



BANKASÝSLA RÍKISINS



## Expression of Interest to Act as Financial Adviser

28 January 2016



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## 1. Executive Summary

Citigroup Global Markets Limited ("Citi", "we") is delighted to submit this expression of interest in acting as an equity capital market advisor ("Adviser") to the Icelandic State Financial Investments ("ISFI"). This document ("Expression of Interest", or "Eoi") is an expression of Citi's interest to act as an Adviser in relation to the ISFI's holding in Landsbankinn hf. ("Landsbankinn") and, as the case may be, in other commercial banks, according to instructions provided in "Expression of interest regarding potential advisory role", as published on the website of the Ministry of Finance and Economic Affairs on 20 January 2016 ("Request for Proposal", or "RfP").

### Citi is Highly Qualified to Act as Adviser to the ISFI

We believe that we are ideally qualified to act as Advisor to the ISFI and execute on any contemplated equity capital markets transaction in capacity as leading Coordinator and Bookrunner, for the following main reasons:

- Consistently at the top of European and Global IPO and equity capital market transactions league tables for issuers in the FIG sector (Section 2.A)
- Citi has extensive and highly relevant experiences across a wide range of transaction types involving monetisation events (Section 2.B)
- Citi is a leading advisor in European privatisations, having conducted over 27 equity transactions supporting European governments with their privatisation programmes since 2009 (Section 2.C)
- Longstanding relationship with Landsbankinn and the Government of Iceland throughout the past years, which include having acted on all 3 recent bond deals for the Banks and the Republic of Iceland (Section 2.D)
- Number 1 ranked global sales team with deepest and broadest set of investor contacts, with the ability to ensure all potential sources of demand with investors are covered (Section 3)
- Number 2 ranked European Banks research analyst, who covers the Nordic banks amongst others (Section 3)
- Citi is a top trader of sector and region with commitment to aftermarket support (Section 4)
- Citi acknowledges Iceland's strong commitment to environmental and social responsibility, which is in line with our own commitment to act as a responsible global corporate citizen (Section 5)
- Citi will commit a leading deal team with successful execution track record and experiences across a significant number of transactions that are highly relevant to the ISFI (Section 8)

Governments and corporates alike around the globe have entrusted Citi with their largest and most high-profile transactions, such as the \$1.3bn IPO of PBB (EU-compliant privatisation), the \$850m IPO of TSB for Lloyds (subsidiary-IPO from Lloyds) and the \$2.5bn IPO of Poste Italiane (privatisation). We also have conducted sell-downs for the UK Government in RBS (£2.1bn) and for the Finnish Government in TeliaSonera (€1.1bn), and advised Commerzbank as Joint Global Coordinator and Equity Advisor between 2009 - 2013 on its capital increases, raising over €14bn of equity capital and reducing the German Government's stake from 75% to 25%. Each of Citi's team members for the privatisation of Landsbankinn have experience advising Nordic governments on various privatisations. More recently, Citi has been appointed as JGC for the IPO of ASR for the Dutch Government and the IPO of DONG Energy for the Danish Government.

Citi is not only a leading bank by market share in IPOs and privatisations, but also is regarded as highly innovative in transactions; "The Banker" nominated Citi Most Innovative Bank of the Year in 2013 and was awarded IFR's Equity Deal of the Year award in 2014 with the Hella IPO. This demonstrates our ability to identify key objectives of our clients and to help formulate clear objectives, resulting in innovative deal structures that achieve our client's objectives.

By combining the elements of Citi's unique knowledge and understanding of Iceland and its banking sector, and our industry-leading Nordic franchise, with the depth of knowledge and experience of our Equity Capital Markets team, we feel we are in a position to offer a unique service proposal to the ISFI for this important project.

## 2. Recent & Highly Relevant Transaction Experience

Citi has recent and highly relevant experience advising on and executing a significant number of ownership- and financial instrument related transactions across a number of categories, including:

- European Financial Institutions Equity Offerings
- Monetisation of Investments in Financial Institutions
- European Governments' Sale of Equity Investments
- Icelandic Banks Financial Instruments Issuances

Please find below a selection of our past experiences in relation to these types of transactions. To the extent further information is required, Citi would be delighted to discuss any particular situation in more detail and also provide a more extensive list should this be required.

### 2.A. European Financial Institutions Equity Offerings

Citi is the leading advisor to the financial institutions sector in Europe and globally, ranked #2 for IPOs in the financial institutions sector in Europe since 2009 by # of deals, #2 for IPOs in the financial institutions sector globally since 2009 (by # of deals) and #3 for M&A in the financial institutions sector in Europe since 2009 (by volume).

We have bookrun numerous marquee and relevant capital market transactions, including in 2015 acting as Global Coordinator on the privatisation IPOs of Deutsche Pfandbriefbank (Germany, FIG) and Poste Italiane (Italy, FIG) and were the only bulge-bracket bank selected by Credit Suisse as Lead Initial Underwriter on their capital increase, which proves the recognition our FIG distribution capabilities.

