

20234 Equity capital markets advisors for ISFI

Pareto Securities AS – Expression of interest regarding potential advisory role

Reference is made to the invitation to express interest regarding a potential advisory role in relation to the potential sale of up to 28.2% in Landsbankinn hf. (“Landsbankinn”).

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

The following is structured in line with the items set out in the invitation document.

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 team in the Pareto’s corporate finance department in Oslo:

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

Øivind Mjelde
(Partner, Corporate Finance)
Dir: +47 22 87 88 32
Mob: +47 944 35 899
oivind.mjelde@paretosec.com

Jens Aschehoug
(Partner, Equity Capital Markets)
Dir: +47 22 87 88 12
Mob: +47 91 55 50 57
jens.aschehoug@paretosec.com

Pareto is strongly positioned to assist ISFI in a divestment of shares in Landsbankinn

Pareto is a leading independent Nordic investment bank offering services within corporate finance, equity & debt capital markets, 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, Copenhagen, Helsinki, London, New York and Singapore, in addition to a number of offices across the Nordic region and globally. Currently, Pareto employs approximately 400 persons of which the majority is located in Oslo and Stockholm.

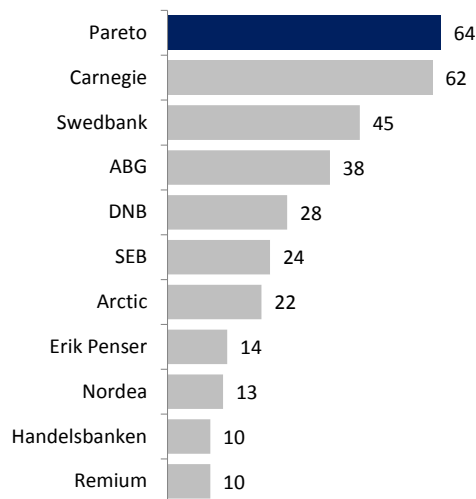


In addition, ~60 employees provide global support and back-office services

Pareto has gained 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 initial public offerings and listing of clients on regulated markets, including Oslo Børs, NASDAQ Stockholm, New York Stock Exchange and London Stock Exchange.

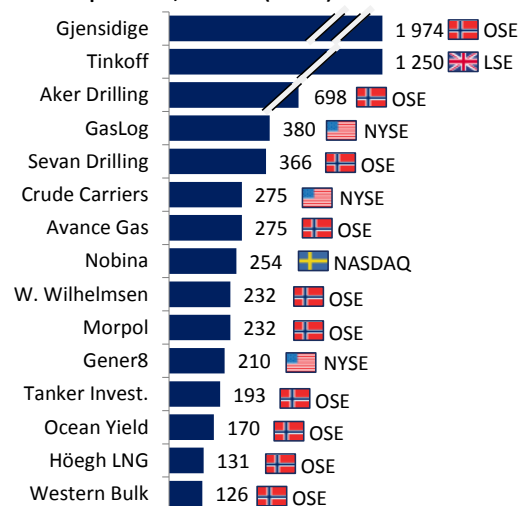
The most versed Nordic ECM manager

of NO and SE follow-on transactions, 2012-15



Global IPO advisor

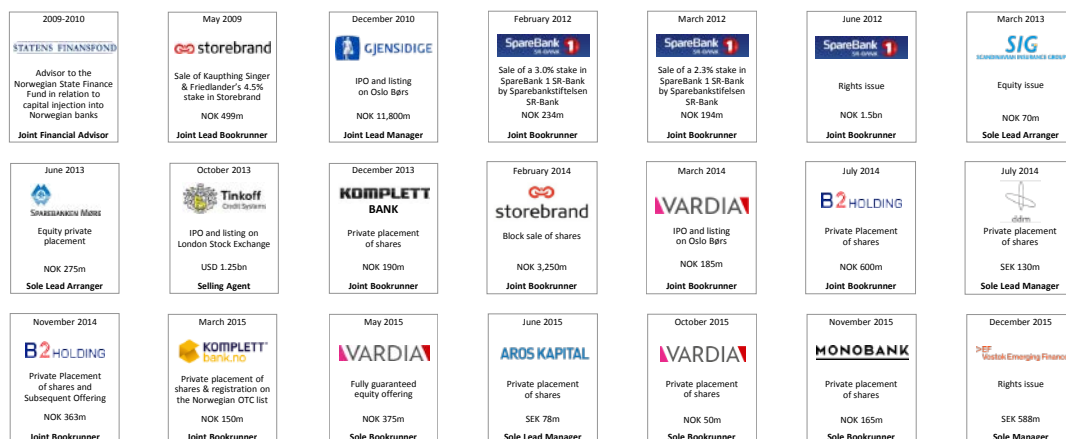
Pareto top 15 IPOs, 2010-15 (USDm)



Experience from relevant transactions in the 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.



In the context of a potential role for ISFI, a relevant transaction is the NOK 11.8bn IPO and listing on Oslo Børs of Gjensidige Forsikring in 2010 where Pareto acted as Joint Lead Manager, in a syndicate together with Goldman Sachs, Bank of America Merrill Lynch, DNB Markets and Keefe, Bruyette & Woods.

Another relevant assignment was when acting as advisor to the State Finance Fund during the financial crisis, where the Norwegian 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.

Sales, trading and equity research

Pareto has a sales force of ~110 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.

Pareto's sales force represents a strong Nordic and international placing power, where more than 65% of demand in recent transactions has been generated outside the Nordics.

