



Global Co-ordinator and Bookrunner

Expression of Interest

Goldman Sachs International | 28 January 2016

I. Introduction

We thank you for inviting us to express our interest to act as Global Co-ordinator and Bookrunner in relation to a potential sale of shares by the Icelandic State Financial Investments (ISFI) in Landsbankinn hf. (Landsbankinn), Arion Banki hf., Íslandsbanki hf. and Sparisjóður Austurlands hf.

It is with great pleasure that we confirm Goldman Sachs International's (together with its affiliates, "Goldman Sachs") strong interest in acting as Global Co-ordinator and Bookrunner in connection with the potential sale of up to 28.2% in Landsbankinn, and as the case may be, in the other commercial bank holdings of ISFI.¹

We look forward to hearing from you in response to our expression of interest and remain available should you require any further clarifications, or if you should want to meet with us in person.

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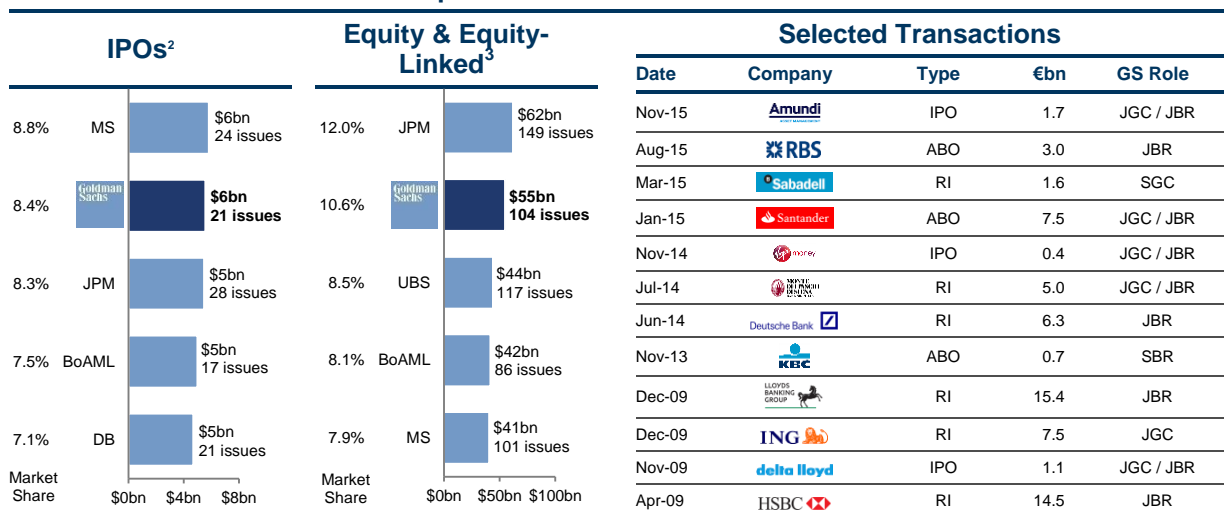
II. Goldman Sachs Credentials

A. Leading Financial Institutions ("FIG") Expertise

FIG expertise is at the core of our investment banking franchise. This is evidenced by our #2 position both in FIG equity transactions and in FIG IPOs in Europe since 1-Jan-2009. For the same period, we hold a #1 position in European FIG sell-side mandates. In 2015, Goldman Sachs was ranked #1 in FIG European Equities and M&A, and our FIG team was awarded Best European Coverage Team of the Year by Financial News (Dow Jones).

Our experience stretches across areas highly relevant to ISFI, having led some of the largest and most complex IPOs, follow-on offerings / sell-downs and rights issues for a variety of companies across the Banking, Insurance and Asset Management sectors.

