

Expression of Interest to Act as Underwriter

12 February 2021



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Introduction

On behalf of HSBC Continental Europe ('HSBC', 'we'), we are delighted to submit our expression of interest to serve as an underwriter for an international IPO of shares in Íslandsbanki published by Ríkiskaup on 2 February 2021. We believe that we are uniquely qualified to support the Icelandic State Financial Investments ('ISFI') and Íslandsbanki on this milestone transaction. HSBC has a leading global equities distribution platform with unique investor access. Additionally, we have assembled a highly experienced team with extensive experience in equity capital market transactions and privatisations in the financial sector. You will find our more detailed response to the RfP in the following pages.

1. Indication which role the interested party is considering

HSBC would like to express its interest in serving as an underwriter, in connection with an international IPO of shares in Íslandsbanki.

2. Contact details such as name, address, phone number, e-mail along with specific contact person

The HSBC contact person in relation to this RfP is:

Primary contact

Gonzalo Smolders
 Managing Director FIG Advisory
 Phone: +44 7710 165055
 Email: gonzalo.smolders@hsbc.com

HSBC Continental Europe, Sweden Branch

Birger Jarlsgatan 4, 2nd floor
 SE 114 34, Stockholm
 Sweden

3. Information on requisite capabilities and experiences as set forth in criteria for selection above


















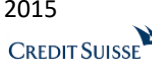


HSBC selected relevant transaction experience

HSBC is one of the strongest banks in the world with a leading global Equity Capital Markets ('ECM') franchise. We have extensive experience in executing equity capital market transactions in financial institutions and the financial turbulence caused by Covid has highlighted the need for committed financial partners with a strong balance sheet. We have continued to back our clients in equity transactions in these volatile markets when other banks have scaled back their underwriting commitments. For example, in 2020-2021YTD HSBC has led six IPOs across Europe and year to date in 2021 we have launched 13 equity capital market transactions in Europe.

HSBC has placed over €62bn of equity capital in European financial institutions via placings, IPOs and rights issues in the last 5 years. We have led numerous landmark equity capital market transactions for large European financial institutions including Santander (€7.1bn, 2015), Unicredit (€13.0bn, 2017), Credit Suisse (CHF4.7bn, 2015 and CHF4.2bn, 2017) and Deutsche Bank (€8.0bn, 2017), which shows the strength and recognition of our equities distribution platform. We have led major financial institutions IPOs including Nexi (€2.1bn) and Hastings (€288m). Our platform is also strong in the underwriting and distribution of (smaller) transactions outside of the large European economies. HSBC has for example led equity placings in Bank of Cyprus (Cyprus, €65m, 2017), OTP (Hungary, €209m, 2017), and Eurobank (Greece, €2.1bn, 2015).

We have highlighted a number of relevant transactions below that demonstrate the breadth and depth of HSBC's ECM transaction experience across European geographies and size.













Selected credentials in sale or public offering in financial undertakings in Europe (2015-2020)

<p>2020  EUR781m Italy ABB Joint Global Coordinator</p>	<p>2020  EUR1.5bn France ABB Joint Bookrunner</p>	<p>2019  EUR2.1bn Italy IPO Joint Bookrunner</p>	<p>2018  EUR200m Germany ABB Joint Global Coordinator</p>
<p>2018  GBP962m UK Rights Issue Joint Global Coordinator</p>	<p>2017  CHF4.2bn Switzerland Rights Issue Joint Bookrunner</p>	<p>2017  EUR7.1bn Spain Rights Issue Joint Bookrunner</p>	<p>2017  EUR65m Cyprus ABB Joint Global Coordinator</p>
<p>2017  EUR13bn Italy Rights Issue Joint Global Coordinator and Joint Bookrunner</p>	<p>2017  GBP1.5bn Cyprus Re-listing Sole Listing Advisor</p>	<p>2017  EUR209m Hungary ABB Joint Bookrunner</p>	<p>2017  EUR8.0bn Germany Rights Issue Joint Bookrunner</p>
<p>2017  EUR1.0bn Netherlands ABB Joint Bookrunner</p>	<p>2017  EUR1.2bn France IPO Joint Bookrunner</p>	<p>2016  EUR1.1bn Netherlands IPO Joint Bookrunner</p>	<p>2016  EUR2.5bn Spain Rights Issue Joint Bookrunner</p>
<p>2015  EUR1.8bn Greece FMO Joint Bookrunner</p>	<p>2015  CHF4.7bn Switzerland Rights Issue Joint Bookrunner</p>	<p>2015  EUR2.1bn Greece FMO Joint Global Coordinator</p>	<p>2015  EUR1.2bn Netherlands ABB Joint Bookrunner</p>