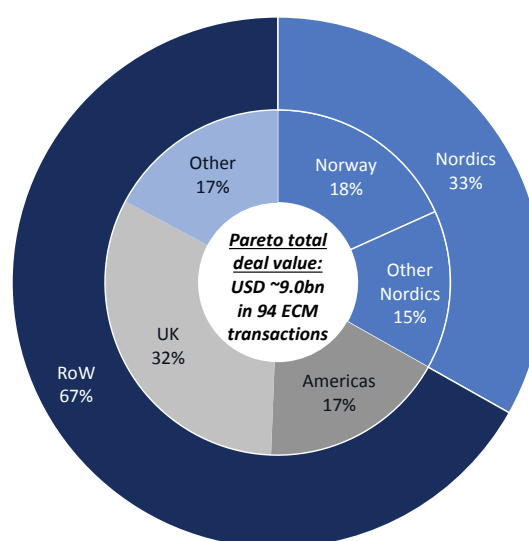
Within financial sector equity research, Pareto has a team of three analysts covering 18 banks, insurers, consumer finance and specialty finance companies in Norway and Sweden. Coverage of Swedish banks will be expanded to include the four major banks, with reinitiating of coverage expected during 2Q16 and 3Q16.

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

The team is headed by Vegard Toverud, who received the 2014 Starmine award as best stock picker of all European banks analysts.

More than 65% of ECM funds raised outside the Nordics

Efficient demand by fund for Pareto ECM deals, 2014-15










Name	Ticker	Rating	Target (NOK)
DNB	DNB	BUY	140.0
SpareBank 1 SR-BANK	SRBANK	BUY	67.0
SpareBank 1 SMN	MING	BUY	75.0
SpareBank 1 Nord-Norge	NONG	BUY	50.0
Sparebanken More	MORG	BUY	275.0
Sparebanken Vest	SVEG	BUY	45.0
Sandnes Sparebank	SADG	HOLD	85.0
Sparebanken Øst	SPOG	BUY	55.0
Sparebanken Sør	SOR	HOLD	165.0
Bank Norwegian	BANK	BUY	50.0
Komplett Bank	KOMP	BUY	12.0
Nordax Group	NDX	HOLD	45.0
Pareto Bank	PARB	BUY	35.0
Gjensidige Forsikring	GJF	HOLD	135.0
Protector Forsikring	PROTCT	BUY	80.0
Vardia Insurance Group	VARDIA	BUY	2.0
Storebrand	STB	BUY	44.0
B2Holding	BTOH	BUY	17.5



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

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

In addition, Pareto has had an extensive and detailed dialogue for several years with Icelandic banks and equity investors regarding potential upcoming initial public offerings of shares in the banks and the attractiveness of investing in Icelandic banks. This includes discussion with investors in the Nordic region and internationally.

Corporate and social responsibilities and conflicts of interest

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.

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

Satisfactory terms

It is difficult to be precise regarding terms offered in relation to a potential advisory role; this will depend on transaction size, transaction structure, scope of role etc. However, Pareto is committed to being competitive in the international capital market and will be able to agree terms that will be commercially attractive to ISFI.

Overview of key project participants

Pareto will dedicate a highly experienced team to a potential assignment for ISFI, and a mandate will be highly prioritized by the Pareto organization.

Key projects participants will include:

Advisor	Yrs in Pareto	Background and experience
Ole Henrik Bjørge	20	CEO of Pareto Securities. Ole Henrik joined Pareto Securities in 1996 as Head of the Fixed Income team. In 2006, he assumed the role as CEO overseeing the firm's capital market (ECM & DCM) deals as well as corporate finance advisory assignments.
Espen Clason	15	Corporate Finance. 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 Mjelde	10	Corporate Finance. 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.
Martin Øberg Sjøstedt	3	Corporate Finance. Martin has been with Pareto Securities since 2013. Former corporate finance experience from ProCorp ASA. He holds a MSc in Finance from the Norwegian School of Economics (NHH), Università Bocconi (Italy) and National University of Singapore.
Arild Hille	18	Head of Sales. Hille has 19 years of experience from the equity capital markets and took the position as Pareto's Head of Equity sales six 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).
Jens Aschehoug	9	Head of Equity Capital Markets. 18 years of experience from the Norwegian and international equity capital market. During the past 5 years he has been involved in the execution of more than 200 ECM deals. Prior to joining Pareto in 2007, he worked in ABN Corporate Finance for 7 years as a Director and as an equity analyst at Fearnley Fonds for 3 years. Aschehoug holds a Master in Business Economics (Finance) from the Norwegian School of Management (BI).
Vegard Toverud	6	Equity Research. 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 no 1 stock picker among all bank analysts in Europe in 2014 by StarMine Thomson Reuters. He holds a MSc in Industrial Economics from the Norwegian University of Science and Technology (NTNU).
Sindre Sunde	3	Equity Research. Sindre has been with Pareto Securities since 2014. He holds a MSc in Finance and Economic Analysis from the Norwegian School of Economics (NHH). Sindre has previously worked as an intern in Sparebanken Sogn og Fjordane.

Confirmation of applicable operating licenses

Pareto Securities AS (organization no. 956632374) is licensed by the Financial Supervisory Authority of Norway as an investment firm¹. The 100% owned Swedish subsidiary Pareto Securities AB (organization no. 556206-8956) is licensed by the Financial Supervisory Authority of Sweden as a security company². In addition, Pareto Securities is licensed to carry out investment banking services in all markets where we are located, including UK, US, Denmark, Finland, Singapore and Australia.

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

Pareto hereby confirms that our expression of interest may be published on the Rikiskaup website, as set out in the invitation.

¹ See details at http://www.finanstilsynet.no/en/Secondary-menu/Finanstilsynets-registry/Entity-details/?entityid=F_4475

² See details at <http://finansinspektionen.se/Register/Foretagsregistret/Foretagsregistret-Detaljerad-information/?idx=001733>