

THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION WITHIN THE MEANING OF ARTICLE 7(1) OF THE MARKET ABUSE REGULATION (EU) 596/2014.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, 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 OR THE DISTRICT OF COLUMBIA (the United States) OR IN OR INTO ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS ANNOUNCEMENT (SEE "OFFER AND DISTRIBUTION RESTRICTIONS" BELOW).

**Íslandsbanki hf. announces Tender Offers for its
€300,000,000 0.500 per cent. Notes due 20 November 2023 and €300,000,000 Senior Callable Fixed
to Fixed Rate Notes due 19 January 2024**

7 November 2022. Íslandsbanki hf. (the **Offeror**) announces today separate invitations to holders of its outstanding: (i) €300,000,000 0.500 per cent. Notes due 20 November 2023 (ISIN: XS2259867039) (the **2023 Notes**); and (ii) €300,000,000 Senior Callable Fixed to Fixed Rate Notes due 19 January 2024 (ISIN: XS1755108344) (the **2024 Notes** and, together with the 2023 Notes, the **Notes** and each a **Series**) to tender their Notes for purchase by the Offeror for cash (each such invitation an **Offer** and together the **Offers**).

The Offers are being made on the terms and subject to the conditions contained in the tender offer memorandum dated 7 November 2022 (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 Offers

Priority	Notes	ISIN / Common Code	Outstanding Nominal Amount	Optional Call Date	Maturity Date	Benchmark	Purchase Spread	Purchase Price	Amount subject to relevant Offer
1	2024 Notes	XS1755108344 / 175510834	€300,000,000	19 January 2023	19 January 2024	Not Applicable	Not Applicable	100.00 per cent.	Any and all
2	2023 Notes	XS2259867039 / 225986703	€300,000,000	Not Applicable	20 November 2023	1 Year Euro Mid-Swap Rate	115 bps	To be determined as set out herein by reference to the 2023 Notes Purchase Spread and the 1 Year Euro Mid-Swap Rate	Subject as set out in the Tender Offer Memorandum, an aggregate nominal amount of 2023 Notes of up to €100,000,000

Rationale for the Offers

The purpose of the Offers and the proposed issue of the New Notes (as defined below) is to extend the Offeror's debt maturity profile in an efficient manner. Furthermore, the Offers will provide liquidity to those holders whose Notes are accepted in the Offers.

The Offeror intends to cancel any Notes purchased pursuant to the Offers.

2024 Notes – Purchase Price and Accrued Interest

The Offeror will pay for any 2024 Notes validly tendered and accepted for purchase by the Offeror pursuant to the 2024 Notes Offer a purchase price for such 2024 Notes equal to 100.00 per cent. of the nominal amount of such 2024 Notes (the **2024 Notes Purchase Price**).

The Offeror will also pay an Accrued Interest Payment in respect of any 2024 Notes accepted for purchase pursuant to the 2024 Notes Offer.

2023 Notes - Purchase Price and Accrued Interest

The Offeror will pay for any 2023 Notes validly tendered and accepted for purchase by the Offeror pursuant to the 2023 Notes Offer a purchase price for such 2023 Notes (the **2023 Notes Purchase Price** and, together with the 2024 Notes Purchase Price, the **Purchase Prices** and each a **Purchase Price**) to be determined at or around 2.00 p.m. (CET) on 15 November 2022 (subject to the right of the Offeror to amend such time and date and extend, re-open, amend and/or terminate the 2023 Notes Offer, the **2023 Notes Pricing Time**) in the manner described in the Tender Offer Memorandum by reference to the sum (such sum, the **2023 Notes Purchase Yield**) of (i) the 1 Year Euro Mid-Swap Rate; and (ii) a purchase spread of 115 bps (the **2023 Notes Purchase Spread**).

The 2023 Notes Purchase Price will be determined in accordance with market convention and expressed as a percentage of the nominal amount of the 2023 Notes accepted for purchase pursuant to the 2023 Notes 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 2023 Notes on the Settlement Date based on the 2023 Notes Purchase Yield. Specifically, the 2023 Notes Purchase Price will equal (a) the value of all remaining payments of principal and interest on the 2023 Notes up to and including the scheduled maturity date of the 2023 Notes, discounted to the Settlement Date at a discount rate equal to the 2023 Notes Purchase Yield, minus (b) Accrued Interest for such 2023 Notes.

The Offeror will also pay an Accrued Interest Payment in respect of any 2023 Notes accepted for purchase pursuant to the 2023 Notes Offer on the Settlement Date.

Priority of Acceptance

The Offeror currently intends to accept any 2024 Notes validly tendered for purchase pursuant to the 2024 Notes Offer in priority to any 2023 Notes validly tendered for purchase pursuant to the 2023 Notes Offer, and accordingly does not currently intend to accept any 2023 Notes for purchase pursuant to the 2023 Notes Offer unless it has accepted all valid tenders of 2024 Notes for purchase pursuant to the 2024 Notes Offer in full, with no *pro rata* scaling.

