



## **Expression of interest regarding potential advisory role**



28 January 2016

ISFI  
Borgartún 3  
105 Reykjavik

Reference: 20234 Equity capital markets advisors for ISFI

Oslo, 28 January 2016

### **Expression of interest regarding potential advisory role**

Reference is made to the announcement dated 20 January 2016. We are pleased to submit DNB Markets' expression of interest regarding a potential advisory role for the Icelandic State Financial Investments ("ISFI") in the proposed sale process of its holding in Landsbankinn (the "Company") and, as the case may be, other commercial banks.

DNB Markets will ensure that the general public can be confident that ISFI executes a thorough process that will crystalize the most attractive value proposition and exit strategy for the Company without compromising the quality and value of any of the available exit routes.

Due to our leading position in the Nordic ECM market and strong global placing power, DNB Markets will be excellently positioned to add value to a potential IPO syndicate for Landsbankinn. We have over the last three and five years been the leading issuer of primary and secondary shares in the Norwegian ECM market and have a demonstrated ability to ensure liquidity and strong pricing for our issuing clients.

We hope this document appropriately addresses ISFI's information needs at the current stage and would welcome the opportunity to clarify in more detail why we believe DNB Markets is the right partner for ISFI. We look forward to hearing from you. Please do not hesitate to contact us should you have any questions.

Yours faithfully

DNB Bank ASA, DNB Markets



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Global Head of Capital Markets

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## 1. Distribution and research capabilities

DNB Markets is strongly positioned as a Nordic equity capital markets (“ECM”) advisor as our distribution capabilities comprise global institutional placing power coupled with an unmatched Norwegian retail distribution network. In addition, DNB Markets is the leading player in secondary trading on Oslo Børs which ensures strong follow-up in the aftermarket.

Our value proposition is verified by our No.1 position in the Norwegian ECM league table 2009–2016 YTD and by our clients as reflected in Prospera’s 2015 survey.

**Figure 1-1 Norwegian ECM league tables: Top 5 banks in 2015 and 2010–2016YTD**

2015					2009–2016YTD				
Broker	Number of deals	Marketshare (# of deals)	Value (NOKm)	Market share (value NOKm)	Broker	Number of deals	Market share (# of deals)	Value (NOKm)	Market share (value NOKm)
1 ABG Sundal Collier	21	25%	15,231	47%	1 DNB Markets	138	21%	143,072	54%
2 SEB Enskilda	4	5%	11,132	35%	2 Pareto Securities	180	27%	94,297	36%
3 DNB Markets	14	17%	8,729	27%	3 SEB Enskilda	92	14%	77,656	29%
4 Carnegie	18	21%	8,623	27%	4 ABG Sundal Collier	114	17%	65,232	25%
5 Goldman Sachs	3	4%	8,529	27%	5 Nordea	36	5%	61,898	23%

Source: Oslo Børs, Norges Fondmæglerforbund as of January 2016. Note: All equity offerings including block trades. Excluding employee offerings and contribution in kind. For OTC, all equity offerings above NOK 50 million have been included. Gross volumes

**Figure 1-2 Prospera 2015: Norwegian ECM awards**







Source: TNS Sifo Prospera, 2015

**Figure 1-3 Global and Norwegian equity distribution platform**



In recent years, we have repeatedly demonstrated our strong institutional sales capabilities through a series of successful transactions. We would in particular highlight Vale's NOK 11,200 million sale of shares in Norsk Hydro in November 2013, the largest block trade on record in the Norwegian market. More recently, we were in September 2015 instrumental in placing the NOK 844 million in Høegh LNG.

**Figure 1-4 Institutional placing power – selected recent transactions**





Transaction	Prosafe	Høegh LNG	Nordic Nanovector	DNO
Date	4 December 2015	10 September 2015	23 March 2015	10 March 2015
Transaction size	NOKm 590	NOKm 844	NOKm 575 <sup>1</sup>	NOKm 975
No. of bookrunners	5	3	3	3
DNB Markets allocation <sup>2</sup>				
DNB Markets role	Joint Bookrunner	Joint Bookrunner	Joint Global Coordinator & Joint Bookrunner	Joint Bookrunner
Transaction type	Private Placement	Private Placement	IPO	Private Placement

Source: DNB Markets

#### Unrivalled retail distribution capabilities

DNB Markets holds exceptional domestic retail placing power, leveraging on the DNB Group's regional offices and extensive Norwegian investor network. One of our most recent achievements demonstrating our retail distribution capabilities was the XXL initial public offering ("IPO") of NOK 3,045 million which was successfully completed in October 2014. DNB Markets delivered 89% of the retail shareholders in the XXL IPO. In other recent IPOs in the Norwegian market, we have consistently delivered 70% or more of the total number of retail shareholders.

