



ÍSLANDBANKI

Expression of interest regarding a potential equity capital markets advisory role

12 February 2021

DISCLAIMER:

This document has been prepared by Carnegie Investment Bank in response to a request for an expression of interest in serving as an equity capital market adviser to Icelandic State Financial Investments in relation to a potential IPO of Íslandsbanki. Although all information herein is believed to be accurate, no representation or warranty is made by Carnegie regarding the information contained herein and no liability of any form relating to the contents of this document shall be assumed by Carnegie.



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SECTION I – INTRODUCTION

This section covers item 1, 5, 6 and 7 in the request for expression of interest regarding potential advisory role.

A. Expression of interest

Set forth herein is the expression of interest by Carnegie Investment Bank (“Carnegie”) respectfully submitted in response to the request for expression of interest from the Icelandic State Financial Investments (“ISFI”), acting on behalf of the Icelandic state, dated 2 February 2021. We are delighted to present a summary of Carnegie’s qualifications to act as a Joint Global Coordinator and Bookrunner in the contemplated IPO of *Íslandsbanki hf.* (“Íslandsbanki” or the “Company”) on Nasdaq Iceland. In the event ISFI also decides to list Íslandsbanki on a stock exchange outside Iceland, Carnegie is of the opinion that the Company would be most suited for a secondary listing on another Nordic exchange.

Carnegie is the leading investment bank focusing on the Nordic region. We are committed to delivering high-quality research and advice to institutions and corporations globally and to private individuals in the Nordics, and are independent from any commercial lending bank. Carnegie has offices in six countries, including in New York and London, and approximately 600 employees. Since 2015, Carnegie has completed 87 IPOs across the Nordic region, of which 70 as a Global Coordinator. This is by far the most of all banks operating in the Nordic region.

With our extensive experience and competence from IPO processes across the Nordic region, Carnegie is uniquely positioned to provide ISFI and Íslandsbanki with unbiased advice and assistance in preparing for a public listing of the Company’s shares. Furthermore, Carnegie can offer unparalleled investor access on a global scale and, if relevant, in-depth local knowledge of the listing process for a bank in all relevant Nordic countries. Finally, our top ranked equity research team with comprehensive knowledge of Iceland and Icelandic banks will provide crucial support in the pre-deal investor education phase as well as in the aftermarket.

Carnegie has assembled a pan-Nordic team of dedicated and experienced professionals with deep understanding of the equity markets, the financial institutions (“FIG”) sector and the Íslandsbanki equity story. Carnegie’s unique qualifications to add value as a Joint Global Coordinator and Bookrunner in the IPO of Íslandsbanki can be summarised into six main areas:

- The most experienced Nordic ECM and IPO adviser with a leading position in *all* relevant Nordic markets
- One of only few truly independent and highly rated FIG advisers in the Nordic region
- Unparalleled placing power in Nordic equities and a unique access to relevant investors on a global scale
- Top ranked equity research team with in-depth knowledge of Iceland and Icelandic banks
- Unique and highly relevant experience from being Joint Global Coordinator in the IPO of Arion Banki
- Long-term after-market commitment
- Extensive experience from advising Nordic governments and government-owned companies

B. Regulatory aspects and miscellaneous

Confirmation of applicable licences:

The ultimate parent company in the Carnegie Group, Carnegie Investment Bank AB (publ), holds the necessary operating licenses that - subject to a 30 day handling period with the S-FSA - can be passported into Iceland in order for Carnegie to be a Joint Global Coordinator and Bookrunner in a potential IPO of Íslandsbanki.

Carnegie CSR statement:

Carnegie hereby confirm that we have in place policies on ethics and corporate governance which commit us to conduct our business in a sound, honest and equitable manner and with due care and diligence, not to accept, offer or provide gifts or other considerations or benefits on legally or morally dubious grounds, to carry out our business in such manner that it can be scrutinised by others and observe the principles of equal treatment and diversity and not tolerate or condone any type of discrimination or harassment. Specific requirements apply on i.a. General Anti Money Laundering, KYC and Work Environment.

Statement on Act no. 155/2012 and Íslandsbanki’s policy on sustainability:

Carnegie hereby confirms that we have read and understood the provisions of Act no. 155/2012 and Íslandsbanki’s policy on sustainability.