GS ECM European FIG Transactions Since 1-Jan-2009



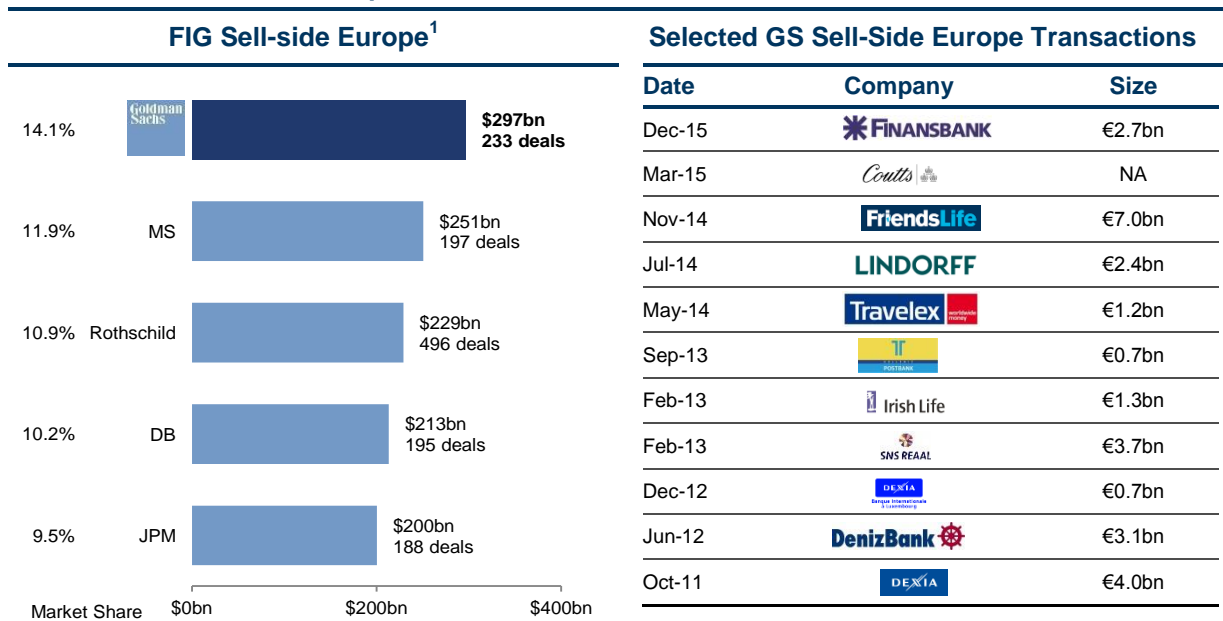
Source: Thomson Reuters as of 20-Jan-2016

¹ In this role, we will coordinate and structure all aspects of, and participate in, the sale and distribution of shares or equity-linked instruments in a book-running capacity and provide assistance to ISFI as necessary in its evaluation of specific equity capital markets topics

² Rank based on apportioned values for bookrunner roles

³ Rank based on apportioned values for bookrunner roles, excl. self-led

GS European Sell-Side Transactions Since 1-Jan-2009



Source: Thomson Reuters as of 20-Jan-2016

B. No. 1 EMEA ECM House

We consider ourselves to be the leading EMEA Equity Capital Markets house for two reasons. First, our consistency is unmatched as we have ranked as either #1 (2010, 2011, 2012, 2013 and 2015) or #2 (2009 and 2014) each year since 2009, making us the only bank never to have slipped below the #2 ranking.² Second, that leadership has been predicated on a unique execution know-how which has overcome size (largest ever underwriting commitment in EMEA for the €7.5bn Santander primary ABO in January 2015), complexity (largest dual-tranche equity/equity-linked offering with \$4bn for ArcelorMittal in January 2013) and market conditions (€1.6bn Continental ABO executed as sole bookrunner on a Sunday given volatile stock price), delivering best service to our clients.

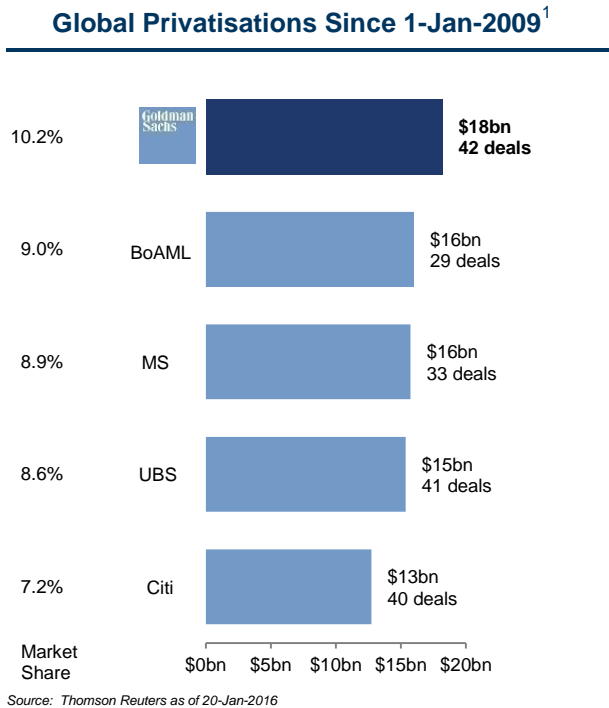
C. Significant Experience Working with Governments

