



Independent financial advisor for ISFI

Expression of interest

February 2021

Deloitte.

Executive summary

Deloitte.

February 12th, 2021

Icelandic State Financial Investments (ISFI)
Borgartún 3
105 Reykjavík
Attn: Indriði Waage, Ríkiskaup

Dear Sirs and Madams,

I am delighted to express our sincere interest in acting as independent financial adviser in ISFI's proposed sale of the holdings in Íslandsbanki.

I believe Deloitte is uniquely placed to act as your independent financial advisor in the contemplated public offering of Íslandsbanki. This is driven by an unmatched combination of experience and skills that will secure an optimal outcome for you. At the core, we combine our local presence with deep industry expertise within financial services and sales processes in our role as a truly independent financial advisor.

I would like to highlight that I am currently personally leading a major undisclosed rights issue for a Nordic financial services company (c. EUR 1bn). In this role we are acting as an independent financial advisor which is very similar to the proposed role for ISFI.

I am looking forward to elaborating further on our capabilities and how we would approach the task at hand.

Yours faithfully,

Sigurd Jensen
Managing Partner, Head of Corporate Finance, North/South Europe
+45 30 93 61 66
sigurdjensen@deloitte.dk
Weidekampsgade 6
2300 Copenhagen S
Denmark



Capabilities and experience: Unmatched set of credentials

- The following unique characteristics summarise Deloitte's capabilities which we believe make us exceptionally well qualified in the role as independent financial advisor;
 - *Global reach – local presence*: Global firm with strong presence in Iceland
 - *Truly independent advisor*: Independent of sales and investor responsibilities
 - *Leading M&A advisor*: #1 M&A house globally and in Europe (by deal count)
 - *Deep industry expertise*: Unmatched credentials within financial services
 - *Public offering experience*: Vast experience with underwriting roles and financial advisory role
 - *Governmental support credentials*: Extensive experience with supporting governments in strategic considerations including divestments



Approach: Truly independent and anchored in industry expertise







- Our approach is always to work alongside you to ensure the optimal outcome
- From previous work as independent financial advisor on public offerings we see the following key areas where we add significant value;
 - Pre-screening and selection process of underwriting banks and fee negotiation
 - Valuation of the asset (potentially a fairness opinion)
 - Project management of the process (reducing burden on the management)
 - Independent views on pricing, allocation and investor quality



Team: Dedicated industry team supported by people on the ground

- The work will be led by our financial services industry team within financial advisory
- The team has deep sector expertise and a background from top tier investment banks
- We propose experienced team providing local relevance and expertise as well as strong European sector focus

Deloitte is the leading financial advisory with unmatched capabilities and experience

Capabilities and experience		Stats
<p>A</p>  <p>Global reach – local presence</p> <ul style="list-style-type: none"> Deloitte is a leading global advisory firm with more than 330,000 employees globally The global reach is anchored in local presence, which is exemplified with our strong local footprint in Iceland with more than 200 employees 	<p>3,000 Corporate finance professional across +150 countries</p>	
<p>B</p>  <p>Truly independent advisor</p> <ul style="list-style-type: none"> As the world’s largest professional service network, Deloitte is a global advisor with neither sales nor trading activities This enables us to act truly independent and remove ourselves from the potential conflicts that usually exist in capital raise processes 	<p>Deloitte has no conflicts of interest in a role as an independent financial advisor</p>	
<p>C</p>  <p>Leading M&A advisor</p> <ul style="list-style-type: none"> We have an outstanding track record within financial advisory demonstrated by our recent recognition as the #1 leading M&A adviser for 2020 (by deal count) globally as well as in Europe by Mergermarket Locally in Iceland we are a market leader within financial advisory having advised on several of the most prominent transactions in recent years 	<p>#487 Global Deals #335 European Deals In 2020</p>	
<p>D</p>  <p>Deep industry expertise</p> <ul style="list-style-type: none"> The financial services industry is covered across our firm with deep sector expertise within all service lines; audit, risk advisory, tax, consulting and financial advisory The depth and breadth of our industry expertise enable us to provide end-to-end analyses ranging from e.g., IFRS 9 modelling to valuation of financial companies 	<p>#128 European deals within the financial service industry from 2015-2020</p>	
<p>E</p>  <p>Public offering experience</p> <ul style="list-style-type: none"> Deloitte has extensive experience with the end-to-end process of public offering of company shares ranging from IPO readiness consultancy, vendor due diligence to fairness opinion and independent financial advisory in the identification and selection process of syndicate banks The core team for the contemplated assignment has vast experience from public offerings from previous work in international banks 	<p>#54 European public offerings from 2015-2020</p>	
<p>F</p>  <p>Governmental support credentials</p> <ul style="list-style-type: none"> Deloitte has extensive experience working with governments across Europe including several restructuring assignments related to divestment of banks from state ownership post Global Financial Crisis The local Deloitte team has done numerous assignments for public Icelandic entities, including the government’s financial restructuring of Icelandair 	<p>#19 European deals for government-owned companies from 2015-2020</p>	