FMO = Fully Marketed Offering; ABB = Accelerated Book Build

HSBC has significant experience working with governments (agencies) on privatisations. We have for example supported the Greek government on multiple capital increases for Eurobank (€2.1bn) and National Bank of Greece (€1.8bn), NLFI on the privatisation of a.s.r (€1.1bn) and are currently advisor to Air France in the context of government financing. Outside of Europe, HSBC was the lead international bank and advisor on the US\$29bn privatisation of Saudi Aramco, the largest privatisation IPO on record. We were the only international bank involved in the book building and allocation process.

Selected credentials in advising governments on sale of holdings in corporations (2015-2020)





<p>Ongoing France</p>  <p>Financial Advisor</p>	<p>2019 Saudi Arabia</p>  <p>USD29.4bn</p> <p>Privatisation</p> <p>Joint Global Coordinator</p>	<p>2019 France</p>  <p>EUR1.9bn</p> <p>Privatisation</p> <p>Joint Bookrunner</p>	<p>2017 Netherlands</p>  <p>EUR725m</p> <p>ABB</p> <p>Joint Bookrunner</p>
<p>2017 Netherlands</p>  <p>EUR1.0bn</p> <p>ABB</p> <p>Joint Bookrunner</p>	<p>2017 Cyprus</p>  <p>USD2.2bn</p> <p>Resolution Authority's sell-down of stake</p> <p>Financial Advisor</p>	<p>2017 Abu Dhabi</p>  <p>USD851m</p> <p>Privatisation</p> <p>Joint Global Coordinator</p>	<p>2016 Netherlands</p>  <p>EUR1.1bn</p> <p>Privatisation</p> <p>Joint Bookrunner</p>
<p>2016 France</p>  <p>EUR4.0bn</p> <p>Rights Issue</p> <p>Joint Global Coordinator</p>	<p>2015 Greece</p>  <p>EUR1.8bn</p> <p>FMO</p> <p>Joint Bookrunner</p>	<p>2015 Greece</p>  <p>EUR2.1bn</p> <p>FMO</p> <p>Joint Global Coordinator</p>	<p>2015 Spain</p>  <p>EUR4.3bn</p> <p>Privatisation</p> <p>Joint Bookrunner</p>

Trading, sales, and distribution

HSBC has a global equities distribution platform with more than 200 sales and traders in all the major global financial centres. Besides its pan-European sales force, HSBC has a sales force in both the US and Asia purely dedicated to selling European equities to US and Asian investors. We have the largest Asian equity sales team and are the leading international bank for Asian investor access. Our Asian sales & trading platform includes operations in Hong Kong, China, Korea, Taiwan, Singapore, and India. We couple this with the leading equity franchise in the Middle East with sales & trading operations in Dubai and Saudi Arabia, which provides unique access into the large Middle Eastern investor base.

We have the #3 ranked (Extel, 2019) European FIG specialist sales force focused solely on financial institutions and our Global Equities Sales is ranked #4 (Extel, 2019). Our Asian sales force is ranked #1 (AsiaMoney, 2019), as is our Middle Eastern sales franchise (#1, Extel, 2019), and our US equity franchise (#1 Global Equity Sales for North American Investors, Extel, 2019). This demonstrates the breadth and strength of HSBC's sales and trading franchise across the globe. In addition, HSBC has a differentiated high-touch approach in trading which ensures we know who is really active in the market as high-touch trading focuses on active investor flows with broker interaction, rather than passive or algorithm driven flows. In Europe we employ 4 of the top-6 ranked high-touch sales traders according to the Extel 2019 ranking table.

Selected HSBC equities sales and trading credentials

Selected HSBC equities sales and trading credentials (continued)


**#1
Middle East Sales**

**#1
Asian Sales & Research**

**#1
Global Equity Sales (North
American Investors)**


Additionally, HSBC also offers access to its large private bank with AuM >US\$371bn and to a significant number of global (Ultra) High Net Worth clients.