**Figure 1-5 Retail placing power – selected recent IPOs**

Transaction	Nordic Nanovector	RenoNorden	XXL	Tanker Investments
Date	23 March 2015	16 December 2014	3 October 2014	25 March 2014
Transaction size <sup>3</sup>	NOKm 575	NOKm 963	NOKm 3,045	NOKm 1,155
Share of number of retail orders provided by DNB Markets				
Retail offering in % of total transaction	8.9%	2.4%	5.0%	5.2%
DNB Markets role	Joint Global Coordinator & Joint Bookrunner	Joint Bookrunner	Lead Manager	Global Coordinator & Joint Bookrunner

Source: DNB Markets

<sup>1</sup> Size includes over-allotment







<sup>2</sup> Adjusted for designation; i.e. share of total allocation to investors provided by DNB Markets

<sup>3</sup> Size includes over-allotment

### Equity analyst, ranking, experience and coverage

DNB Markets has a highly regarded financial institutions research team of four people. We believe it is essential to have a large team to be able to cover Iceland and the Icelandic banks in dept. Håkon Astrup, who would be the lead analyst is highly ranked and experienced analyst. In addition to Håkon, DNB Markets Equity Research financial institutions team also comprise Adonis Catic, Niclas Gehin, and Martin Kaland. This means that we will have three analysts directly involved in writing the research product and 4 people who will be mobilized to maximize marketing outreach.

**Figure 1-6 Equity research team, financial institutions**

Håkon Astrup		Current coverage
	<ul style="list-style-type: none"> <li>More than 4 years of Nordic financial institutions coverage</li> <li>Prospera wins in 2010, 2011, 2012, 2013 and 2014</li> <li>Lead analyst on Skandiabanken IPO in 2015</li> <li>Joined DNB Markets in 2015</li> </ul>	
Adonis Catic		
	<ul style="list-style-type: none"> <li>More than 4 years of Nordic financial institutions coverage</li> <li>Ranked #1 Investment Companies analyst, Financial Hearings, 2014</li> <li>Ranked #1 Stock Picker in Financial Services, StarMine, 2013</li> <li>Joined DNB Markets in 2015</li> </ul>	
Niclas Gehin		
	<ul style="list-style-type: none"> <li>More than 3 years of Nordic financial institutions coverage</li> <li>Covered Nordic banks until 2015, currently focusing on Insurance and Norwegian banks</li> <li>Joined DNB Markets in 2012</li> </ul>	

### Aftermarket follow-up








With our leading position in secondary trading on Oslo Børs and our solid position in Stockholm, in combination with our stellar equity research product, DNB Markets offers its clients long-term follow-up in the aftermarket. DNB Markets' clients also benefit from our Corporate Access team which holds extensive experience in arranging roadshows and investor conferences globally. Aftermarket activities and long-term research coverage are fundamental to DNB Markets' commitment to all of our IPO clients. We can ensure that DNB Markets will be well aligned with ISFI and Landsbankinn in this respect, should the IPO route be pursued. With our existing coverage of Nordic financial undertakings and our strong trading and sales apparatus, DNB Markets is able to provide first-class support to both Nordic and other European banks across trading, sales and research.

## 2. Relevant experience







DNB Markets has a strong position in the Nordic M&A and IPO market. Below is a summary of relevant key transactions, categorized according to ISFI's request. In addition, we are currently engaged as Joint Global Coordinator and Joint Bookrunner in two equity offerings within the financial institutions space for undisclosed names with expected completion in H1 2016.