We have included a selection of transactions in this submission of Citi's involvement in significant and relevant financial sector transactions since 2009. We have included additional roles fulfilled as well, for example acting as Sole Placement Agent for private placement of Hoist pre-IPO or acting as Equity Advisor to Commerzbank ahead of their 2011 and 2013 transactions.

### Financial Institutions Market Shares

European IPO 2009 – 2016 YTD				Global IPO 2009 – 2016 YTD				Global Banks M&A 2009 – 2016 YTD			
Rank	Bookrunner	# of Deals	Mkt. Share	Rank	Bookrunner	# of Deals	Mkt. Share	Rank	Bookrunner	Volume \$bn	Mkt. Share
1	JPM	23	11.3%	1	DB	72	7.1%	1	Goldman Sachs	264	23.0%
2	Citi	18	8.8%	2	Citi	70	6.9%	2	Morgan Stanley	239	20.8%
3	MS	15	7.4%	3	JPM	63	6.2%	3	Citi	236	20.6%
4	UBS	15	7.4%	4	GS	62	6.1%	4	JP Morgan	207	18.0%
5	CS	14	6.9%	5	MS	52	5.6%	5	Deutsche Bank	201	17.5%

Source: Dealogic. Note: IPO rankings and % market share based on number of deals. M&A rankings and % market share based on deal volumes.



## Citi Bookrun European Financial Institutions Equity Capital Markets Offerings

Selected Transactions Since 2009

Date	Issuer	Citi Role	Country	Offer Type	Value (\$)
Nov 2015	Credit Suisse	Initial Lead Underwriter & Joint Bookrunner	Switzerland	Rights Issue	\$4.4bn
Nov 2015	ABN Amro	Joint Bookrunner	Netherlands	IPO	\$4.1bn
Nov 2015	Alpha Bank	Lead Underwriter & Joint Global Coordinator	Greece	Rights Issue	\$1.7bn
Nov 2015	Amundi	Joint Bookrunner	France	IPO	\$1.8bn
Oct 2015	Poste Italiane	Joint Global Coordinator	Italy	IPO	\$3.5bn
Aug 2015	RBS	Joint Global Coordinator	UK	AEO	\$3.3bn
Jul 2015	PBB	Joint Global Coordinator	Germany	IPO	\$1.3bn
Jun 2015	Nordax Bank	Joint Bookrunner	Sweden	IPO	\$316m
Jun 2015	Monte dei Paschi	Joint Global Coordinator	Italy	Rights Issue	\$3.3bn
Mar 2015	Hoist Finance	Joint Bookrunner	Sweden	IPO	\$334m
Nov 2014	Virgin Money	Joint Bookrunner	UK	IPO	\$502m
Jul 2014	Banca Popolare	Joint Global Coordinator	Italy	Rights Issue	\$1.0bn
Jul 2014	Banca Carige	Joint Global Coordinator	Italy	Rights Issue	\$1.1bn
Jul 2014	Monte dei Paschi	Joint Global Coordinator	Italy	Rights Issue	\$6.8bn
Jun 2014	Deutsche Bank	Joint Bookrunner	Germany	Rights Issue	\$8.6bn
Jun 2014	TSB Bank	Joint Global Coordinator	UK	IPO	\$849m
Jun 2014	Liberbank	Joint Bookrunner	Spain	Rights Issue	\$259m
Jun 2014	BES	Joint Bookrunner	Portugal	Rights Issue	\$1.1bn
May 2014	Hoist Finance	Sole Placement Agent	Sweden	Private Placement	\$50m
May 2014	Banca Popolare Milano	Joint Bookrunner	Italy	Rights Issue	\$682m
May 2014	Saga	Joint Global Coordinator	UK	IPO	\$928m
May 2014	National Bank Greece	Joint Bookrunner	Greece	Rights Issue	\$3.5bn
Apr 2014	Eurobank Ergasias	Joint Bookrunner	Greece	Rights Issue	\$4.0bn
Oct 2013	Barclays	Joint Bookrunner	UK	Rights Issue	\$10bn
May 2013	Commerzbank	Joint Bookrunner & Equity Advisor	Germany	Rights Issue	\$2.4bn
Mar 2013	Danske Bank	Joint Global Coordinator & Joint Bookrunner	Denmark	AEO	\$955m
Jun 2011	UBI Banca	Joint Bookrunner	Italy	Rights Issue	\$1.4bn
Jun 2011	Commerzbank	Joint Global Coordinator & Equity Advisor	Germany	Rights Issue	\$5.5bn
Nov 2010	BBVA	Joint Bookrunner	Spain	Rights Issue	\$838m
Jun 2010	Bank of Ireland	Joint Global Coordinator	Ireland	Rights Issue	\$1.4bn
Dec 2009	Lloyds	Joint Global Coordinator	UK	Rights Issue	\$13bn
Dec 2009	DNB	Joint Global Coordinator	Norway	Rights Issue	\$1.4bn
Jan 2009	Lloyds	Joint Global Coordinator	UK	Rights Issue	\$4.1bn

Source: Dealogic.