Research

HSBC has significant research capabilities in Europe and HSBC Research currently covers 550 stocks in Europe including >65% of the banks in the Stoxx Europe 600 Banks index, one of the highest ratios.

It is the general policy of HSBC Research management to provide pre-deal and ongoing research coverage where HSBC is acting as a global coordinator or bookrunner in connection with an IPO¹. Below we provide some examples of post-IPO HSBC Research coverage which shows our activity and continued coverage.

Selected examples post-IPO HSBC Research coverage where HSBC acted as Global Coordinator or Joint Bookrunner

IPO Date	Company	Research notes since IPO	Current active coverage	IPO Date	Company	Research notes since IPO	Current active coverage
May-20	JDE Peets	5	✓	Feb-18	Medical Park	20	✓
Feb-20	Calisen	5	✓	Feb-18	Enerjisa Enerji	18	✓
Dec-19	Saudi Aramco	8	✓	Nov-17	Bakkavor 	15	✓
Nov-19	FDJ	5	✓	Oct-17	SMCP	27	✓
Oct-19	Newlat Food	6	✓	Sep-17	Pirelli	9	✓
Jun-19	Airtel Africa	5	✓	Jun-17	ALD	28	✓
Apr-19	Nexi	14	✓	Oct-16	Biffa	30	✓
Oct-18	Shurgard	3	✓	Jun-16	a.s.r.	21	✓
Oct-18	Aston Martin	6	✓	May-16	SIF	17	✓

It is worth noting that HSBC Research consistently provides a valuation range in its IPO research reports unlike a significant number of our peers which results in significant execution outperformance (e.g. number of investor meetings, lines of investor feedback provided during PDIE) across the IPO syndicate.

4. Brief CV of key personnel that will lead the project

HSBC has assembled a highly experienced team for the ISFI consisting of sector, Nordic, and product focused investment banking and equity market professionals. The HSBC team has extensive experience in equity capital market transactions and has successfully worked on many privatizations in the financial sector.

The day-to-day execution and project management of the transaction will be led by Gonzalo Smolders, Managing Director Financial Institutions Group (FIG), and Chris Laing, Managing Director Equity Capital Markets. Both will be responsible for the day-to-day execution and project management of the transaction and will be supported by a full team of more junior FIG and ECM bankers for analytical support. In addition, the

Note:

1. In jurisdictions where pre-deal research is permitted

[PUBLIC]

team will be assisted by Andrew Robinson, Head Equity Capital Markets EMEA, Kristian Terling, Head of Nordic Global Banking, and Ed Sankey, Global Head Equity Capital Markets.

Team Leaders & Project Execution

Name and Position	Experience and background
Gonzalo Smolders <i>Managing Director</i> <i>FIG</i>	<ul style="list-style-type: none"> • Joined HSBC in 2016. Previously at Deutsche Bank FIG and Morgan Stanley FIG. >16yrs of investment banking experience • Relevant transaction experience: ABN AMRO (IPO / privatisation and ABBs), a.s.r. (IPO / privatisation and ABBs), NN (IPO and ABBs), BZ WBK (IPO), Swedish government on Nordea (ABB), BCP (rights issue), BES (rights issue), Standard Chartered (ABB)
Chris Laing <i>Managing Director</i> <i>Equity Capital Markets</i>	<ul style="list-style-type: none"> • Joined HSBC in 2017. Previously at Deutsche Bank ECM. >25yrs of investment banking experience • Relevant transaction experience: ADNOC Distribution (IPO / privatisation), Turk Telecom (IPO / privatisation), Habib Bank (IPO / privatisation), Bank PKO (ABB / privatisation), Bank Zachodni (ABB / privatisation), Enea (ABB), Dubai Ports (IPO / privatisation), PGE (ABB), IAG (ABB), KEPCO (exchangeable bond / privatisation), MPHC (IPO / privatisation), Bangkok Bank (convertible bond)

