



BR

BANKASÝSLA RÍKISINS

Expression of interest to acts as underwriter

Pareto Securities AS

12 February 2021

Independent financial advisor and underwriters for ISFI - 21366

1. Expression of interest to act as underwriter

Pareto Securities AS (“Pareto”) hereby express our interest to act as underwriter in the potential IPO of Islandsbanki, and in the following present Pareto’s qualifications and experience that make us a highly qualified advisor to Icelandic State Financial Investment (“ISFI”).

2. Contact details

The postal address of Pareto Securities AS is P.O. Box 1411 Vika, NO-0115 Oslo, Norway. Visiting address is Dronning Mauds gate 3, 0115 Oslo, Norway.

Point of contact will be the Financial Sector and Equity Capital Markets team in the investment banking department:

Øivind Mjelde
(Partner, Investment Banking)
Dir: +47 22 87 88 32
Mob: +47 944 35 899
ovind.mjelde@paretosec.com

Espen Clason
(Partner, Investment Banking)
Dir: +47 22 87 87 13
Mob: +47 995 81 840
espen.clason@paretosec.com

Marianne Musæus Vazquez
(Partner, Global Head of Equity
Capital Markets)
Dir: +44 207 786 4384
Mob: +44 752 620 5287
Marianne.Musaeus@paretosec.com

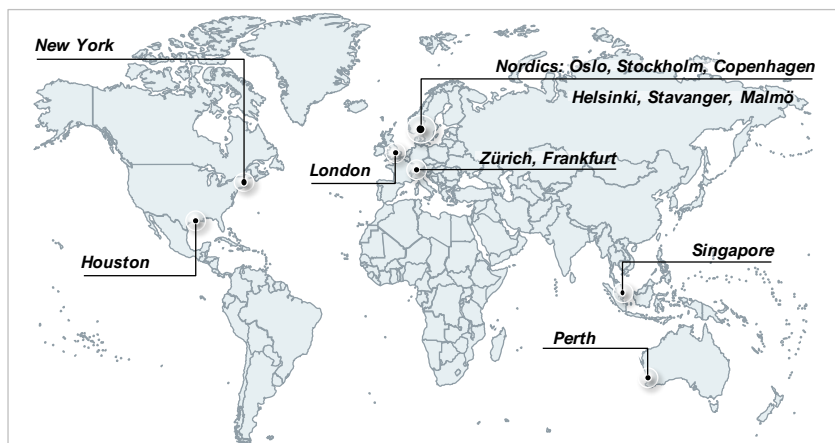
3. Pareto is strongly positioned to assist ISFI in an international IPO of shares in Islandsbanki

Pareto is a leading independent Nordic investment bank offering services within investment banking, equity & fixed income sales and trading, equity and credit research in addition to project finance and asset brokerage services. Main office locations include Oslo, Stockholm, Helsinki, Copenhagen, London, Frankfurt, Zurich, New York and Singapore, in addition to a number of offices across the Nordic region and globally. Currently, Pareto employs approximately 450 persons.