Our experience of working with governments is unmatched. We have led eight out of the ten largest privatisation transactions ever and, since January 2009, governments in 37 countries have entrusted the execution of privatisation transactions for over 200 companies to Goldman Sachs. These have included a €37.4bn sell-down in AIG by the US Treasury in 5 ABOs within 17 months (the largest exit of such kind), the €4.0bn IPO of MediBank for the Australian Government, a €2.5bn Nordea sell-down for the Swedish Government, as well the €2.3bn IPO and €1.8bn in two follow-ons in Royal Mail for the UK Treasury. Additionally, we have raised >€5bn in equity for Greek banks since 2009 and acted as exclusive adviser to RBS in the €5bn+ IPO and follow-ons of Direct Line

In addition to privatisations we have conducted significant work on restructurings and sale of assets for state owned financial institutions. For instance, we led the orderly resolution of the Dexia group in Belgium (including the sale of Denizbank to Sberbank and the sale of Dexia BIL to Precision Capital), acted as financial adviser to RBS in the sale of RBS Aviation to Sumitomo Mitsui Financial Group and of Coultts to Union Bancaire Privee and we were the exclusive financial adviser to the HFSF on the disposal of New TT Hellenic Postbank. In 2015, we were appointed as financial advisors for capital restructuring in relation to the Irish State's investment in AIB and we are currently advising the FROB in Spain on the sale of part of the government's stake in Bankia.

¹ Rank based on target financial advisor role. Full ranking value allocated to all advisors; includes net debt of target

² Source: Dealogic



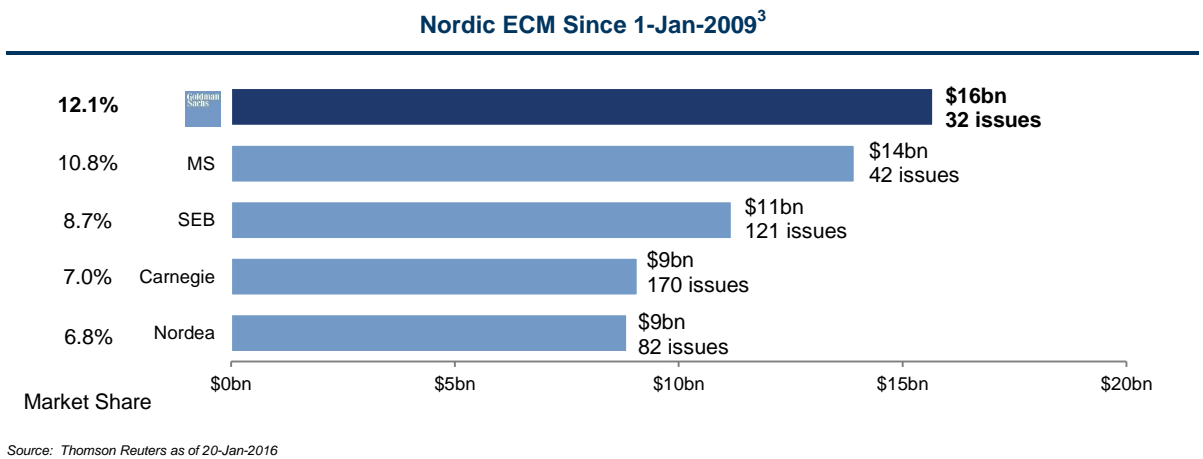
Selected Global Privatisations

Date	Company	Type	Size	Role
Oct-15	郵便局 (JP Post)	IPO	€10.6bn	JGC
Oct-15	Poste italiane	IPO	€3.1bn	JBR
Aug-15	RBS	ABO	€3.0bn	JBR
Feb-15	aena	IPO	€4.3bn	JGC
Dec-14	ally	IPO	€2.2bn	JGC
Nov-14	medibank	IPO	€4.0bn	Joint Lead Mgr.
Oct-14	entra	IPO	€0.7bn	JGC
Jun-14	GDF SUEZ	ABO	€1.5bn	JBR
Oct-13/ Jun-15	Commerzbank	IPO / 2 ABOs	€2.3bn/ €1.8bn	JBR / JGC
Sep-12	SBERBANK	ABO	€4.0bn	JBR
Jul-12/ Jan-13	Bank Polska	2 ABOs	€0.7bn/ €1.3bn	JBR/ JGC
Mar-12	SOLIDIDIUM TeliaSonera	Dual Tranche	€1.1bn	JBR / SBR
May-11/ Aug-12	AIG	5 Follow-Ons	€37.4bn (comb.)	JGC(4)/ JBR(1)