Senior Support

Name and Position	Experience and background
Andrew Robinson <i>Head Equity Capital Markets</i> <i>EMEA</i>	<ul style="list-style-type: none"> • Joined HSBC in 1999. >21yrs of investment banking experience • Relevant transaction experience: Saudi Aramco (IPO / privatisation), Nexi (IPO, ABB), a.s.r. (IPO / privatisation and ABBs), Credit Suisse (rights issue), Bakkavor (IPO), Sherborne Investors (IPO), Phoenix (rights issue), Santander (rights issue), Bank of Cyprus (re-listing), UniCredit (rights issue), Deutsche Bank (rights issue), ALD (IPO), ADNOC (IPO / privatisation)
Kristian Terling <i>Head of Nordic Global</i> <i>Banking</i>	<ul style="list-style-type: none"> • Joined HSBC in 2014. Previously at Credit Suisse, Merrill Lynch, Handelsbanken and Houlihan Lokey. >25yrs of investment banking experience • Relevant transactions experience: Volvo Cars (pre-IPO financing), SAS (ABB), Castellum (rights issue), Swedbank (rights issue), Swedish government on SAS restructuring, Norwegian government on Norsk Hydro's acquisition of Vale's Bauxite assets, Norwegian government on restructuring of Eksportfinans
Ed Sankey <i>Global Head of ECM</i>	<ul style="list-style-type: none"> • Joined HSBC in 2019. Previously Global Head of Equity Syndicate and Co-Head of European ECM at Deutsche Bank. 25yrs of investment banking experience • Relevant transaction experience: AIB (IPO / privatisation), Bank of Ireland (rights issue / privatisation), ABN AMRO (IPO / privatisation and ABBs), Bankia (IPO / privatisation and ABBs), Cembra Bank (IPO), Bank Austria (IPO / privatisation), Deutsche Bank (rights issue and ABB), Barclays (rights issue and ABB), Barclays Africa (ABB), Credit Suisse (rights issue), Telia Sonera (ABB / privatisation), Telekom Austria (ABB / privatisation), Renault (ABB / privatisation), France Telecom (ABB / privatisation), Deutsche Post (ABB / privatisation), Deutsche Telekom (ABB and exchangeable bond / privatisation), BPI (rights issue), Sabadell (rights issue)

5. Confirmation of applicable operating licenses of party.

HSBC Continental Europe has the applicable operating licenses for the role described in the ISFI's request for expression of interest.

6. Confirmation that the party has read and understood provisions of Act no. 155/2012 and Íslandsbanki's policy on sustainability.

HSBC confirms it has read and understood the provisions of Act no 155/2012 and Íslandsbanki's policy on sustainability.

Throughout our history, HSBC has worked hard to meet its obligations to society and to help its customers and communities to thrive. As part of this commitment, HSBC is fully focused on its ESG performance because we think it is crucial to our long-term success as a business. We have set multiple targets to guide how we do business and Sustainalytics ranks HSBC in the top quartile amongst global banking peers on ESG. We aim to lead the transition to a sustainable future by aligning our financed emissions to net zero by 2050 and our own operations to net zero by 2030. We also seek to support our customers with between US\$750bn and US\$1tr over the next 10 years in financing and investments and unlock next generation climate solutions. In 2020 we have been recognised by Euromoney as the "World's Best Bank for Sustainable Finance" for the 2nd consecutive year and by The Banker as "The Investment Bank of the Year for Sustainability".

Selected HSBC ESG industry recognition



- 'World's Best Bank for Sustainable Finance' (2nd consecutive year)
- Regional equivalent recognitions for Asia, Middle East and Western Europe



- 'Investment Bank of the Year for Sustainability'
 - Additional recognitions for Green/Climate Action Bonds and Sustainable SSA
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7. Advisor's consent regarding publication of advisor's expression of interest

HSBC consents to the publication of a complete copy (including the disclaimer) of this expression of interest on the Icelandic Central Public Procurement's website for the purposes referred to in tender document 21366 dated 2 February 2021.

8. Other information that the potential advisor considers important to demonstrate

N/A

Disclaimer

This document has been prepared by HSBC Continental Europe (“**HSBC**”) for ISFI (the “**Company**”) in connection with a potential IPO (the “**Transaction**”).