### 2.B. Monetisation of Investments in Financial Institutions

Citi has extensive and highly relevant experiences across a wide range of transaction types involving monetisation events for Governments and financial institutions globally. We have included below a selection of relevant transactions across a number of different transaction categories.

Category	Transaction	Description	Relevance and Citi Value Add
IPO	Privatisation of Deutsche Pfandbriefbank (pbb) via IPO (2015)	<ul style="list-style-type: none"> <li>Citi advised Hypo Real Estate Holding AG (HRE), which is owned by the German government via the Federal Agency for Financial Market Stabilisation (FMFA), in the privatisation of its German subsidiary Deutsche Pfandbriefbank (pbb)</li> <li>Citi acted as Joint Global Coordinator and lead M&amp;A advisor</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of different privatisation options in light of EU Commission compliant process</li> <li>Led dual track sales process and IPO and provided ratings advisory, which determined the size of the IPO</li> <li>International investor approach and negotiations</li> <li>Prepared 70 page Investor Education report and organised a 2 week management roadshow meeting over 120 investors</li> </ul>
	Advised Lloyds Banking Group on Project Verde (2013) and Subsequent IPO of TSB (2014)	<ul style="list-style-type: none"> <li>Citi acted as co-advisor to the Lloyds Banking Group on the creation of TSB, an independent UK retail and small business bank, as required in order to meet the UK's commitment to the European Commission following state aid (publicly known as Project Verde)</li> <li>Subsequently, Citi acted as joint sponsor, joint global coordinator and joint bookrunner on the IPO of TSB</li> </ul>	<ul style="list-style-type: none"> <li>At the time of the commencement of Project Verde, Lloyds was c. 41% owned by HM Treasury</li> <li>High-profile, highly complex multi-year engagement, including the design of a viable banking business, advise on funding and capital structures, auction process for the sale of the business, and culmination in an IPO in 2014 of the business</li> <li>Citi managed the execution of an exceptionally complex merger process and later led the IPO of TSB including strong investor education, superior global distribution with a high level of investor engagement</li> </ul>
Sale of Business or Asset	Sale of TSB to Sabadell (2015)	<ul style="list-style-type: none"> <li>Citi acted as joint financial adviser and joint corporate broker to TSB (following having acted as joint global coordinator and joint bookrunner on the IPO of TSB in June 2014) in the recommended cash offer from Sabadell</li> </ul>	<ul style="list-style-type: none"> <li>High-profile, highly complex public offer situation</li> <li>Included public fairness opinion to TSB's shareholders, which at the time was 50% owned by Lloyds Banking Group, which was itself c. 22% owned by HM Treasury</li> <li>TSB was originally created by Lloyds as an independent bank to meet the UK's commitment to the European Commission following state aid during the financial crisis (Citi also advised on creating TSB)</li> </ul>
	Sale of ABN AMRO's Diamond Business (2015)	<ul style="list-style-type: none"> <li>Citi acted as sole financial adviser to ABN AMRO on the sale of its Indian diamond portfolio and associates liabilities to IndusInd</li> </ul>	<ul style="list-style-type: none"> <li>Asset sale to another financial institution</li> <li>ABN AMRO was at the time 100% owned by the Dutch State via NL Financial Investments (NLF) and through a complex structure, the NLF also held direct exposure to the assets being sold</li> <li>Highly important to the Dutch State that the transaction was handled perfectly in advance of the IPO where the NLF returned the bank to public markets</li> </ul>
Share Placings	Accelerated Equity Offering in Royal Bank of Scotland (2015)	<ul style="list-style-type: none"> <li>Citi acted as Joint Global Coordinator and Bookrunner in the £2.1bn AEO in RBS on behalf of the UK Government</li> </ul>	<ul style="list-style-type: none"> <li>Sell-down followed the UK General election in May 2015 and the Chancellor's commitment to the sale of three quarters of the UK Government's stake in RBS over the life of the current Parliament (which ends in May 2020)</li> <li>Structured and executed transaction executed in a historically quiet window for European equity issuance, representing the largest August AEO since 2009</li> </ul>