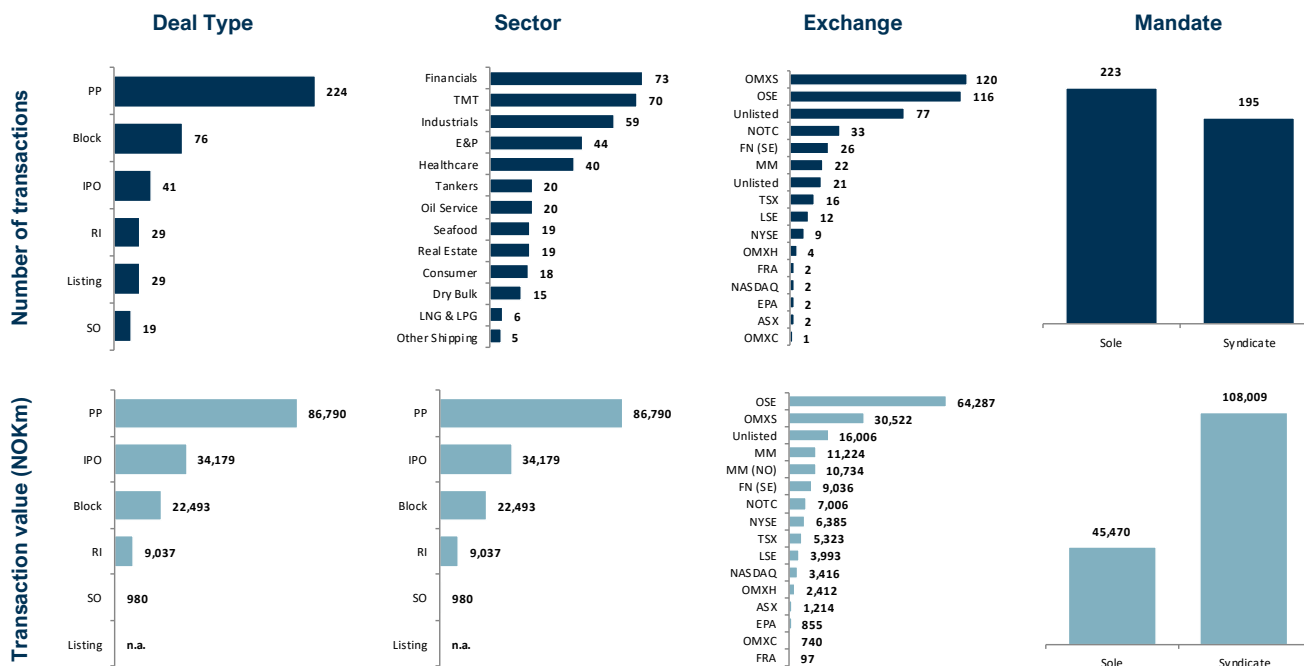


In addition to the employees stated in the chart, Pareto employs 42 in Business Management (Project Finance) and ~100 providing global support and back-office services.

Pareto has a strong foothold in the Nordic and international capital markets, having raised significant equity and debt for Nordic and international issuers. We have an extensive track record within IPOs and listing of clients on regulated markets, including Oslo Børs, NASDAQ Stockholm, NASDAQ Helsinki, New York Stock Exchange and London Stock Exchange.



Pareto ECM statistics 2015-2020: 418 transactions totaling NOK 154bn



Pareto has during 2020 experienced significant capital markets activity with ~250 completed corporate transactions. Within equities, we raised approx. NOK 36 billion in ~100 transactions, of which 14 IPOs of a total of NOK 14 billion. 2021 to date has been very active with 18 equity transactions, raising approx. NOK 16bn.

We continuously outperform with regards to sales performance when participating in syndicates, with an average delivered demand of 1.3x vs. our “fair share” in 2020 IPOs. The strong sales performance by Pareto creates positive tension in any syndicate, increasing the ability to reach the overall goals of the client.

Selected IPOs in 2020 and 2021



In the NOK 4.6bn IPO of Aker Horizons, Pareto delivered 25% of the demand, equal to 1.7x of our fair share and significantly better than the other 5 syndicate banks. Of the discretionary demand from the 6 banks in the syndicate, we delivered 47%. 66% of total demand was from outside of Norway.

Pareto recently acted as capital market advisor and placement agent in the USD 600m SPAC private placement and listing on New York Stock Exchange for Norwegian battery technology company Freyr. Once again, Pareto outperformed significantly within the geographical scope of our mandate, securing significant institutional demand from Continental Europe and the Nordic region.

On 11 February 2021, Pareto launched a NOK 600m IPO on Euronext Growth Oslo of Icelandic-Norwegian salmon farming company Arctic Fish Holding. With significant investor demand, the books were closed earlier than planned on Friday 12 February 2pm CET.

Based on our experience as manager and the significant deal flow in 2020 and 2021, we are confident that an IPO of Islandsbanki will attract interest from all parts of Pareto’s investor universe, including global institutions, Nordic institutions, family offices and HNWIs.

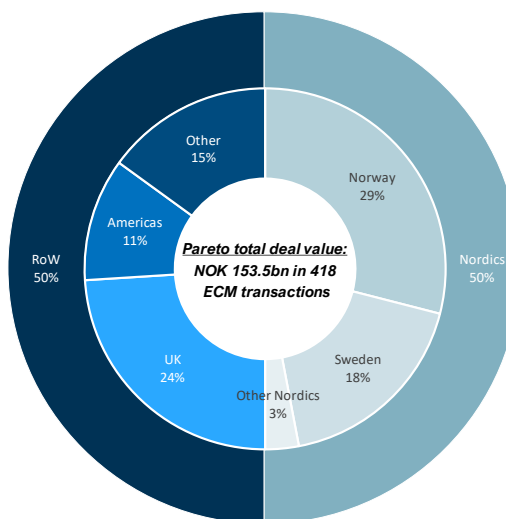
Sales, trading and equity research

Pareto has a sales force of ~120 professionals with a wide coverage of investors both in the Nordic region and globally, including institutional long-only funds, hedge funds, family offices and retail investors. Over recent years, the distribution towards Nordic retail investors has been strengthened significantly.