Note: Yellow highlight denotes FIG deal

D. No.1 Nordic ECM House

We consider ourselves to be the leading Nordic equity capital market house for three reasons. First, since 2009, we have ranked #1 versus both regional and international houses for three years (2010, 2012 and 2014), more than any other bank.² Second, unlike many international houses, our leadership rests on consistent deal-flow, as seen in 2014 when we ranked #1 with a record number of deals completed in a year for an international house (11) and across the full product spectrum (IPOs, follow-ons, private placements and equity-linked). Third, our deal-flow consistency is matched by our geographic diversity, as the only bank in the region to have led a >€1bn offering in each of the region's main four markets (Sweden, Norway, Denmark and Finland) since 2009³.











¹ Rank based on apportioned values for bookrunner roles

² Source: Dealogic











³ Rank based on apportioned values for bookrunner roles, excl. self-led

Selected Nordic IPOs

Date	Company	Size	Role
Jun-15	 Europris	€445m	JGC / JBR
Oct-14	 XXL <small>AL SKOVIS-ENERGI</small>	€375m	JGC / JBR
Nov-14	 Thule Group	€226m	JGC / JBR
Oct-14	 entra	€726m	JGC / JBR
Mar-14	 ISS	€1,269m	JGC / JBR
Sep-13	 ODFJELD DRILLING	€319m	JGC / JBR
Dec-10	 Gjensidige	€910m	JGC / JBR
Oct-10	 PANDORA	€964m	JGC / JBR

Source: Thomson Reuters as of 20-Jan-2016

Selected Nordic ECM Deals (non-IPO)

Date	Company	Type	Size	Role
Sep-15	 SCHIBSTED <small>REISA GROUP</small>	ABO	€287m	JBR
Jun-15	 Thule Group	ABO	€210m	JBR
Jun-15	 Spotify	PP	€471m	FA
Sep-14– Mar-15	 ISS	3 ABOs / PP	€2,211m	JBR
Jul-14	 CITYCON	PP / RI	€460m	FA
Feb-14	 SAS	Pref. Shares/ Conv. Bond	€396m/ €179m	FA
Nov-13– Dec-14	 PANDORA	4 ABOs	€2,365m	JBR / SBR
Nov-13	 DONG energy	PP	€1,073m	FA
Sep-13	 Nordea	ABO	€2,500m	JBR
Mar-09	 SEB	RI	1.4	JBR

E. Unrivalled Trading, Sales and Distribution Platforms

Our ability to leverage our equity sales and trading platforms is unmatched for three reasons. First, we are the only equity broker to strategically focus on the top 120 institutions who control 80% of the capital invested in European equities¹, being ranked as a top 3-5 broker with each of them and thus giving us unique access to distribute into them. Second, our ability to place stock is reflected in our leadership in large offerings with overnight distribution, with a #1 market share (15%) for accelerated offerings in excess of €1bn since January 2009². Third, that disproportionate market share stems from clients commonly relying on us to execute large-scale offerings as sole bookrunner, underlining our unique know-how. In the Nordic region, this has included the €3.0bn and €1.5bn ABOs in Volvo AB, in 2010 and 2012 respectively.

F. Significant Research Capabilities³

It is the firm's general practice to provide research coverage on companies whose IPOs the firm lead manages, subject to the final determination of research management. Goldman Sachs has significant research capabilities in EMEA. Goldman Sachs research currently covers 1,139 stocks in Europe. Within financial institutions, Goldman Sachs research actively covers 73 banks and 41 insurance companies. In connection with IPOs, subject to determination by research management, we typically adopt a two-pronged approach combining an analyst from the sector coverage team, who leads research given industry expertise, with an IPO research analyst, who has a clear understanding of the goals and priorities of IPO research and can therefore provide input into research and be involved in pre-deal investor education.

G. Strong Secondary Market Support

Our distribution capabilities ideally position us to make an efficient and liquid market in the shares of our IPO clients by soliciting the broadest possible audience and we are typically a top 3 trader in the stock of our IPO clients within the 24 months of going public, irrespective of size, sector and geography⁴.

¹ Source: MacLagan

² Source: Dealogic

³ Goldman Sachs is committed to providing the highest quality fundamental research and investment opinions to its investor clients. The views of our research analysts are their own views, and our firm is committed to protecting their integrity. Members of our firm are prohibited from seeking to influence an analyst's research reports, ratings or price targets, and it is the firm's general policy not to enter into agreements, orally or in writing, that commit the firm to provide research coverage on a firm.