	Private Placement of 9.99% Stake of Hoist Finance to Toscafund (2014)	<ul style="list-style-type: none"> <li>Citi acted in the capacity of Sole Placement Agent and Financial Advisor to Hoist Finance in its placing of a 9.99% stake of the company to Toscafund, a leading international institutional investor in order to strengthen the company's balance sheet and accelerate its business plan</li> </ul>	<ul style="list-style-type: none"> <li>Targeted pre-marketing effort with contact being made to a carefully selected group of potential investors (ability to participate in pre-IPO placement of shares)</li> <li>The Citi-led process paved the way for Hoist Finance's IPO in the following year, playing a central role in drafting the pillars of the Hoist equity story and identification of key value drivers</li> </ul>
<b>Restructurings and Capital Raisings</b>	Advised and Bookran Commerzbank's Capital Raising and Liability Management Exercises Resulting in Complete Repayment to German Government (2009-2013)	<ul style="list-style-type: none"> <li>Citi acted as Joint Global Coordinator on Commerzbank's €11bn rights issue 2011, €2.5bn rights issue 2013 and a number of other issues and liability management exercises (2009 – 2013)</li> </ul>	<ul style="list-style-type: none"> <li>Commerzbank was 75% owned by German Government which also held €16bn Silent Participations; deals resulted in reduction to 25% ownership and in complete repayment of Participations to the German government</li> <li>Only bank participating in 5 out of 6 capital markets and liability management exercises, while leveraging Citi's own transformation experience and shared lessons learned</li> <li>Continuous and comprehensive support to Commerzbank, also acting as equity advisor in preparation of the 2011 capital increase</li> </ul>
	Advised AIG on the Monetisation of US Treasury Ownership (2010-13)	<ul style="list-style-type: none"> <li>Citi acted as joint global coordinator on AIG's \$20bn follow-on offering (2013), joint adviser on \$98bn recapitalisation (2011), joint advisor on \$15.5bn sale of ALICO (2010) and joint global coordinator on the \$20.4bn IPO of AIA (2010)</li> </ul>	<ul style="list-style-type: none"> <li>Unparalleled advisory and execution experience</li> <li>Allowed full exit of U.S. Government's equity interest</li> </ul>

Further details in relation to these transactions and other monetisation events that Citi has advised on and executed can be provided if required.

### 2.C. European Government's Sale of Equity Investments

Citi is a Leading advisor in European privatisations, having conducted over 27 equity transactions supporting European governments with their liberalisations programmes since 2009. More recently, Citi has been appointed as JGC for the IPO of ASR for the Dutch Government and the IPO of DONG Energy for the Danish Government.

Global Privatisations (all Equity) 2009 – 2016 YTD				European Privatisations (all Equity) 2009 – 2016 YTD				European IPO Privatisations 2009 – 2016 YTD			
Rank	Bookrunner	# of Deals	Mkt. Share	Rank	Bookrunner	# of Deals	Mkt. Share	Rank	Bookrunner	# of Deals	Mkt. Share
1	Citi	64	10.9%	1	GS	29	9.9%	1	Citi	11	9.5%
2	GS	61	10.4%	2	Citi	27	9.3%	2	GS	11	9.5%
3	BAML	54	9.2%	3	BAML	25	8.6%	3	JPM	11	9.5%
4	MS	54	9.2%	4	JPM	23	7.9%	4	UniCredit	9	7.8%
5	JPM	52	8.8%	5	MS	21	7.2%	5	UBS	8	6.9%

Source: Dealogic. Note: Rankings and % market share based on number of deals.

### Citi Bookrun European Privatisation Equity Transactions

Selected Transactions Since 2009

Date	Issuer	Citi Role	Country	Offer Type	Value (\$m)
Nov 2015	ABN Amro	Joint Bookrunner	Netherlands	IPO	\$4.1bn
Oct 2015	Poste Italiane	Joint Global Coordinator	Italy	IPO	\$3.5bn
Aug 2015	RBS	Joint Global Coordinator	UK	AEO	\$3.3bn
Jul 2015	Deutsche PBB	Joint Global Coordinator	Germany	IPO	\$1.3bn
Feb 2015	TeliaSonera	Joint Global Coordinator	Finland	AEO	\$1.1bn
Nov 2014	Rai Way	Joint Global Coordinator	Italy	IPO	\$349m
Jul 2014	Moscow Exchange	Joint Bookrunner	Russia	AEO	\$473m
Jun 2014	Fincantieri	Joint Bookrunner	Italy	IPO	\$487
Jun 2014	Electrica SA	Joint Global Coordinator	Romania	IPO	\$604
Jun 2014	Engie	Joint Bookrunner	France	AEO	\$2.1bn
Dec 2013	Energa SA	Joint Bookrunner	Poland	Rights Issue	\$699m
Nov 2013	Safran	Joint Global Coordinator	France	AEO	\$1.2bn
May 2013	Commerzbank	Joint Global Coordinator	Germany	AEO	\$811m
Apr 2013	Azoty Tarnow	Joint Global Coordinator	Poland	AEO	\$200m
Jan 2013	PKO	Joint Global Coordinator	Poland	AEO	\$1.7bn
Nov 2012	Halkbank	Sole Global Coordinator	Turkey	Fully-marketed	\$50m
Feb 2012	PGE	Joint Global Coordinator	Poland	AEO	\$799m
Jun 2011	JSW	Joint Global Coordinator	Poland	IPO	\$1.9bn
May 2011	Bank BGZ	Joint Global Coordinator	Poland	IPO	\$112m
Oct 2010	Warsaw Stock Exchange	Joint Global Coordinator	Poland	IPO	\$422m
Oct 2010	PGE	Joint Global Coordinator	Poland	AEO	\$1.4bn
Feb 2010	Enea	Joint Bookrunner	Poland	AEO	\$379m
Jan 2010	Lotos	Joint Global Coordinator	Poland	AEO	\$142m
Jan 2010	Polska Miedz SA	Joint Global Coordinator	Poland	AEO	\$723

Source: Dealogic. Note AEO = Accelerated Equity Offering.