**Figure 2-1 Experience in sale or offerings in financial undertakings**


Client	Type	Size	Role	Year
	Sale of debt portfolio	Undisclosed	Financial Advisor to Seller	2015

 skandia:banken	IPO	NOKm 3,945	Co-Lead Manager	2015
 DNB	Secondary blocktrade	NOKm 110	Sole Bookrunner	2013
 Gjensidige	Secondary blocktrade	NOKm 660	Joint Bookrunner	2013
 SpareBank 1	Rights issue	NOKm 824	Sole Global Coordinator and Sole Bookrunner	2010
 Gjensidige	IPO	NOKm 11,700	Joint Lead Manager and Sole Public Offering Manager	2010
 DnB NOR	Rights issue	NOKm 14,000	Joint Global Coordinator and Joint Bookrunner	2009
 SPAREBANKSTIFTELSEN DNB	Secondary blocktrade	NOKm 1,267	Joint Bookrunner	2009

**Figure 2-2 Experience in monetization of relevant investments**

Client	Type	Size	Role	Year
 COOP SERVICE MANAGEMENT	IPO	SEKm 2,550	Joint Bookrunner	2015
 DET NORSKE	Rights issue	NOKm 3,003	Joint Global Coordinator and Joint Bookrunner	2014
 Avance Gas	IPO	NOKm 1,642	Joint Bookrunner	2014
 ODFJELL DRILLING	IPO	NOKm 2,520	Joint Bookrunner	2013
 OCEAN YIELD	IPO	NOKm 995	Joint Bookrunner	2013
 VALE	Secondary blocktrade of shares in Norsk Hydro ASA	NOKm 11,196	Joint Global Coordinator and Joint Bookrunner	2013


**Figure 2-3 Experience in advising European governments in sale of equity investments**

Client	Type	Size	Role	Year
 NORWEGIAN MINISTRY OF TRADE, INDUSTRY AND FISHERIES	IPO	NOKm 6,015	Financial Advisor to Selling Shareholder	2014

### Icelandic experience and experience with state ownership-angle

DNB Markets has long lasting experience in advising governments and companies that are partly or fully owned by governments. This includes providing specific advise on similar sell-down of partly or fully owned companies, either through sale, mergers or a public listing of a company. Further, as the DNB Group is 34% owned by the Norwegian State, we have significant experience from discussing and advising on government ownership and capital markets transactions. In Iceland specifically, we have in addition to the transaction listed below several corporate banking products. Further, DNB Markets has over the last years arranged investor seminars with focus on the Icelandic economy (London and Reykjavik) as well as arranged for meetings between Icelandic banks and leading Nordic institutional investors.

**Figure 2-4 Relevant experience in advising Icelandic clients**

Client	Type	Size	Role	Year
 Islandsbanki	Senior bonds	NOKm 500	Joint Lead Manager	2015

### 3. Core team

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DNB Markets offers ISFI an experienced and committed team with vast experience in advising government entities on potential exits and monetizations and executing complex ECM and M&A transactions. As the largest investment bank in Norway, DNB Markets will add significant additional resources to complement the core team. The following key persons will be included in the process:

**Figure 3-1 DNB Markets Investment Banking Division core team**

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**Peter Behncke**

*Global Head of Investment Banking*

- Overall project sponsor ensuring full attention and commitment from the DNB Group
- More than 20 years of investment banking experience from DNB Markets



**Kristian Fyksen**

*Global Head of Capital Markets*

- 9 years of investment banking experience
- Led >100 ECM transactions both in the Nordics and internationally from DNB Markets

**Selected experience:**

- Recent IPOs include Coor, Pandox, RenoNorden and Thule Group



**Henrik Schmidt**

*Financial Institutions Specialist*

- 15 years of investment banking experience, most recently as Executive Director at Morgan Stanley where he was the lead analyst on the Nordic banks and co-wrote the pan-European banks strategy
- Was ranked Europe's No. 1 Nordic banks analyst

### 4. Confirmations

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#### Confirmation of applicable operating licenses

We hereby confirm that DNB Markets holds all applicable operating licenses.

#### Conflicts of interest

We hereby confirm that DNB Markets as of the date hereof has no current or potential assignments that could lead to a conflict of interest with respect to this potential engagement.

#### Consent of publication

We hereby consent to publication of this expression of interest.

#### CSR

DNB Markets adheres to DNB Bank ASA's Group Policy Corporate Social Responsibility. In addition to complying with Norwegian standards, DNB Bank ASA also supports and participates in a number of global initiatives and complies with international guidelines in the field of corporate social responsibility and is e.g. a member of the Dow Jones Sustainability Index.