integral multiples of €1,000.

Indicative Timetable for the Offer

Events

Times and Dates

(All times are CEST)

Commencement of the Offer

Offer announced. Tender Offer Memorandum available from the Tender Agent and the Offer Website. 17 June 2024

Expiration Deadline

Final deadline for receipt of valid Tender Instructions by the Tender Agent in order for Noteholders to be able to participate in the Offer. 5.00 p.m. on 24 June 2024

Pricing Time

Determination of the Interpolated Mid-Swap Rate, the Purchase Yield and the Purchase Price. At or around 12.00 p.m. on 25 June 2024

Announcement of Results

Announcement by the Offeror of whether it will accept any valid tenders of Notes pursuant to the Offer and, if so accepted, the aggregate principal amount of Notes validly tendered and accepted for purchase pursuant to the Offer, the Interpolated Mid-Swap Rate, the Purchase Yield and the Purchase Price. As soon as reasonably practicable after the Pricing Time

Events

Times and Dates

(All times are CEST)

Settlement Date

The expected Settlement Date for the Offer.

28 June 2024

Payment of the Purchase Price and Accrued Interest Payment in respect of Notes accepted for purchase pursuant to the Offer.

The Offeror may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time (subject to applicable law and as provided in the Tender Offer Memorandum) and the above times and dates are subject to the right of the Offeror to so extend, re-open, amend and/or terminate the Offer.

Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes when such intermediary would need to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer by the deadlines specified in the Tender Offer Memorandum. The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Tender Instructions will be earlier than the relevant deadlines specified in the Tender Offer Memorandum.

Unless stated otherwise, announcements in connection with the Offer will be made (i) by publication via the website of Nasdaq Nordic (<https://www.nasdaqomxnordic.com/news/companynews>) and (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants. Such announcements may also be made on the relevant Informa IGM Screen Insider service and by the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained upon request from the Tender Agent, the contact details for which are below. Significant delays may be experienced where notices are delivered to the Clearing Systems and Noteholders are urged to contact the Tender Agent for the relevant announcements during the course of the Offer. In addition, Noteholders may contact the Dealer Managers for information using the contact details below.

Noteholders are advised to read carefully the Tender Offer Memorandum for full details of, and information on the procedures for, participating in the Offer.

Questions and requests for assistance in connection with the Offer may be directed to the Dealer Managers.

DEALER MANAGERS

Deutsche Bank Aktiengesellschaft

Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany

Telephone: +44 20 7545 8011
Attention: Liability Management Group

NatWest Markets N.V.

Claude Debussylaan 94
1082 MD Amsterdam
The Netherlands

Telephone: +33 173 249 880
Email: NWMLiabilityManagement@natwestmarkets.com
Attention: Liability Management

Questions and requests for assistance in connection with the delivery of Tender Instructions may be directed to the Tender Agent.

TENDER AGENT

Kroll Issuer Services Limited

The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom

Telephone: +44 20 7704 0880
Attention: Arlind Bytyqi
Email: islandsbanki@is.kroll.com
Offer Website: <https://deals.is.kroll.com/Islandsbanki>

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 Offer described above. For the purposes of MAR and

Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ellert Hlöðversson, Chief Financial Officer at Íslandsbanki hf.

DISCLAIMER This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offer. If any Noteholder is in any doubt as to the contents of the Tender Offer Memorandum or the action it should take, it is recommended to seek its own financial advice, including in respect of any tax consequences, from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender such Notes pursuant to the Offer. None of the Offeror, the Dealer Managers or the Tender Agent or any of their respective directors, employees or affiliates makes any recommendation whether Noteholders should tender Notes pursuant to the Offer.

OFFER AND DISTRIBUTION RESTRICTIONS

The distribution of this announcement and/or the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum come(s) are required by each of the Offeror, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions. Nothing in this announcement nor the Tender Offer Memorandum constitutes an offer to buy or a solicitation of an offer to sell the Notes (and tenders of Notes in the Offer will not be accepted from any Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and either Dealer Manager or any of the Dealer Managers' respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Offeror in such jurisdiction in accordance with applicable laws and regulations.

United States

The Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Notes in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each Noteholder participating in the Offer will represent that it is not located in the United States and is not participating in the Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States. For the purposes of this and the above paragraph, **United States** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Italy

None of the Offer, this announcement, the Tender Offer Memorandum or any other document or materials relating to the Offer have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian laws and regulations. The Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Accordingly, Noteholders or beneficial owners of the Notes that are located in Italy can tender Notes for purchase in the Offer through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Notes and/or the Offer.

United Kingdom

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer is not being made, and such documents and/or materials have not been approved by, an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000.

Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France

The Offer is not being made, directly or indirectly, to the public in the Republic of France (**France**). This announcement, the Tender Offer Memorandum and any other document or material relating to the Offer have only been, and shall only be, distributed in France to qualified investors as defined in Article 2(e) of Regulation (EU) 2017/1129. Neither this announcement nor the Tender Offer Memorandum have been or will be submitted for clearance to or approved by the *Autorité des Marchés Financiers*.