### 2.D. Icelandic Banks Financial Instruments Issuances

Citi is highly committed to Iceland, its Government and the Icelandic banks. The relationship with the Government goes back to the early part of 1990's when Citibank arranged the first FCY bond for Iceland, and Citi has always enjoyed close relationship with Sedlabanki and the Ministry of Finance. In addition, Citi was supportive to the Republic of Iceland during the recent financial crisis. Citi is the leading partner to Icelandic banks, having acted as a joint bookrunner for Islandsbanki, Landsbankinn and Arion Banki's recent EUR bond issues.

Additionally, during the past year, Citi senior executives made over 20 on-site visits to Reykjavik for meetings with the Icelandic Government, State's companies and banks, including the ISFI and Landsbankinn to provide its views, share experience and advise on various topics, including capital account liberalisation, privatisation and other ownership considerations, debt capital market transactions and transaction banking services.

## Citi's Recent Experience with Iceland & Icelandic Banks

 <b>€125,000,000</b> (Tap) Senior Unsecured Joint Bookrunner Dec 2015	 <b>€300,000,000</b> Senior Unsecured Joint Bookrunner Oct 2015	 <b>€300,000,000</b> Senior Unsecured Joint Bookrunner Mar 2015	 <b>Republic of Iceland</b> 2.500% due 2020 €750m Jul 2014	 <b>Republic of Iceland</b> 4.875% due 2016 \$1bn Sep 2011	 <b>Republic of Iceland</b> 3.750% due 2011 €750m July 2006	 <b>Republic of Iceland</b> Liability Mgmt. June 2010: €192m April 2011: €346m July 2015: \$902.5m
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### Icelandic Debt Capital Markets – Gov't & Banks 2009 – 2016 YTD

Rank	Bookrunner	# of Deals	Mkt. Share
1	Citi	6	75.0%
2	DB	5	62.5%
3	JPM	3	37.5%
4	UBS	2	25.0%
4	Barclays	2	25.0%

### Icelandic Debt Capital Markets – Gov't 2009 – 2016 YTD

Rank	Bookrunner	# of Deals	Mkt. Share
1	Citi	3	75.0%
1	DB	3	75.0%
2	Nomura	1	25.0%
2	Pareto	1	25.0%
2	JPM	1	25.0%

### Icelandic Debt Capital Markets – Banks 2009 – 2016 YTD

Rank	Bookrunner	# of Deals	Mkt. Share
1	Citi	3	75.0%
2	UBS	2	50.0%
2	DB	2	50.0%
2	JPM	2	50.0%
2	Barclays	2	50.0%

Source: Dealogic. Note: Rankings and % market share based on number of deals.

Beside international funding transactions, Citi also provides a range of system important traditional banking products and services to the Icelandic banks in payments and bank accounts, agency & trust services, custody, card processing solutions, foreign exchange and interest rate derivatives. This also includes extending credit lines to the Icelandic banking sector.

## 3. Trading, Sales, Distribution and Research Capabilities

Citi has a true global distribution platform – which has been #1 ranked globally for the last 4 years by Extel. With a total sales force of over 360 sales and traders in the US, 175 across Europe and 170 across Asia, Citi has the breadth and depth to support distributing shares in Landsbankinn internationally with top institutional shareholders. We are ranked #1 in in-house surveys by 11 out of 30 top investors and #2 or 3 by 13 of the top 30 investors. Citi has dedicated sales people selling European equities to US and Asian investors based in the key hubs in the region. Over 75% (on average) of demand on European transactions Citi has bookrun has been generated with UK, US and Asian investors.

Additionally, Citi also offers access to its Private Bank, with access to over 25,000 Ultra High Net Worth clients globally, and a dedicated sovereign wealth coverage team covering over US\$3.5trn of assets under management.

With the #2 ranked Analyst and #1 ranked specialist sales team, Citi is recognised as a dominant equity house in the Financials space. Nordic banks are an important part of the coverage, with Ronit Ghose being the lead analyst on Nordic banks. Citi has one of the highest Stoxx 600 Banks coverage ratios, with over 90% of the index covered. Citi also has a broad Nordic coverage footprint, covering on average 80% of the listed market cap in each of the exchanges.

### Citi Nordic Bank Coverage Universe

Name	Country	Type	Rating	Target	Implied Upside
Danske Bank	Denmark	Banks	Buy	225.00	24.3%
DNB	Norway	Banks	Neutral	110.00	9.0%
Jyske Bank	Denmark	Banks	Buy	365.00	31.5%
Nordax Bank	Sweden	Banks	Neutral	50.30	18.4%
Nordea	Sweden	Banks	Neutral	95.00	7.0%
SEB	Sweden	Banks	Neutral	85.00	5.1%
Handelsbanken	Sweden	Banks	Neutral	110.00	7.3%
Swedbank	Sweden	Banks	Neutral	190.00	7.0%
Sydbank	Denmark	Banks	Neutral	225.00	15.7%

Source: Citi Investment Research.