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Global Banking MiFID II

Disclosure relating to Advice on Corporate Finance Strategy

Disclosures regarding certain HSBC services

HSBC Continental Europe (“HSBC” or “we”, with references to “us” or “our” to be construed accordingly) may provide advice on corporate finance strategy and simultaneously or subsequently provide underwriting and / or placing services. Where we do so, we are required by European law to provide certain information as set out below to our issuer / seller clients (“you”, with references to “your” to be construed accordingly), to help you understand our approach and processes. Please take the time to read this information and speak to your HSBC contacts if you have any questions.

Different types of financing

HSBC offers a universal approach to banking where we aim to be able to provide our clients with a wide range of financing products. Although the types of financing are client and transaction specific, they fit broadly into the categories identified in the table below. Depending on your circumstances, we note that not all the options below may be applicable to you.

The below table includes an indication of typical fee structures on relevant transactions. Fees may vary depending on client credit rating, transaction structures, timing and other factors. In due course we will discuss fees in detail with you and the below is not a binding statement as to fees. The below also does not take into account fees for any other services or advice we may provide or fees that other banks or parties may charge, for example where we form part of a syndicate or the transaction involves other advisers.

Financing type	Indication of typical fee structure
Issue of debt securities	A debt issue will often involve an underwriting fee and / or a placing fee
Issue of equity securities (including but not limited to initial public offerings, rights issues and / or private placements)	An equities issue will often involve an underwriting fee and/or a placing fee
Issue of convertible / exchangeable securities	An issue of convertible / exchangeable securities will often involve an underwriting fee and / or a placing fee
Loan financing (including but not limited to term loans and credit facilities)	Depending on the nature of the loan, financing of this nature may involve an arrangement fee, a commitment fee, a utilisation fee, and/or involve break fees
Structured financing (including but not limited to securitisations)	Depending on the nature of the structure, financing of this nature may involve a structuring fee, an arrangement fee, fees for service providers such as account banks and liquidity providers, an underwriting fee and / or a placing fee
Financing through existing reserves / cash, or by way of an asset-swap	HSBC would not assist with these methods of financing other than providing corporate finance advice, which may itself entail fees

Timing and process when undertaking an offer of securities

The following is a high level overview of our typical services on a typical mandate, and is subject to any other agreement with you as to the nature and extent of our services.

Where we act for you on the offering of securities, our services will typically cover (among other things) the following:

- ♦ Pricing of the offer: we will discuss with you the market conditions for your offering taking into account your target investors, the issuance size, and other relevant factors. We may also undertake market soundings in order to inform this discussion subject to your approval
- ♦ Placing of the offer: we will discuss with you the types of investors who we expect to target for your offer based on your preferred investor base, market conditions and the size of your offering

These discussions will be ongoing; in a typical transaction we would expect to have initial discussions to identify the process and the types of investor we would propose to target, leading to a final meeting or call with you where we discuss with you the investors who have indicated an interest in the securities and our view as to the price at which the securities would find an appropriate amount of interest. This discussion is intended to help you decide the allocation and pricing of your securities offering.

Target investors: we will work with you to determine the appropriate target investor base for your offering. We will discuss with you your preferred target investors (which might, for example, be pension funds if you wished to target long-term institutional investors) and in accordance with our mandate we will seek to target those investors in connection with your offering.

Managing conflicts of interest / Allocation of securities

HSBC has various arrangements in place to prevent or manage conflicts of interest which may arise where we place financial instruments with our investment clients, or with our own proprietary book. Further details on our conflicts of interest policy is available on our website. We will provide you with our allocations policy which describes how we seek to ensure that our work on the placing of your securities is performed fairly and in your best interests.

Your deal team: when we are mandated on a securities offering we allocate members of staff to that transaction, and give you key deal team contact names. In general, however, the following teams may be involved in discussions with you regarding the pricing and allocation of your securities:

Type of offering	Financing type	Indication of typical fee structure
Debt securities	Debt Capital Markets Origination / Execution Debt Capital Markets Syndicate	The transaction will typically be led by a Managing Director or Director from this team In addition, the Debt Capital Markets Syndicate team will be involved in key discussions around investor engagement, pricing and allocation
Equity securities	Equity Capital Markets Origination/ Execution Equity Capital Markets Syndicate	The transaction will typically be led by a Managing Director or Director from this team In addition, the Equity Capital Markets Syndicate team will be involved in key discussions around investor engagement, pricing and allocation

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