Conflict of interest statement:

Carnegie hereby confirms that we at present do not have any actual or potential conflicts of interest with respect to our potential role as a Joint Global Coordinator and Bookrunner in the IPO of Íslandsbanki. Carnegie will prioritise Íslandsbanki if a potential conflict of interest arises – and will immediately notify ISFI in such case.

Consent regarding publication of expression of interest:

Carnegie hereby gives consent to the publication of our expression of interest.



SECTION II – REQUISITE CAPABILITIES AND EXPERIENCES

This section covers item 3 and 8 in the request for expression of interest regarding potential advisory role.

A. Relevant IPO and ECM experience

Carnegie is the leading investment bank when it comes to ECM and IPO transactions in the Nordic market, with a #1 position both recently and over time. Our success is very much due to our strong position vis-à-vis the vast majority of high-quality Nordic and international institutional investors investing in the region. Carnegie has the most experienced ECM team in the Nordic region, with significant and recent ECM and IPO experience, as demonstrated below and throughout this document.

Carnegie is the most experienced Nordic ECM adviser: Carnegie has completed more than 300 ECM transactions in the Nordic region during 2015-2020 – more than twice the number of ECM transactions of number two in the league table. Our position is equally dominant when narrowing the scope to IPOs only – with almost twice the number of IPOs of number two in the league table.

EXHIBIT I – LEAGUE TABLES: NORDIC ECM & IPOs (2015-2020)

Nordic ECM 2015-2020			Nordic IPOs 2015-2020		
	Number of transactions	Value (USDm)		Number of transactions	Value (USDm)
1 Carnegie	320	18,255	1 Carnegie	87	5,722
2 ABG	157	6,935	2 ABG	50	2,743
3 Nordea	132	12,073	3 SEB	46	3,790
4 SEB	131	7,872	4 Nordea	32	3,378
5 DNB	113	5,449	5 Danske	30	2,666
6 Danske	102	8,299	6 DNB	28	1,278
7 Pareto	101	3,756	7 Pareto	22	1,059
8 Arctic	57	2,067	8 Morgan Stanley	19	2,569
9 Morgan Stanley	53	6,672	9 Arctic	13	579
10 Goldman Sachs	39	6,547	10 SHB	13	499

Note: Includes equity placings larger than USD 10m, rights issues larger than USD 10m and IPOs larger than USD 30m. When multiple JGC/BR, the transaction value has been divided among the number of banks.
Source: Bloomberg

Carnegie is the most experienced Nordic IPO adviser: Carnegie has participated in 87 Nordic IPOs between 2015-2020, of which 70 as a Global Coordinator – significantly more than any other bank. The leading position each year between 2015-2020 (2019-2020 combined due to Covid-19 effects) underpins Carnegie's dominant standing in the Nordic IPO market. This is further emphasised by Carnegie's participation in 1 out of 2 IPOs throughout the entire period.

EXHIBIT II: NORDIC IPOs 2015-2020¹, PARTICIPATION (GC ROLES)

Carnegie participated in 87 out of 163 Nordic IPOs from 2015-2020 (>USD 30m), of which 70 as Global Coordinator



Note: 1) Excludes IPOs with deal size smaller than USD 30m. Source: Bloomberg.
SEB = SEB Enskilda, ABG = ABG Sundal Collier, Danske = Danske Bank, SHB = Svenska Handelsbanken, DNB = DNB Markets, Nordea = Nordea Markets, Pareto = Pareto Securities

Carnegie has a leading position in all Nordic equity markets: Carnegie is, as one of the few banks with a true pan-Nordic presence, uniquely positioned to provide ISFI with unbiased advice with regards to the potential selection of a secondary listing venue, having a leading position in Sweden, Norway, Denmark and Finland, and thereby having the experience and resources to execute a successful transaction in all relevant Nordic markets. This maintains maximum flexibility for ISFI to choose the preferred listing approach; single or dual.



B. Relevant experience within the FIG sector

Carnegie has an investment banking team with deep industry knowledge and extensive recent execution experience:

Carnegie stands out as one of only few truly independent and highly rated FIG advisers in the Nordic region and Carnegie's investment banking team includes dedicated FIG sector specialists in Norway, Sweden, Denmark and Finland.