Note: Core team’s experience from previous job engagements outside Deloitte

Truly independent global platform with local presence and unparalleled experience

A Deloitte has a global reach and local presence

C Selected Icelandic transaction

<p>Deloitte. Financial adviser in the merger between</p> <p>Undisclosed value 2021 Iceland</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>In the merger with</p> <p>Undisclosed value 2019 Iceland</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>Now owner in the sale to</p> <p>Undisclosed value 2019 Iceland</p>
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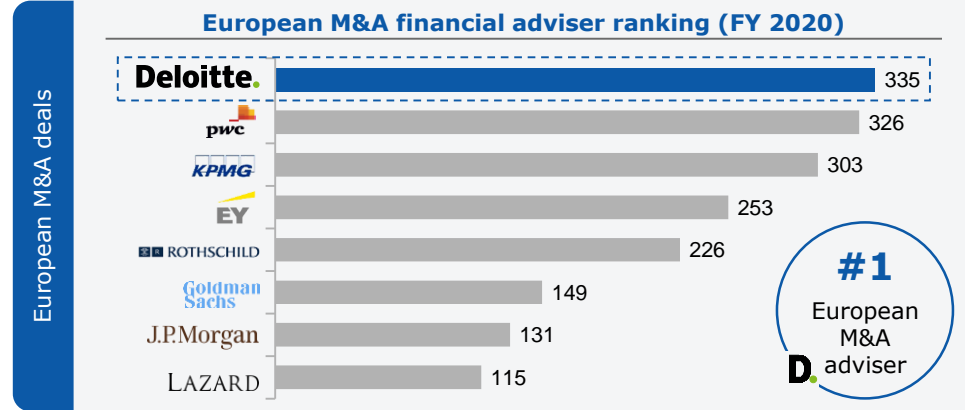
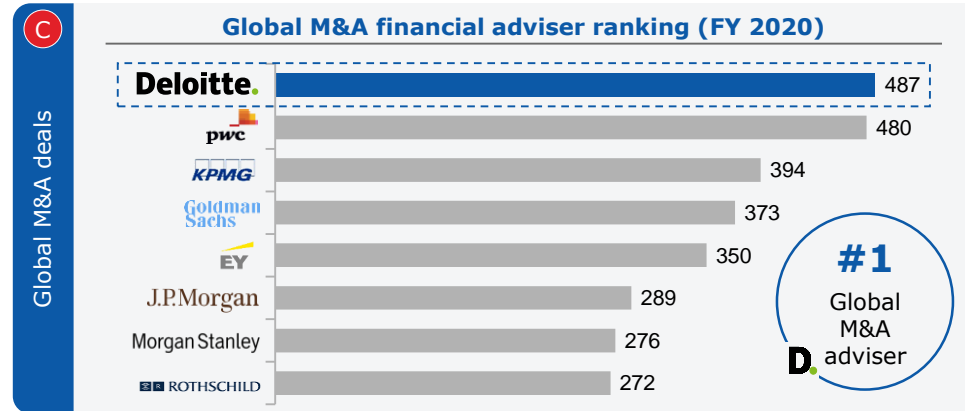
Deloitte has supported **21 deals** for Icelandic companies from 2015-2020