2024 Notes – Acceptance and No Scaling

If the Offeror decides to accept any valid tenders of 2024 Notes for purchase pursuant to the 2024 Notes Offer, the Offeror will (subject to satisfaction (or waiver) of the New Financing Condition on or prior to the Settlement Date) accept for purchase all 2024 Notes that are validly tendered in full, with no *pro rata* scaling.

2023 Notes Offer – Final Acceptance Amount and Scaling

If the Offeror decides to accept any 2023 Notes for purchase pursuant to the 2023 Notes Offer, the Offeror proposes that the aggregate nominal amount of 2023 Notes (if any) which it will accept for purchase pursuant to the 2023 Notes Offer (subject to satisfaction (or waiver) of the New Financing Condition on or prior to the Settlement Date) will be up to €100,000,000 (the **2023 Notes Target Acceptance Amount**), although the Offeror reserves the right, in its sole discretion, to accept significantly more or significantly less than (or none of) such amount of 2023 Notes for purchase pursuant to the 2023 Notes Offer (the final aggregate nominal amount of such 2023 Notes so accepted for purchase being the **2023 Notes Final Acceptance Amount**).

If the Offeror decides to accept any validly tendered 2023 Notes for purchase pursuant to the 2023 Notes Offer and the aggregate nominal amount of the 2023 Notes validly tendered for purchase is greater than the 2023 Notes Final Acceptance Amount, the Offeror intends to accept (subject to satisfaction (or waiver) of the New Financing Condition on or prior to the Settlement Date) such 2023 Notes for purchase on a *pro rata* basis such that the aggregate nominal amount of such 2023 Notes accepted for purchase pursuant to the 2023 Notes Offer is no greater than the 2023 Notes Final Acceptance Amount. See the Tender Offer Memorandum for further information.

New Financing Condition

The Offeror also announced today that it intends to issue a new series of euro-denominated fixed rate instruments (the **New Notes**) under its U.S.\$2,500,000,000 Euro Medium Term Note Programme (the **Programme**), subject to market conditions.

Whether the Offeror will purchase any Notes validly tendered in the relevant Offer(s) is conditional, without limitation, on the successful completion (in the sole determination of the Offeror) of the offering of the New Notes (the **New Financing Condition**).

Even if the New Financing Condition is satisfied (or waived), the Offeror is under no obligation to accept for purchase any Notes validly tendered pursuant to either Offer. The acceptance by the Offeror of Notes validly tendered pursuant to either Offer is at the sole discretion of the Offeror and tenders may be rejected by the Offeror for any reason.

Any investment decision to purchase any New Notes should be made solely on the basis of the information contained in (i) the base prospectus dated 29 April 2022 prepared in connection with the Programme, as supplemented by the supplements dated 7 September 2022 and 28 October 2022 (together, the **Programme Base Prospectus**) and (ii) the final terms to be prepared in connection with the New Notes, and no reliance is to be placed on any representations other than those contained in the Programme Base Prospectus. Nothing in this announcement or the Tender Offer Memorandum constitutes an offer to sell or the solicitation of an offer to buy the New Notes in the United States or any other jurisdiction.

The New Notes are not being, and will not be, offered or sold in the United States. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of, the United States Securities Act of 1933, as amended (the **Securities Act**). The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

Compliance information for the New Notes:

MiFID II professionals/ECPs-only/No PRIIPs or UK PRIIPs KID – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs or UK PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK.

See the Programme Base Prospectus for further information.

No action has been or will be taken in any jurisdiction in relation to the New Notes to permit a public offering of securities.

Allocation of the New Notes

The Offeror will, in connection with allocations of the New Notes, consider among other factors whether or not the relevant investor seeking an allocation of the New Notes has validly tendered or indicated a firm intention to tender Notes pursuant to the relevant Offer(s), and, if so, the aggregate nominal amount of Notes tendered or intended to be tendered by such investor. When considering allocations of the New Notes, the Offeror intends to give preference to those investors who, prior to such allocation, have tendered, or indicated their intention to tender, Notes. However, the Offeror is not obliged to allocate the New Notes to an investor which has validly tendered or indicated a firm intention to tender the Notes pursuant to the relevant Offer(s). Any allocation of the New Notes, while being considered by the Offeror as set out above, will be made in accordance with customary new issue allocation processes and procedures. In the event that a Noteholder validly tenders Notes pursuant to the relevant Offer(s), such Notes will remain subject to such tender and the conditions of the relevant Offer(s) as set out in the Tender Offer Memorandum irrespective of whether that Noteholder receives all, part or none of any allocation of New Notes for which it has applied.