### European Bank Specialist Sales 2015

Rank	Bookrunner
1	Citi
2	HSBC
3	UBS
4	BNPP
5	SocGen

### European Banks Equity Research 2015

Rank	Bookrunner
1	BNPP
2	Citi
3	JPM
4	MS
5	HSBC

### European Banks Equity Research 2014

Rank	Bookrunner
1	MS
2	Citi
3	BNPP
4	UBS
5	HSBC

### Global Equity Sales 2015

Rank	Bookrunner
1	Citi
2	UBS
3	MS
4	BARC
5	BAML

### Global Banks & Financials Sales 2015

Rank	Bookrunner
1	Citi
2	MS
3	UBS
4	BAML
5	JPM

### EMEA Bank Sales 2015

Rank	Bookrunner
1	BNPP
2	Citi
3	MS
4	HSBC
5	BAML

Source: Extel 2015 Survey.

## 4. Top Trader of Sector and Region with Commitment to Aftermarket Support

Citi is one of the leading traders of European stocks and provides companies which we assisted as a bookrunner in their IPO process with our own capital in the aftermarket. A disciplined approach to institutional and retail allocations, involving careful judgement on the intentions of individual major institutional investors represents the first step of ensuring a positive aftermarket.

Citi's objective is to be a top 3 trader post Landsbankinn's IPO: as proven in many IPOs, particularly where Citi has a leadership position, we remain a very active partner post IPO, leading trading activity in the aftermarket. This is particularly crucial for the Icelandic market, where institutional investors have limited experience trading stocks and market insight and will rely on banks on the transaction to ensure best execution and ongoing trading liquidity in the aftermarket. Additionally, Citi would organise non-deal roadshows, investor conferences and sales force briefings to continue providing corporate access to further the dialogue between a listed Landsbankinn and investors.

In the aftermarket, Citi Research, the department responsible for the production of independent research, has a policy whereby Citi Research intends to provide coverage for all equity securities underwritten by Citi. Notwithstanding the foregoing, Research Management will have final discretion and responsibility with respect to all coverage decisions including taking into account, among other things, whether sufficient capacity exists to provide coverage and will also be subject to the expiration of the relevant blackout period imposed following the transaction.

Issuer	1M Rank	1M Market Share	1M Volume (US \$m)	3M Rank	3M Market Share	3M Volume (US \$m)	Rank since IPO	Market Share since IPO	Volume (US \$m) since IPO
ABN Amro	3	8%	124.9	n/a	n/a	n/a	2	8%	198.9
Amundi	3	15%	30.9	n/a	n/a	n/a	3	13%	35.2
Poste Italiane	2	17%	288.1	n/a	n/a	n/a	1	13%	348.7
Schaeffler	2	31%	340.0	n/a	n/a	n/a	1	34%	609.0
PBB	3	8%	58.3	2	10%	94.9	2	9%	124.7
Euskaltel	2	27%	288.2	2	27%	301.7	2	22%	398.1
Alimak Group	1	27%	49.3	2	19%	49.0	3	16%	50.7
Siltronic	1	48%	74.8	1	39%	91.0	1	31%	92.1
Wizz Air	1	26%	202.8	3	23%	226.4	2	14%	301.8
Saeta Yield	1	51%	412.7	1	46%	437.7	1	34%	458.1
Rai Way	1	47%	32.6	1	27%	36.2	3	12%	85.0
Aviva SA	1	48%	56.9	1	40%	75.9	2	34%	103.9
Hella	2	27%	31.2	2	21%	98.8	3	11%	372.9
Rocket Internet	2	16%	248.4	2	15%	339.2	6	9%	611.7
Saga	2	15%	135.9	2	13%	140.3	3	10%	241.9
TSB	2	8%	25.4	2	9%	39.4	1	23%	151.4

#### Citi Aftermarket Commitment As Global Coordinator (all deals in 2015)

Broker	Rank	Broker Vol	% Total
1. CITI	1	236.986M	12.76
2. DB	2	217.506M	11.71
3. ML	3	153.053M	8.24
4. MS	4	123.438M	6.64
5. JPMS	5	104.433M	5.62

#### European Banks Trading Since 2014

Broker	Rank	Broker Vol	% Total
1. MSCO	1	119.407B	13.54
2. CSFB	2	94.066B	10.66
3. CITI	3	62.465B	7.08
4. JPMH	4	61.935B	7.02
5. MLCE	5	57.209B	6.48

Source: Bloomberg. SX7P = Stoxx 600 Banks Index. Citi Global Coordinator IPOs in 2015, trading share.

## 5. Corporate Social Responsibility

Citi acknowledges Iceland's strong commitment to the environment and sustainable development and the importance of the protection as well as sustainable use of Iceland's natural resources, which is in-line with Citi's own commitment to act as a responsible global corporate citizen. In 2015, Citi launched its Sustainable Progress Strategy which describes the initiatives and goals to conduct business in a way that creates value for the company and for future generations. We believe that working to promote sustainability is good business practice, which is reflected in Citi's dedication to financing environmental business opportunities, actively managing environmental and social risks, reducing the operational footprint and managing the supply chain.