330,000 Deloitte professionals	270 Deloitte professionals
3,000 Corporate Finance professionals	12 Corporate Finance professionals

B Truly independent advisor

Traditional investment banks can face **potential conflicts of interest** through their investor interlink in a role as IPO advisor

Deloitte has no sales or trading activity, why we can remove ourselves from potential conflicts of interest and be **truly independent**



M&A deals Iceland

Deloitte is the **leading M&A advisor in Iceland with 21 deals** completed in the period from 2015-2020

Outstanding **experience and knowledge of the Icelandic market** and investment environment

Overview of selected references in recent years

Relevant selected transactions and industry specific capabilities

Selected transactions

D Financial Services

<p>Deloitte. Intendent financial adviser to</p> <p>An undisclosed Nordic financial service company in a rights issue</p> <p>Undisclosed value Ongoing Denmark</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>vestjysk BANK</p> <p>In the merger with</p> <p>JYSKE</p> <p>Equity value: EUR 162m 2020 Denmark</p>	<p>Deloitte. Exclusive financial adviser</p> <p>In the sale of an undisclosed Nordic bank</p> <p>Undisclosed value 2020 Denmark</p>
<p>Deloitte. Exclusive financial adviser to</p> <p>Deutsche Bank Portugal in the sale to</p> <p>ABANCA</p> <p>Equity value: EUR 1.3bn 2019 Portugal</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>Monyx</p> <p>in the sale to</p> <p>EAST CAPITAL</p> <p>Undisclosed value 2019 Sweden</p>	<p>Deloitte. Exclusive financial adviser¹ to</p> <p>SAXO BANK</p> <p>in the minority sale to</p> <p>GEELY</p> <p>Undisclosed value 2018 Denmark</p>
<p>Deloitte. Exclusive financial adviser to</p> <p>FIBI</p> <p>in the sale to</p> <p>CBH</p> <p>Equity value: EUR 62m 2017 Switzerland</p>	<p>Deloitte. Fairness Opinion issued to</p> <p>Forenet Kredit</p> <p>in the sale of a minority stake in</p> <p>Nykredit to a consortium led by</p> <p>PFA</p> <p>Equity value: EUR 1.6bn 2017 Denmark</p>	<p>Deloitte. Exclusive financial adviser¹ to</p> <p>Nordea</p> <p>in the merger with</p> <p>DNB Baltics</p> <p>Undisclosed value 2016 Denmark</p>

128 transactions from 2015-2020 with disclosed deal value of **EUR 12.3bn**

E Public offering

<p>Deloitte. Global Coordinator¹ for</p> <p>Quilter</p> <p>In their IPO</p> <p>Equity value: EUR 3.1bn 2018 United Kingdom</p>	<p>Deloitte. Global Coordinator¹ for</p> <p>AIB</p> <p>in the re-IPO of</p> <p>Equity value: EUR 3.4bn 2017 Ireland</p>
<p>Deloitte. Financial advisor to</p> <p>Skeljungur</p> <p>in their IPO</p> <p>Equity value: EUR 38m 2016 Iceland</p>	<p>Deloitte. Bookrunner¹ for government-owned</p> <p>nets</p> <p>In their IPO</p> <p>Equity value: EUR 2.1bn 2016 Denmark</p>
<p>Deloitte. Financial advisor to</p> <p>REITIR FASTEIGNAFÉLAG</p> <p>in their IPO</p> <p>Equity value: EUR 43m 2015 Iceland</p>	<p>Deloitte. Global Coordinator¹ for</p> <p>permanent tsb</p> <p>in the re-IPO of</p> <p>Equity value: EUR 525m 2015 Ireland</p>