In recent years, Carnegie has acted as a Global Coordinator in all sizeable bank IPOs in the Nordic region, and is generally seen as the go-to investment bank for transactions in the industry. As the only Nordic bank acting as a Global Coordinator in *any* of the IPOs listed below, Carnegie has a unique and extensive recent experience from working alongside shareholders and executive management of financial corporations in guiding them through the various complicated steps of an IPO process. Especially the **Arion Banki** IPO yielded highly relevant experience, which places Carnegie in a unique position to assist Íslandsbanki.

EXHIBIT III: CARNEGIE IS THE GO-TO INVESTMENT BANK FOR NORDIC BANK IPOs

Company			
Valuation @IPO	SEK 24 billion	SEK 11 billion	NOK 3.9 billion
Listing venue	Nasdaq Stockholm	Nasdaq Iceland & Stockholm	Oslo Stock Exchange
Timing	November 2020	June 2018	November 2015
Description	Leading pan-Nordic digital savings and investments platform	A leading universal relationship bank in Iceland	Digital full-service challenger bank for Norwegian retail customers licensed and regulated by the Norwegian FSA
Syndicate			
Global Coordinator(s)	Carnegie, J.P. Morgan, Citi	Carnegie, Morgan Stanley, Citi, Arion	Carnegie
Joint Bookrunner:	ABG, Berenberg, DNB, SEB	Deutsche Bank, Goldman Sachs	SEB
Co-lead manager:	-	Handelsbanken, Fossar Markets, Íslandsbanki, Landsbankinn	DNB

In addition to the above, Carnegie has also advised on a large number of ECM and M&A transactions within the FIG sector. As an example, Carnegie has recently made placements in Arion Banki, Resurs Bank, Jyske Bank and Hoist Finance as well as sold Svedea Insurance, Skandia in Denmark and assets of Insr. Based on the additional complexity and knowledge as well as experience required in connection with an IPO of a bank, we recommend having an experienced local investment bank in place early on in the IPO process to lead and give guidance on structuring and preparations.

C. Sales, trading and research capabilities

Carnegie has unparalleled placing power in Nordic equities: Carnegie has the most experienced Nordic sales force with around 100 equity sales professionals dedicated to distributing Nordic equities globally. Located in Stockholm, Oslo, Copenhagen, Helsinki, Gothenburg, London and New York, Carnegie's institutional sales force provides excellent placing power in Nordic equities. In addition, Carnegie's private banking arm with approx. SEK 150 billion in asset under management provides access to a large base of high-net-worth individuals and family offices across the Nordic region.

One of the main reasons Carnegie is the preferred Nordic IPO adviser is our access to global investors and documented placing power, with a track record of adding substantial unique demand in book-building process, including generation of the very important early momentum with orders on the first day of bookbuilding. In addition, Carnegie is very committed to support both the immediate and long-term aftermarket.

Carnegie will deploy an equity research analyst team with extensive and recent IPO experience: A key feature of our offering and an important reason for Carnegie's unparalleled position is our strong focus on a high-quality research product. Carnegie looks forward to producing extensive and high-quality IPO research on Íslandsbanki as well as upholding top-quality continuous aftermarket coverage. To maximise impact, knowledge and investor marketing coverage, we take a pan-Nordic team approach to premarketing and publication of the IPO report. Carnegie will present three top-ranked equity research analysts, together covering all relevant peers and providing a local presence in each Scandinavian market. Carnegie's research team for the IPO of Íslandsbanki would consist of *Jens Hallén* (based in Stockholm), *Johan Ström* (based in Oslo) and *Martin Gregers Birk* (based in Copenhagen). Each member of the equity research team will be heavily involved during investor education, where they, through a vast number of meetings over a two-week period, get to meet all relevant institutional investors in the Nordic region, the UK, Continental Europe and the US.

Combined, Carnegie's proposed equity research team has a strong insight into all relevant listed Nordic peers covering approx. 95% of the Nordic market capitalisation. The team also has extensive recent IPO experience which is important in order to secure maximum impact from the pre deal investor education. Johan Ström and Jens Hallén were deployed together in the dual-listing of **Arion Banki** in Reykjavik and Stockholm, and the proposed research team members have individually worked on multiple relevant IPOs, such as Nordnet, Qliro, Resurs

Bank, Nets and Skandia Banken. Jens Hallén also has in-depth knowledge of Íslandsbanki from his previous position at Fitch, where he was responsible for Icelandic banks.