Noteholders should note that the pricing and allocation of the New Notes are expected to take place prior to the Expiration Deadline for the Offers and any Noteholder that wishes to subscribe for New Notes in addition to tendering existing Notes for purchase pursuant to the relevant Offer(s) should therefore provide, as soon as practicable, to any Dealer Manager any indications of a firm intention to tender Notes for purchase pursuant to the relevant Offer(s) and the quantum of Notes that it intends to tender in order for this to be taken into account as part of the New Notes allocation process.

Tender Instructions

In order to participate in, and be eligible to receive the relevant Purchase Price and Accrued Interest Payment pursuant to the relevant 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. (CET) on 14 November 2022, 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 nominal amount of Notes of the relevant Series of no less than €100,000, being the minimum denomination of each Series, and may thereafter be submitted in integral multiples of €1,000.

Indicative Timetable for the Offers

Events

Times and Dates

(All times are CET)

Commencement of the Offers

Offers announced. Tender Offer Memorandum available from the Tender Agent. Monday, 7 November 2022

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 Offers. 5.00 p.m. on Monday, 14 November 2022

Announcement of Indicative Results

Announcement by the Offeror of a non-binding indication of the level at which it expects to set the 2023 Notes Final Acceptance Amount and (if applicable) indicative details of any *pro rata* scaling that will be applied in the event that the Offeror decides to accept (subject to satisfaction (or waiver) of the New Financing Condition on or prior to the Settlement Date) valid tenders of 2023 Notes for purchase pursuant to the 2023 Notes Offer. Prior to the 2023 Notes Pricing Time

2023 Notes Pricing Time

Determination of the 1 Year Euro Mid-Swap Rate, the 2023 Notes Purchase Yield and the 2023 Notes Purchase Price. At or around 2.00 p.m. on Tuesday, 15 November 2022

Announcement of Results and Pricing

Announcement by the Offeror of whether it will accept (subject to satisfaction (or waiver) of the New Financing Condition on or prior to the Settlement Date) any valid tenders of Notes pursuant to either or both of the Offers and, if so accepted, the aggregate nominal amount of 2024 Notes accepted pursuant to the 2024 Notes Offer, the 2023 Notes Final Acceptance Amount, the 1 Year Euro Mid-Swap Rate, the 2023 Notes Purchase Yield, the 2023 Notes Purchase Price and (if applicable) details of any *pro rata* scaling that will be applied to the 2023 Notes. As soon as reasonably practicable after the 2023 Notes Pricing Time

Settlement Date

Subject to the satisfaction (or waiver) of the New Financing Condition, expected Settlement Date for the Offers. Thursday, 17 November 2022

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

The Offeror may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate either 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 either Offer.

Noteholders are advised to check with any bank, securities broker, clearing system 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, either 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 Offers 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 Reuters Insider Screen 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 Offers. 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 Offers.

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

DEALER MANAGERS

Barclays Bank Ireland PLC

One Molesworth Street
Dublin 2
D02 RF29
Ireland

Telephone: +44 20 3134 8515
Attention: Liability Management Group
Email: eu.lm@barclays.com

Goldman Sachs Bank Europe SE

Marienturm, Taunusanlage 9-10
60329 Frankfurt am Main
Germany

Telephone: +49 69 7532 1615
Attention: Liability Management Group
Email: liabilitymanagement.eu@gs.com

Citigroup Global Markets Europe AG

Reuterweg 16
60323 Frankfurt am Main
Germany

Telephone: +44 20 7986 8969
Attention: Liability Management Group
Email: liabilitymanagement.europe@citi.com

J.P. Morgan SE

Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Telephone: +44 20 7134 2468
Attention: Liability Management
Email: liability_management_EMEA@jpmorgan.com

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: Jacek Kusion
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 Offers described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Jón Guðni Ómarsson, 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 Offers. 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, clearing system, trust company or other nominee must contact such entity if it wishes to tender such Notes pursuant to the Offers. 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 Offers.

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 Offers 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 Offers 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 Offers 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.

No action has been or will be taken in any jurisdiction in relation to the New Notes that would permit a public offering of securities. The minimum denomination of the New Notes will be €100,000.

United States

The Offers are 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 of 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 Offers 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 Offers 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 Offers 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.

Neither this announcement nor the Tender Offer Memorandum is an offer of securities for sale in the United States or to U.S. persons (as defined in Regulation S of the Securities Act (each a **U.S. Person**)). Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons.

Each Noteholder participating in an Offer will represent that it is not located in the United States and is not participating in such 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 such Offer from the United States. For the purposes of this and the above two paragraphs, **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 Offers, this announcement, the Tender Offer Memorandum or any other document or materials relating to the Offers 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. Each 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 Offers 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 Offers.

United Kingdom

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offers 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 Offers are 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 Offers 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*.