As examples, Citi committed \$100 billion to be lent, invested and facilitated toward environmental solutions and climate change reduction activities, screened more than 400 client transactions for environmental and social risk and established 2020 environmental footprint goals, including 35% GHG emissions reduction, 30% energy and water reductions, 60% waste reduction and 33% of our real estate portfolio to be LEED certified

Citi has adopted the following external principals and standards: Equator Principles, Green Bond Principles, ILO's Declaration on Fundamental Principles and Rights at Work, Natural Capital Declaration, UN Environment Program Finance Initiative, UN Global Compact, US Guiding Principles on Business and Human rights, UN Universal Declaration of Human Rights.

## 6. Conflict of Interest

We confirm that we have no conflicts of interest that would prevent us from acting as an Advisor in relation to the ISFI's holding in Landsbankinn.

## 7. Satisfactory Terms

Listing Location	Nasdaq OMX Reykjavik
Issue Amount	28.2% of Landsbankinn shares
Primary / Secondary Split	All-secondary
Selling Shareholder	Icelandic State Financial Investments ("ISFI")
Base Illustrative Deal Size	25.6%
Greenshoe / post-Greenshoe Illustrative Deal Size	10% / 28.2%
Offering Format	Public offering in Iceland International Private Placement with institutional investors in accordance with Regulation S Rule 144A Private Placement with QIBs in US
Syndicate	2 x Joint Global Coordinators and Bookrunners Additional Co-Managers
Timeline	Q2 2016 – potential pricing in July 2016
Indicative Roadshow	Reykjavik, Copenhagen, Stockholm, London, New York, Boston Additional locations incl. Zurich, Geneva, Frankfurt, Paris, Amsterdam
Fees	To be paid only upon successful completion of the transaction, split in a base fee and fully discretionary incentive fee, all of which to be agreed with ISFI and competitive in relation to market practice; a precise fee proposal will be provided once exact scope of work determined No ongoing retainer fees aside from a set out-of-pocket expense cap
Due Diligence	Customary market practice, including Business, Legal and Financial Due Diligence in conjunction with legal advisors and accountants

## 8. Citi Team for ISFI and Key Contacts

Citi will put its very best resources into play to assure that a supreme service is delivered to the ISFI, with a team consisting of Nordic, industry and product focused investment banking and equity capital markets professionals.

The team will be led by Per-Henrik Lewander, Head of our Nordic Financial Institutions Group, and Andreas Bernstorff, Head of our Nordic Equity Capital Markets Division. Please find their contact details below:

## Per-Henrik Lewander

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In addition, the team will be supported by Eirik Winter, Citi's Chairman of the Nordic Region, Stefan Wintels, Co-Head of FIG EMEA, CEO and COO of Citigroup Germany, and Anders Borg, Senior Advisor to Citi and former Finance Minister of Sweden.

Day-to-day execution and project management will be led by Morten Eikebu, Director in Nordic Financial Institutions, and Christopher Wickli, Vice President within Citi's Equity Capital Markets Division. The team will also draw upon the unique role of Marc Smart, leading Citi's EMEA FIG Equity Advisory who has more than 20 years of experience working with bank investors.

The team will also enjoy support from a full team of junior bankers to ensure professional and timely analytical support.

### Team Leaders

Name and Title	Background
<b>Per-Henrik Lewander</b> <i>Managing Director</i> <i>Head of Nordic Financial Institutions</i>	<ul style="list-style-type: none"><li>Per-Henrik joined Citi in 2011 as Head of the Nordic Financial Institutions Group</li><li>16 years of FIG specific banking experience and has been engaged in a substantial amount of strategic advisory work for all major Nordic banks and insurance companies across strategic business and product development, capital management, debt / equity capital markets transactions, strategic risk management and corporate finance situations</li><li>He has worked with Icelandic banks for the entire 16 year period and been involved in more than 15 capital markets transactions for the sector during this time</li><li>Has regularly advised all the other Nordic governments on complicated strategic ownership and equity capital markets matters and also the local Bank Resolution Authority. He has also very regularly advised Private Equity investors on Nordic financial institutions situations</li></ul>
<b>Andreas Bernstorff</b> <i>Managing Director</i> <i>Head of Nordic Equity Capital Markets</i>	<ul style="list-style-type: none"><li>Andreas joined Citi in 2007 and is the Head of Nordic ECM</li><li>More than 18 years of equity capital markets experience and has worked on a number of Nordic and other European ECM transactions, including: privatisation IPOs of pbb, HHLA; government selldowns in Teliasonera (Solidium), Danske (Realdania). Furthermore, the IPOs of Hoist, Nordax, Alimak Hek, Fortum, Statoil F&amp;R, Hella, Talanx, Siltronic and advising Commerzbank's on its multi-stage capital increase and government exit</li><li>Has also advised all the other Nordic governments on complicated strategic ownership matters</li></ul>