Pareto’s sales force represents a strong Nordic and international placing power, where an average of 50% of the investor demand in recent transactions has been generated outside the Nordics.

In our most recent banking IPOs on Oslo Børs, a significant share of demand was generated outside of Norway.

~50% of ECM funds raised outside the Nordics



ECM funds raised 2015 - 2020

Within financial sector equity research, Pareto has a team of four analysts covering 37 banks, insurers, consumer finance and specialty finance companies in Norway, Sweden and Germany.

The financial sector analyst team has participated and contributed to a number of equity market transactions, providing key insights with local knowledge.

The Pareto analyst team is well positioned for high quality coverage of Islandsbanki based on the wide coverage of Nordic banks, including Norwegian coastal savings banks. Many of these have similar underlying exposure as Icelandic peers; seafood, tourism, green energy, etc.

NAME	REC.	NAME	REC.
DNB	Hold	Pareto Bank	-
SpareBank 1 SR-BANK	Buy	Aprila Bank	Buy
SpareBank 1 SMN	Buy	Sbanken	Hold
SpareBank 1 Østlandet	Buy	Deutsche Bank	Hold
Sparebanken Møre	Buy	Commerzbank	Hold
SpareBank 1 Nord-Norge	Hold	Aareal Bank	Hold
Sandnes Sparebank	Hold	Deutsche Pfandbriefbank	Hold
Sparebanken Øst	Hold	Grenke	Hold
Sparebanken Vest	Buy	Storebrand	Hold
Sparebanken Sør	Hold	Gjensidige Forsikring	Buy
SpareBank 1 Østfold-Akershus	Hold	Protector Forsikring	Buy
SpareBank 1 BV	Hold	Allianz	Buy
SpareBank 1 Ringerike Hadeland	Hold	Talanx Group	Buy
Bank Norwegian	Hold	Hannover Re	Hold
Komplett Bank	Buy	Munich Re	Buy
Instabank	Hold	Hoist Finance	Buy
TF Bank	Buy	B2Holding	Buy
Resurs Bank	Buy	DWS	Buy
Ferratum	Hold		



Experience from relevant transactions in the Nordic financial sector

The financial sector has been a key focus area for Pareto for many years, and we have successfully established a strong foothold as advisor to Nordic financial institutions. Transaction experience includes equity capital market and debt capital market assignments, in addition to mergers & acquisitions, strategic advisory as well as other ad hoc assignments.

Recent equity market transactions vary significantly in size and investor reach, from small start-up equity private placements in Norway and Sweden to major international IPOs.

<p>October 2016</p>  <p>Block sale of 5.67% of Sparebank 1 SR Bank by Gjensidige Forsikring</p> <p>NOK 667m Joint Bookrunner</p>	<p>January 2017</p>  <p>Block sale of 3.9% og Sparebank 1 SR-Bank by Gjensidige Forsikring</p> <p>NOK 610m Joint Bookrunner</p>	<p>June 2017</p>  <p>IPO of Sparebank 1 Østlandet on Oslo Børs</p> <p>NOK 2.4bn Joint Bookrunner</p>	<p>November 2017</p>  <p>IPO of Komplett Bank on Oslo Børs</p> <p>NOK 1bn Joint Bookrunner</p>	<p>November 2018</p>  <p>Private Placement of shares</p> <p>NOK 700m Joint Bookrunner</p>	<p>November 2019</p>  <p>Sale of ECCs by Sparebankstiftelsen Sparebanken Vest</p> <p>NOK 2.66bn Joint Global Coordinator</p>
--	---	--	--	---	--

In the context of a potential role for ISFI, recent relevant transactions include the IPO of SpareBank 1 Østlandet in 2017 and Re-IPO of Sparebanken Vest in 2019:

<p>June 2017</p>  <p>IPO of Sparebank 1 Østlandet on Oslo Børs</p> <p>NOK 2.4bn Joint Bookrunner</p>	<ul style="list-style-type: none"> SpareBank 1 Østlandet is the fourth largest savings bank in Norway Significantly oversubscribed, with 50% of institutional demand from outside of Norway. More than 4,000 institutional and retail investors. Pareto delivered 41% of the institutional demand (~25% more than fair share), 61% of all discretionary institutional orders and was involved in 85% of all institutional orders. 	<p>November 2019</p>  <p>Sale of ECCs by Sparebankstiftelsen Sparebanken Vest</p> <p>NOK 2.66bn Joint Global Coordinator</p>	<ul style="list-style-type: none"> Sparebanken Vest is the third largest savings bank in Norway Significantly oversubscribed with more than 40% institutional demand from outside of Norway. Approx. 6,500 institutional and retail investors. Pareto delivered 40% of the institutional demand (~20% more than fair share), 66% of all discretionary orders and was involved in 92% of all institutional orders
--	--	--	---











Further, in 2010, Pareto acted as Joint Lead Manager in the NOK 11.8bn IPO and listing on Oslo Børs of Gjensidige Forsikring.