⁴ Source: Bloomberg



H. Focus on Corporate Social Responsibility

GS takes the subject of corporate social responsibility (“CSR”) extremely seriously, as evidenced by our Business Principles and Standards, Corporate Engagement, Sustainability and Diversity. We recognise that our industry and firm have been subjected to considerable scrutiny. Our senior management and Board of Directors have taken this as an opportunity to engage in a thorough self-assessment and to consider how we can and should improve our policies, practices and behaviour. The recommendations of this Business Standards Committee review have been and continue to be implemented throughout our organisation. We also significantly invested in Corporate Engagement, with over \$1.6 billion committed to philanthropic initiatives since 2008, among other important programmes, such as 10,000 Women and 10,000 Small Businesses.

Quotes Concerning Goldman Sachs Corporate Social Responsibility

Business Principles and Standards

“The recommendations contained in this report represent a fundamental recommitment by Goldman Sachs: a **re-commitment to our clients** and the primacy of their interests; a **re-commitment to reputational excellence** associated with everything the firm does; a re-commitment to transparency of our business performance and risk management practices; a re-commitment to strong, accountable processes that reemphasize the importance of appropriate behaviour and doing the right thing; and a re-commitment to making the firm a better institution.”

GS Business Standards Committee Report, Jan-2011

Corporate Engagement

“If you train one woman like the 10,000 Women trained me, you train a nation... 10,000 Women has enabled me to think strategically about growth, and better identify and evaluate new business opportunities.”

10,000 Women participant, Liberia

Sustainability

“Buoyed by their work for this expanding industry [renewable-power investment firms], [...] New York-based Goldman Sachs Group Inc. **moved into the top five in Bloomberg Markets’ ranking of the world’s greenest banks.**”

Bloomberg, 23-Sep-2014

Diversity

“Lloyd has been a **strong public advocate of LGBT rights** and the importance of inclusive environments, and was the first CEO to publicly support marriage equality.”

OUTstanding ranked Lloyd Blankfein, CEO of GS, #2 top ally to drive LGBT agenda forward, 09-Oct-2014

- **Link to GS Business Standards Reports:** <http://www.goldmansachs.com/who-we-are/business-standards>
- **Link to GS Environmental, Social and Governance Impact Reports:** <http://www.goldmansachs.com/citizenship/esg-reporting>
- **More information on 10,000 Small Business Programme:** <http://www.goldmansachs.com/citizenship/10000-small-businesses/UK>
- **More information on 10,000 Women Programme:** <http://www.goldmansachs.com/citizenship/10000women/>

I. Management of Conflict of Interests

Goldman Sachs reviews potential investment banking assignments through a centralised process to determine, among other things, whether they present an actual or potential conflict of interest in light of its other business activities. Goldman Sachs International has considered this assignment pursuant to this process. Based on its review Goldman Sachs International has concluded that, in its opinion, it has no conflict of interest that prevents it from submitting its expression of interest. Also given our positions in Icelandic banks, we wanted you to be aware and acknowledge the following

- We hold positions in debt and equity in new and old banks which are managed by our Securities Division and we will not be able to provide you with any advice concerning these specific positions.
- Please note that Securities Division operates on the public side of the Chinese wall and will act in their own interests independently of any involvement from the Investment Banking division.

J. Satisfactory Terms

We welcome the opportunity to discuss structure of the IPO and terms of our engagement in the next phase and we would expect such structure and terms to be in line with international market practice for this kind of transaction.