EXHIBIT IV – THE PROPOSED CARNEGIE EQUITY RESEARCH TEAM FOR THE ÍSLANDBANKI IPO

 <p>Jens Hallén Joint-lead analyst</p>	 <p>Johan Ström Joint-lead analyst</p>	 <p>Martin Gregers Birk Marketing analyst</p>
<p>Role in Íslandsbanki IPO:</p> <ul style="list-style-type: none"> Joint-lead analyst Investor education and marketing <p>Professional experience:</p> <ul style="list-style-type: none"> Coverage of Nordic financial institutions, including Arion Previously covered Íslandsbanki at Fitch 	<p>Role in Íslandsbanki IPO:</p> <ul style="list-style-type: none"> Joint-lead analyst Investor education and marketing <p>Professional experience:</p> <ul style="list-style-type: none"> Coverage of Nordic financial institutions, including Arion Head of research Oslo 	<p>Role in Íslandsbanki IPO:</p> <ul style="list-style-type: none"> Marketing analyst Investor education and marketing <p>Professional experience:</p> <ul style="list-style-type: none"> Coverage of Nordic financial institutions
<p>Selected relevant IPO experience</p>		
		

D. Secondary market support

Carnegie will provide long-term after-market commitment: Carnegie always stays committed to our clients and provides strong support in the aftermarket. Carnegie will, as with all IPOs where Carnegie is involved, continue with active research coverage in the aftermarket long-term and distribute research reports to all relevant investors. Carnegie will, in addition to the IPO research report and the initiating coverage report, publish research notes before and shortly after each quarterly report, and potentially also occasional in-depth research notes. This commitment is also displayed in the research coverage of Arion Banki, where Carnegie has published and sent out a total of 42 research notes since initiation of research coverage in August 2018.

As part of Carnegie's long-term commitment, Carnegie will continuously offer company roadshows after the IPO with high-quality investors in the Nordic region, the UK, Continental Europe and the US. Carnegie will also invite Íslandsbanki to participate in Carnegie's well-known FIG seminars when applicable, as numerous local and international investors are attracted to these.

E. Previous experience in advising Nordic governments

Carnegie has extensive recent experience from advising different Nordic governments: Carnegie has advised the respective governments or government-controlled entities in Sweden, Norway, Denmark and Finland over the years, and has therefore gained valuable experience in handling government-led processes.

EXHIBIT V – EXTENSIVE RECENT EXPERIENCE IN ADVISING NORDIC GOVERNMENTS



In December 2020, Carnegie acted as financial adviser to the Norwegian Government, acting through the Norwegian Ministry of Trade, Industry and Fisheries, in connection with the sale of their 8.2% stake in Entra to Castellum for an amount of NOK 2.5 billion. The transaction was part of a public takeover attempt by both Castellum and SBB, and Carnegie advised the Norwegian Government on its role as a key shareholder in Entra.

In October 2020, Carnegie acted as financial adviser to the Kingdom of Sweden in the recapitalisation plan of Scandinavian Airlines. With the aim of restoring the equity level to pre Covid-19 levels, Scandinavian Airlines required a recapitalisation of about SEK 16 billion, and Carnegie acted as adviser to the Kingdom of Sweden on their role as stake- and shareholder in the transaction.

In February 2015, Carnegie acted as joint bookrunner in Solidium's, a Finnish Government owned investment company, sale of approx. 4.6% of the shares in TeliaSonera for a transaction size of SEK 10.2 billion – representing one of the largest accelerated bookbuilding in the Nordic region.

In January 2015, Carnegie acted as sole financial adviser to the Norwegian Government, acting through the Ministry of Trade, Industry and Fisheries, in connection with the divestment of the publicly traded seafood company Cermaq, in which the Government held a majority position.

F. Previous experience with Icelandic companies

Carnegie has in recent years focused on Iceland and has met with numerous Icelandic companies during several trips to the country. Combined with our in-depth knowledge of the key sectors influencing the Icelandic banks and our previous experience with Icelandic companies as listed below, we are of the opinion that Carnegie is well positioned to assist ISFI in the IPO of Íslandsbanki.

Carnegie accumulated vast experience during the dual-listing of Arion Banki in Reykjavik and Stockholm in 2018 as well as the placing of Arion Banki shares in 2019. All key persons involved in the Arion Banki process from our Investment Banking, ECM, Research and Sales departments remain with Carnegie today.

In addition to the coverage of Arion Banki, the Carnegie research team also covers Össur. For both stocks, the Carnegie research team is well-regarded in the relevant investor community.