Another relevant assignment was when acting as advisor to the Norwegian State Finance Fund during the financial crisis, where the State Finance Fund offered Tier 1 capital to Norwegian banks in form of preference shares and hybrid capital.

All of the selected transactions above have been executed by the senior team members listed as project participants later in this document.

Expertise in Icelandic financial institutions

Pareto managed the first international bond issue by an Icelandic bank following the financial crisis when acting as sole arranger for Arion Banki's NOK 500 million issue in March 2013. Since then, Pareto has managed a number of bond issues for Islandsbanki, Arion Banki and Landsbankinn in Nordic currencies, successfully generating demand from investors within and outside the Nordic region.

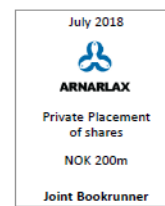
<p>March 2013</p>  <p>2-year senior unsecured bond</p> <p>NOK 500m Sole Lead Manager</p>	<p>December 2013</p>  <p>4-year senior unsecured bond</p> <p>SEK 500m Sole Lead Manager</p>	<p>March 2014</p>  <p>Tap issue</p> <p>SEK 300m Sole Lead Manager</p>	<p>January 2015</p>  <p>4-year senior unsecured bond</p> <p>SEK 300m Sole Lead Manager</p>	<p>April 2015</p>  <p>Tap issue unsecured bond</p> <p>SEK 150m Sole Lead Manager</p>
<p>July 2015</p>  <p>Tap issue unsecured bond</p> <p>SEK 150m Sole Lead Manager</p>	<p>July 2015</p>  <p>5-year senior unsecured bond</p> <p>NOK 500m Sole Lead Manager</p>	<p>October 2015</p>  <p>3-year senior unsecured bond</p> <p>NOK 500m Joint Bookrunner</p>	<p>November 2015</p>  <p>4.6-year senior unsecured bond tap issue</p> <p>NOK 300m Sole Lead Manager</p>	<p>December 2015</p>  <p>3.5-yrar senior unsecured bond</p> <p>SEK 250m NOK 250m Sole Lead Manager</p>

As part of Pareto's effort within debt capital markets, we have arranged several successful investor roadshows in Iceland, where Nordic investors have met with the major banks, owners and authorities.

Experience as manager in Icelandic capital market transactions

In 2016 and 2017, Pareto acted as sole bookrunner in the successful placements of USD 150m and USD 40m in bonds for Icelandair, attracting significant interest from Nordic and international investors.

Through Pareto, Icelandair was the first corporate bond issuer to access the Nordic corporate bond market following the financial crisis.

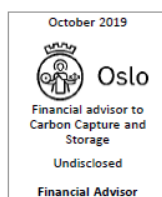


On 12 February 2021, Pareto successfully completed the NOK 600m IPO of Icelandic-Norwegian salmon farming company Arctic Fish Holding on Euronext Growth Oslo.

Experience as advisor and manager in transaction for governments and the public sector

Pareto has extensive experience in advising governments and public sector in capital market situations. In 2020, Pareto advised the Norwegian Ministry of Trade, Industry and Fisheries in relation to the NOK 6bn credit facility to airlines and the NOK 2.6bn merger between Kværner and Aker Solutions. In 2018, we acted as bookrunner in the NOK 652m block sale of shares in airline SAS and as advisor to the Ministry in relation to Kongsberg's GBP 500m acquisition of Rolls Royce Marine. In 2016, Pareto raised EUR 360m in a USPP for the Faeroe Islands' P/F Eystur- og Sandoyartunlar as financing of subsea road tunnels. Related to the financial sector, we advised the Norwegian State Finance Fund during the financial crisis in 2009.

Pareto is also very active as advisor to municipalities and counties in relation to the utilities and energy sector.



Please see Appendix A-D for further details and statistics on Pareto's relevant experience.