54 transactions from 2015-2020 with disclosed deal value of **EUR 22.5bn**

F Governmental support

<p>Deloitte. Financial adviser to</p> <p>evida</p> <p>in the sale to</p> <p>FINANSMINISTERIET</p> <p>Deal value: 564 2020 Denmark</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>Danske Spil</p> <p>In the sale of</p> <p>CEGO to the mgmt. and</p> <p>VIA A/S</p> <p>Undisclosed value 2019 Denmark</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>Ørsted</p> <p>in the sale of Sligsnaas Power Station & Transit Harbour to</p> <p>Undisclosed value 2018 Denmark</p>	<p>Deloitte. Exclusive financial adviser to</p> <p>ERSTE ABWICKLUNGS ANSTALT</p> <p>in the sale of</p> <p>Westdeutsche ImmobilienBank</p> <p>Deal value: EUR 350m 2015 Germany</p>
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19 transactions from 2015-2020 with disclosed deal value of **EUR 3.8bn**

Capabilities

Deloitte has a **dedicated and international financial services industry team** with close cross-border cooperation

Industry reports
Global industry network

Ongoing **independent financial advisor** on a rights issue for a **Nordic financial service company**. Leading advisor with the responsibility for advising on key decision making, engagement and coordinating of the syndicate banks

Deloitte has extensive experience in **advising governments** and has among others worked for various ministries and government agencies in Iceland, including the ministry of finance, ministry of industries, ministry of education and the prime minister's office

Note: ● 1) Core team's experience from previous job engagements outside Deloitte

A hands-on experienced team with extensive country, industry and IPO credentials



Sigurd Ersted Jensen
Managing Partner, North-South Europe, Corporate Finance

Contact information

+45 30 93 61 66
sigurdjensen@deloitte.dk

Profile

- Head of CFA Northern & Southern Europe
- Experience from FIH Partners, Carnegie and McKinsey

Selected experience

- Independent financial advisor in an ongoing rights issue process for a Nordic financial service company
- Merger between Vestjysk Bank and Den Jyske Sparekasse
- Sale of an undisclosed Nordic bank
- Sale of Nordjyske Bank to Ringkjøbing Landbobank
- Sale of Diba Bank to Sydbank
- IPO of Chr. Hansen



Tore Stürmer Heyden
Partner, Head of FSI Denmark, Corporate Finance

Contact information

+45 30 93 00 33
theyden@deloitte.dk

Profile

- Lead FSI partner in Denmark
- Experience from Carnegie, Danske Bank CF and Goldman Sachs (FIG)

Selected experience

- Independent financial advisor in an ongoing rights issue process for a Nordic financial service company
- Merger between Vestjysk Bank and Den Jyske Sparekasse
- Sale of an undisclosed Nordic bank
- IPO of Nets
- Sale of Amagerbanken to BankNordic
- Sale of EIK Banki to TF Holding (Betri)



Jonathan Gold
Managing Partner, Head of FSI, Corporate Finance

Contact information

+44 75 8458 8040
jgold@deloitte.co.uk

Profile

- Head of CFA UK and Deloitte financial services group
- Experience from Deutsche Bank, Lehman Brother and UBS

Selected experience

- Advised on numerous complex transactions over his career for clients including HSBC, LBG, Standard Chartered, RBS, ABN, Nordea, KBC
- IPOs / secondary offerings include Allied Irish Banks, Bank of Ireland, permanent TSB, Aldermore Bank, Piraeus Bank and Virgin Money
- Significant experience working with the Department of Finance, Ireland on IPOs and Secondary Sales



Guy Stevens
Partner, EMEA Financial Institutions Group, Corporate Finance

Contact information

+44 20 7303 7611
guystevens@deloitte.co.uk

Profile

- 24 years of experience having had senior roles at UBS, Rothschild and Citigroup

Selected experience

- IPOs / secondary offerings of Bank Handlowy, PKO BP, Bank BGZ, ING Bank Slaski, Santander Bank Polska, VTB, Tinkoff, OTP, TBC Bank, RBI, Standard Chartered and Absa
- Bank privatisation experience in multiple jurisdictions (e.g. Poland, Czech Republic, Hungary, Slovenia, Turkey, Russia, Kazakhstan, Russia, Egypt, UAE)
- Over US\$30 billion of M&A sell-side experience