On the transaction side, Carnegie helped Alvotech issue a USD 26m bond in 2016.

EXHIBIT VI – HIGHLY RELEVANT EXPERIENCE WITH ICELANDIC COMPANIES



SECTION III – CARNEGIE TEAM

This section covers item 4 in the request for expression of interest regarding potential advisory role.

Client responsible and senior support



Björn Jansson
CEO, Carnegie Investment Bank

Björn has extensive banking experience from working in the sector for over 30 years. Björn will make sure Carnegie is fully committed to the IPO of Íslandsbanki on all levels and departments, primarily the Investment Banking and Securities departments. Björn is based in Stockholm.



Christian Begby
CEO, Carnegie Norway

Christian has more than 30 years of investment banking experience, including various IPOs and other ECM transactions. His experience from privatisation processes includes the Norwegian Government's divestment of SND Invest, as well as the IPO of the seafood company Cermaq on the Oslo Stock Exchange. He has also recently advised the Norwegian Government in the process of sales of shares in Entra. Christian is based in Oslo.



Jacob Bastholm
CEO of Carnegie Denmark and Head of Investment Banking, Denmark

Jacob has more than 25 years of investment banking experience, including a large number of IPOs and other ECM transactions. His experience from projects similar to the privatisation of Íslandsbanki includes his role as adviser to the Faroe Islands on the pre-privatisation study of Føroya Banki (BankNordik) and the subsequent IPO of the bank. Jacob is based in Copenhagen.



Tony Elofsson
Group Head of ECM and Head of Investment Banking, Sweden

Tony has executed over 130 IPOs in his ~25 year career in ECM. Tony is actively involved in all Carnegie ECM transactions and will focus on all transaction-related aspects of the Íslandsbanki IPO. Tony's involvement will be focused on all aspects relating to marketing, investor dialogues, bookbuilding and execution. Tony is based in Stockholm.

Investment Banking



Erik Sikström
Managing Director,
Investment Banking, Sweden

Erik has over 20 years of experience from the financial industry of which 14 years within investment banking and is currently serving as FIG sector head in Sweden. Erik has over the years been involved in more than 20 Nordic IPOs including Intrum Justitia in 2002 and more recently heading the IPOs of Nordnet, Arion Bank, Resurs Bank, TF Bank, Nordax Bank and Hoist Finance. Erik is based in Stockholm.



Per Kristian Sørli
Managing Director,
Investment Banking, Norway

Per Kristian has over 10 years of investment banking experience and currently serves as FIG head in Norway. Per Kristian has over the years been involved in several IPOs and ECM transaction within the financial services space, including the IPO of Skandia Banken in 2015. Per Kristian is based in Oslo.



Jacob Gruelund
Managing Director,
Investment Banking, Denmark

Jacob has over 20 years of investment banking experience and four years of experience working as an equity research analyst. Since 2010 Jacob has been main responsible for serving FIG clients in the Danish market. Furthermore, Jacob has strong experience in being financial adviser to public organisations, including the Danish Ministry of Finance, Finansiel Stabilitet, the Danish Energy Agency and the municipality of Copenhagen. Jacob is based in Copenhagen.

ECM / Syndication



Johan Flintull
Head of ECM Sweden

Johan has executed over 75 IPOs in the Nordic markets in his +10 year career in ECM. In addition to this, Johan has been involved in +200 equity offerings as bookrunner. Johan's involvement will be focused on all aspects relating to marketing, investor dialogues, bookbuilding and execution. Johan is based in Stockholm.



Stefan Schander Slemdal
Head of ECM Norway

Stefan has executed more than 30 IPOs/listings in the Nordic markets in his 9 years at Carnegie. In addition to this, Stefan has been involved in +100 equity offerings as bookrunner. Stefan is based in Oslo, and will support Johan and the Nordic ECM team in aspects related to marketing, investor dialogues, bookbuilding and execution.



Ben Jones
ECM/Syndication, UK

Ben joined Carnegie in 2021 having previously been the Head of Equity Syndicate at SEB and has executed over 100 ECM transactions in the Nordics. Ben has historically focused on the financial sector and has raised over €100bn of capital for European Banks across the continent. Ben's involvement will be focused on all aspects relating to marketing, investor dialogues (with particular focus on non-Nordic investors), bookbuilding and execution. Ben is based in London.