### Senior Support

Name and Title	Background
<b>Eirik Winter</b> <i>Managing Director</i> <i>Nordic Countries Chairman</i> <i>Head of Nordic Banking</i>	<ul style="list-style-type: none"><li>Eirik is Chairman for the Nordic region as well Head of Nordic Banking. Prior to this, he was Head of Primary Markets, DCM, Syndicate and Fixed Income Products for EMEA between 200-2011</li><li>Joined Citi from Salomon Brothers in 1996 having previously worked at JP Morgan</li><li>Involved in many of the largest capital markets and financing transactions in Europe and the Nordic region, including; IPO's of Alimak, Nordax, Hoist, Markit and Statoil Fuel and Retail and Solidium's AEO of Telia Sonera</li><li>He has worked with the Republic of Iceland and Icelandic companies (including Landsvirkjun and the banking sector) for more than 20 years. He has also advised the other Nordic governments on strategic ownership matters during this time period</li></ul>
<b>Stefan Wintels</b> <i>Managing Director</i> <i>Co-Head FIG EMEA</i> <i>CEO and CCO Citigroup Germany</i>	<ul style="list-style-type: none"><li>Stefan has been working with Citi since 2001 in FIG Investment Banking as Co-Head FIG EMEA prior to his appointment as CEO and CCO Citi Germany. Stefan has over 24 years of experience in the sector, having advised on number M&amp;A, debt and equity transactions across Europe</li><li>He has extensive privatisation experience in sector, having advised on the IPOs of PBB and HHLA, on the privatisation of DEPPFA, on the restructuring of WestLB and numerous mandates for the German Landesbanks; additionally, he has been advising Commerzbank's on its multi-stage capital increase and government exit</li></ul>
<b>Anders Borg</b> <i>Senior Advisor</i> <i>Former Swedish Finance Minister</i>	<ul style="list-style-type: none"><li>Anders joined Citi in 2015 as a Senior Advisor with a particular focus on Nordic and public sector business</li><li>Prior to joining Citi, Anders was Sweden's Finance Minister from 2006-2014. Anders' further experience includes Chief Economist and Administrative Director of Moderaterna, Head of Economic Analysis Department at SEB and Chief Economist at ABN AMRO Bank in Stockholm</li><li>As Minister of Finance, Anders lead the Swedish Government's privatisations of Nordea, Telia Sonera, Vasakronan and Absolut Vodka to mention some examples</li></ul>

### Project Execution and Management

Name and Title	Background
<b>Marc Smart</b> <i>Managing Director</i> <i>Head of Financial Institutions Equity Advisory</i>	<ul style="list-style-type: none"><li>Marc is a highly respected voice in the market with more than 20 years of experience working with bank investors</li><li>He joined Citi in 2009, initially as a Specialist Salesperson for banks before becoming Head of FIG Equity Advisory</li><li>Selected relevant experience includes the IPO's of ABN Amro, NN and rights issues for Credit Suisse, MPS, BPER, BPM, Banca Carige, National Bank of Greece and Eurobank's re-IPO</li></ul>
<b>Morten Eikebu</b> <i>Director</i> <i>Nordic Financial Institutions</i>	<ul style="list-style-type: none"><li>Morten joined Citi in 2008 and focuses on Nordic financial institutions</li><li>Over 11 years of investment banking experience and has worked on a variety of capital market transactions for European financial institutions including the IPO's of Nordax and Hoist, Realdania's AEO in Danske Bank, Bol's recapitalization, DnB NOR rights issue, Kaupthing add-on offering and planned rights issue, TrygVesta IPO and Gjensidige block trade, as well as strategic advisory/M&amp;A transactions for a number of Nordic and European clients (including Permira, Citibank, TIAA-CREF, AnaCap, AIB, Man Group, CaixaBank, CVC, F&amp;C, Kaupthing, SwissRe, Gjensidige)</li></ul>
<b>Christopher Wickli</b> <i>Vice President</i> <i>Nordic Equity Capital Markets</i>	<ul style="list-style-type: none"><li>Christopher joined Citi in 2007 from Landsbanki Kepler Equity Research, to cover ECM in Germany, Switzerland and the Nordic region</li><li>Over 9 years of investment banking experience and has worked on a wide array of IPO, capital increases, selldowns and advisory assignments, including for example privatisation IPOs of pbb, HHLA; government selldowns in Teliasonera (Solidium), DT (KfW). Furthermore, the IPOs of Hella, Schaeffler, Talanx, advising Commerzbank's on its multi-stage capital increase and government exit and BKW FMB on the Bernese state exit</li></ul>

## 9. Confirmation of Operating Licenses

Citigroup Global Markets Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. We confirm that Citi has appropriate operating licenses.

## 10. Consent on Publication

We herewith confirm our consent for this expression of interest to be published on Rikiskaup's website.



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Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi's unique role in promoting sustainability include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do so; (b) targeting \$50 billion over 10 years to address global climate change; includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an absolute reduction in GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy & mitigation