Lovisa Finnbjörnsdóttir
Partner, Corporate Finance

Contact information

+354 770 4942
lovisa@deloitte.is

Profile

- +10 years of M&A experience with Deloitte Financial Advisory
- Head of Financial Advisory in Iceland

Selected experience

- Strong background from financial advisory in the Icelandic market
- Advised both large and mid-sized corporates as well as the public sector
- Financial advisor to the government during its participation in the financial restructuring of Icelandair (2020)



Gunnar Þorvarðarson
Partner, Audit & Assurance

Contact information

+354 822 2244
gt@deloitte.is

Profile

- 15 years of experience with Deloitte specialising in FSI
- Co-lead for FSI expert group Iceland, strong in technical accounting

- Certified Public Accountant, M.Acc. Reykjavik University

Selected experience

- Signing partner on Islandsbanki financial statements 2013-2015
- Lead engagement partner on domestic Bank audit 2016-2019
- Advised on loan valuation projects, IFRS9 expert
- Assurance advisor on domestic capital market engagements, including IPO process and Debt issuance

Deloitte is dedicated and committed to build a better society

Corporate social responsibility

- Deloitte is committed to addressing some of society’s most pressing challenges with the belief that business is at its best when it helps to **build a better society**. By harnessing the impact Deloitte member firms around the world are making in our communities, we bring this belief to life
- The **Deloitte Global CR&S strategy** supports our business priorities and is aligned to the following key focus areas:
 - **WorldClass** - Deloitte’s global societal impact initiative - aims to impact fifty million futures through education, skills development, and access to opportunity thus empowering people to succeed in a rapidly changing global economy
 - **WorldClimate** - Deloitte's global climate initiative - aims to drive responsible climate choices within our organization and beyond - demonstrating Deloitte’s leadership on addressing the climate crisis
 - **Impact Every Day** - Measuring and reporting impact – Helps us understand the organization’s performance against our goals, inform strategic decisions, and communicate member firm’s programs and impact

We demonstrate our emphasis on social responsibility through **WorldImpact**



Deloitte’s is partner in United Nations Development Programme aiming to accelerate business solutions with the Sustainable Development Goals (SDGs)



Management of potential conflicts

- Deloitte has a centralised process to evaluate potential assignments with respect to, among other things, potential conflicts of interests
- We can confirm that we have no conflicts of interest that would prevent us from acting as an independent financial advisor in the contemplated transaction

Satisfactory terms

- We welcome the opportunity to discuss the details around the independent financial advisor role and terms of our engagement in the next phase. We would expect the terms to be in line with international market practice for this kind of transaction

Confirmation of applicable operating licenses of party

- We confirm that Deloitte has all the required licenses in place to provide the services required of the independent financial advisor role

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

- We confirm that we have read and understood the Act and the policy

Advisor’s consent regarding publication of advisor’s expression of interest

- Deloitte gives its consent to the publication of this letter

Appendix: Response table

Answered questions in the requested expression of interest

Response table	Addressed on page
1. Indication which role the interested party is considering	Page 1
2. Contact details such as name, address, phone number, e-mail along with specific contact person	Page 1
3. Information on requisite capabilities and experiences as set forth in criteria for selection above	Page 2-4 and 6
4. Brief CV of key personnel that will lead the project	Page 5
5. Confirmation of applicable operating licenses of party	Page 6
6. Confirmation that the party has read and understood provisions of Act no. 155/2012 and Íslandsbanki's policy on sustainability	Page 6
7. Advisor's consent regarding publication of advisor's expression of interest	Page 6
8. Other information that the potential advisor considers important to demonstrate	Page 1-6
<p>The expression of interest shall include:</p> <ul style="list-style-type: none"> • Information about the items above in a document not exceeding six A4 pages with minimum font size of 10. • Completed Excel file, which is referenced in item 3 above • Appendix A, B, C and D 	Attached
	Attached
	Attached

Important information

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