III. Team Members' CVs

Team Member	Selected Transaction Experience
Senior Leadership	
Dirk Lievens (17/20Y) <i>Managing Director</i> <i>Head of FIG Europe</i>	■ Standard Chartered (RI), BMPS (RI), KBC (ABO), Sabadell (RI), BCP (RI), Nordea (ABO), SEB (RI), NBS (RI), Monte Dei Paschi (RI), CaixaBank (ABO), LBG (RI), BZ-WBK Poland (ABO)
Michael Zeier (5/21Y) <i>Managing Director</i> <i>Co-Head of Nordic Investment Banking</i>	■ Europris (IPO), XXL (IPO and sell-downs), SSP (IPO), Odfjell Drilling (IPO), ISS (IPO and sell-downs), Gjensidige (IPO), REC (IPO), Pronova (IPO), Yara and Pandora (sell-downs), Statoil (IPO/privatisation) and Entra (IPO/privatisation)
Antoine de Guillenchmidt (6/16Y) <i>Managing Director</i> <i>Head of Nordic, France and BeNeLux ECM</i>	■ Amundi (IPO), Euronav (ABO), Worldline (IPO), Euronext (IPO), CaixaBank (ABO), Nordea (ABO), Eiffage (ABO), Delta Lloyd (2x RIs), Ingenico (Conv.), La Caixa (Conv.), Lindorff (dual-track), Entra (IPO/privatisation), Volvo (2x ABO/privatisation), SAS (repeat financial adviser to the governments), Solidium/TeliaSonera (dual-tranche)
Financial Institutions Group	
Tom Haraldsson (5/10Y) <i>Executive Director</i>	■ Standard Chartered (RI), Sabadell (RI), Nordea (ABO), Lindorff (dual-track)
Maria Gostevskaya (2/5Y) <i>Associate</i>	■ UKFI (privatisation adviser regarding RBS and Lloyds), RBS (ABO)
Simon Pellas (1/2Y) <i>Analyst</i>	■ Nordea Merchant Acquiring (buy-side)
Equity Capital Markets	
Antoine Noblot (6/11Y) <i>Executive Director</i>	■ Société Générale (ABO and 2x RI), BNP Paribas (RI), Entra (IPO/privatisation), Volvo (2x ABO/privatisation), Gas Natural (ABO), EDF Energies Nouvelles (IPO), Lindorff (dual-track)
Erik Skog (3/7Y) <i>Associate</i>	■ Thule (IPO), Entra (IPO/privatisation), XXL (IPO), ISS (IPO and ABO) Odfjell Drilling (IPO); Lindorff (dual-track), Nordea (ABO)
Borge Nyborg (2/3Y) <i>Analyst</i>	■ Europris (IPO), Thule (IPO), Entra (IPO/privatisation), XXL (IPO and ABO), Zalaris (IPO), ISS (ABO), Pandora (ABO); Get (dual-track)
Debt Capital Markets	
Hans Den Hoedt (5/20Y) <i>Managing Director</i> <i>Co-Head of European FIG DCM</i>	■ FIG DCM transactions include Nordea, Handelsbanken, SEB, DNB, Danske Bank, Swedbank, SBAB, Nykredit, Pohjola and Sparebank 1
Thomas Hansson (5/9Y) <i>Executive Director</i>	■ Public bond financings for Nordea, Handelsbanken, SEB, DNB, Danske Bank, Swedbank, SBAB, Nykredit, Pohjola and Sparebank 1

Note: (Years with GS/Years in Industry)

IV. Confirmation of Applicable Operating Licenses

Goldman Sachs International is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and PRA, details of which are accessible via the Financial Services Register, reference no: 142888¹. A full list of the products and services Goldman Sachs International is authorised to provide is available under 'Permission'².

V. Consent Regarding Publication of Expression of Interest

GSI hereby confirms to ISFI that it consents to the publication of its expression of interest on the website of Rikiskaup.

¹ <http://www.fsa.gov.uk/register/home.do>

² https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000MfFd7AAF

Appendix: Response Table

Requested Information	Addressed in Section
1. Contact details such as name, address, phone number, e-mail along with specific contact person	I
2. Information on requisite capabilities and experiences as set forth in criteria for selection above	
a. Experience since January 1st 2009 in sale or offering of shares in financial undertakings in Europe including type, size and role in each transaction.	II A
b. Experience since January 1st 2009 in monetization of investments that might be relevant in the direct and indirect sale of holding in Landsbankinn, such as an initial public offering, placement to institutional investors, sale to other financial institutions, distributions to shareholders, issuance of financial instruments by the Treasury and restructuring or sale of assets.	II A II B II C
c. Global depth and breadth of trading, sales, distribution and research capabilities, especially in relation to shares in Nordic and other European banks.	II E II F
d. Ability to provide secondary market support in trading of Landsbankinn shares and research coverage in the future.	II F II G
e. Experience since January 1st 2009 in advising European governments in sale of equity investments in commercial enterprises, including type, size and role in each transaction.	II C
f. Expertise in Icelandic companies which have issued financial instruments in international markets.	II D
g. Corporate social responsibility and management of potential conflict of interests.	II H II I
h. Satisfactory terms.	II J
3. Brief CV of key personnel that will lead the project.	III
4. Confirmation of applicable operating licenses.	IV
5. Advisor's consent regarding publication of advisor's expression of interest.	V
6. Other information that the potential advisor considers important to demonstrate.	NA

Appendix: Disclaimer

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