4. Overview of key project team members

Pareto will dedicate a highly experienced team to a potential IPO of Islandsbanki, and a mandate will be highly prioritized by the Pareto organization. Key projects team members will include:

Advisor	Yrs in Pareto	Background and experience
Christian Jomaas	22	CEO of Pareto Securities. Joined Pareto in 1999, was Head of Investment Banking 2014-2019 and has been CEO since 2019. Has led a large number of ECM, DCM, M&A and project finance transactions in a wide range of sectors. MSc in Business from Norwegian School of Economics (NHH).
Tormod Høiby	24	Global Head of Investment Banking. Joined Pareto in 1997 as an analyst. Tormod functioned as Pareto's Head of Equity Research between 2001 and 2007 - covering all energy related stocks on the Oslo Stock Exchange. The coverage was consistently top ranked. He joined Pareto's Corporate Finance team in 2007 where he focuses on shipping, rig and offshore. Tormod holds a MSc in Business from the Norwegian School of Economics (NHH).
Espen Clason	20	Investment Banking, Financial Institutions. Joined Pareto Securities in 2001 having spent 7 years as a management consultant in Arthur D. Little and Innovation Strategic Consulting. Holds a Master of Management (siv.øk.) degree in finance/economics from Handelshøyskolen BI. Involved in all Pareto financial sector transactions since 2001.

Øivind Mjælde	15	Investment Banking, Financial Institutions. Joined Pareto in 2006. He has previously spent six years as an investment banker at Fox-Pitt, Kelton and Merrill Lynch in London. Holds an MSc in Shipping, Trade & Finance from Cass Business School (City University) and a BSc in Economics & Business Administration from CBS. Involved in all Pareto FIG transactions since 2006.
Erlend Fladstad	2	Investment Banking, Financial Institutions. Joined Pareto Securities in 2019. MSc from the Norwegian School of Economics, UC Berkeley (US) and University of Sydney (Australia). Erlend has previous experience from internships at Pareto Securities and DNB Markets, where he worked within investment banking and credit research, respectively.
Marianne Musæus Vazquez	7	Global Head of Equity Capital Markets. Joined Pareto in 2013 having spent more than 10 years with DNB Markets in Oslo and RBS in Amsterdam. Marianne has extensive experience from around 200 ECM transactions including a large number of IPOs both in Norway and in Sweden. She holds an MBA from IESE Business School.
Carl Hedström	2	ECM Sweden. Joined Pareto in 2019 as a part-time employee on the ECM Team before starting full-time in 2020. Prior to joining Pareto, Carl had a Client Finance Analyst role at Starcom Worldwide in Chicago and has also completed two summer internships at SEB Equity Research.
Arild Hille	23	Head of Equity Sales. Joined Pareto in 1998. Has 22 years of experience from the equity capital markets. Prior to joining Pareto, Hille worked as an equity derivatives trader at the OSE for one year. Hille took the position as Pareto's Head of Equity Sales nine years ago. Holds a Master in Business Economics (Finance) from the Norwegian School of Management (BI) and a Certified Financial Analyst degree from Norwegian School of Economics (NHH).
Vegard Toverud	11	Equity Research, Financial Institutions. Joined Pareto Securities in 2010, heading the FIG research team. Before Pareto, he worked as a management consultant, working primarily with financial institutions. Vegard was rated the #1 stock picker among all bank analysts in Europe in 2015 by StarMine Thomson Reuters. He holds a MSc in Industrial Economics from the Norwegian University of Science and Technology (NTNU).
Ola Øvrebø	2	Equity Research, Financial Institutions. Joined Pareto Securities in 2019. BSc in Finance from BI Norwegian Business School and MSc in Corporate Finance from CASS Business School, London. Ola completed an investment banking internship at Alpha Corporate Finance in Oslo prior to joining Pareto Securities.

5. Confirmation of applicable operating licenses

Pareto Securities AS (organization no. 956632374) is licensed by the Financial Supervisory Authority of Norway as an investment firm. The 100% owned Swedish subsidiary Pareto Securities AB (organization no. 556206-8956) is licensed by the Financial Supervisory Authority of Sweden as a security company. In addition, Pareto Securities is licensed to carry out investment banking services in all markets where we are located, including UK, US, Denmark, Finland, Germany, Switzerland, Singapore and Australia.

6. Confirmation regarding Act no. 155/2012 and Islandsbanki's policy on sustainability

Pareto operates in compliance with the highest standards regarding social responsibilities, including strict confidentiality undertakings. All activity is subject to Pareto Securities' Internal Regulations and Procedures, as well as Ethical Guidelines.

We confirm that we have read and understood provisions of Act no. 155/2012 and Islandsbanki's policy on sustainability, and that Pareto will be fully committed to act in compliance with these.

Pareto is currently not mandated in a way that represents a conflict of interest with a potential advisory role for ISFI.

7. Pareto's consent regarding publication of expression of interest

Pareto hereby confirms that our expression of interest may be published, as set out in the tender document. However, we kindly ask that the appendices are kept confidential.