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**Íslandsbanki hf. announces Tender Offer for its  
€300,000,000 0.750 per cent. Senior Preferred Sustainability Notes due 25 March 2025**

19 March 2024. Íslandsbanki hf. (the **Offeror**) announces today an invitation to holders of its outstanding €300,000,000 0.750 per cent. Senior Preferred Sustainability Notes due 25 March 2025 (ISIN: XS2411447043) (the **Notes**) to tender any and all of their Notes for purchase by the Offeror for cash (such invitation, the **Offer**), subject to the satisfaction (or waiver) of the New Financing Condition.

The Offer is being made on the terms and subject to the conditions contained in the tender offer memorandum dated 19 March 2024 (the **Tender Offer Memorandum**) prepared by the Offeror, and is subject to the offer restrictions set out below and as more fully described in the Tender Offer Memorandum.

Copies of the Tender Offer Memorandum are (subject to distribution restrictions) available from the Tender Agent as set out below. Capitalised terms used in this announcement but not defined have the meaning given to them in the Tender Offer Memorandum.

**Summary of the Offer**

<b>Description of the Notes</b>	<b>ISIN / Common Code</b>	<b>Outstanding Nominal Amount</b>	<b>Benchmark</b>	<b>Purchase Spread</b>	<b>Amount subject to the Offer</b>
€300,000,000 0.750 per cent. Senior Preferred Sustainability Notes due 25 March 2025	XS2411447043 / 241144704	€300,000,000	1 Year Euro Mid-Swap Rate	70 bps	Any and all

**Rationale for the Offer**

The purpose of the Offer and the proposed issue of the New Notes (as defined below) is to extend the Offeror's debt maturity profile in an efficient manner and to optimise its cost of debt. Furthermore, the Offer will provide liquidity to those holders whose Notes are accepted in the Offer. The Offeror intends to cancel the Notes purchased by it pursuant to the Offer and such Notes will therefore not be re-issued or re-sold.

**Acceptance and No Scaling**

If the Offeror decides to accept valid tenders of Notes pursuant to the Offer, the Offeror will (subject to the satisfaction or waiver of the New Financing Condition (as defined below) on or prior to the Settlement Date) accept for purchase all of the Notes that are validly tendered and there will be no scaling of any tenders of Notes for purchase.

**Purchase Price and Accrued Interest**

In respect of any Notes validly tendered and accepted for purchase by the Offeror pursuant to the Offer, and subject to the satisfaction (or waiver) of the New Financing Condition, the Offeror will pay a purchase price for such Notes (the **Purchase Price**) to be determined at or around 11.00 a.m. (CET) on 26 March 2024 (subject to the right of the Offeror to amend such time and date and extend, re-open, amend and/or terminate the Offer, the **Pricing Time**) in the manner described in the Tender Offer Memorandum by reference to the sum (such sum, the **Purchase Yield**) of (i) the 1 Year Euro Mid-Swap Rate; and (ii) a fixed purchase spread of 70 bps (the **Purchase Spread**).

The Purchase Price will be determined in accordance with market convention and expressed as a percentage of the nominal amount of the Notes accepted for purchase pursuant to the Offer (rounded to the nearest 0.001 per cent., with 0.0005 per cent. rounded upwards), and is intended to reflect a yield to maturity of the Notes on the Settlement Date based on the Purchase Yield. Specifically, the Purchase Price will equal (a) the value of all remaining payments of principal and interest on the Notes up to and including the scheduled maturity date of the Notes, discounted to the Settlement Date at a discount rate equal to the Purchase Yield, minus (b) Accrued Interest. Accrued Interest is interest accrued and unpaid on the Notes from (and including) the immediately preceding interest payment date for the Notes to (but excluding) the Settlement Date, determined in accordance with the terms and conditions of the Notes.

The Offeror will also pay an Accrued Interest Payment in respect of any Notes accepted for purchase pursuant to the Offer. The Accrued Interest Payment is an amount in cash (rounded to the nearest €0.01, with €0.005 rounded upwards) equal to the Accrued Interest on the Notes validly tendered by a Noteholder and accepted for purchase by the Offeror.

### **New Financing Condition**

The Offeror also announced today that it intends to issue a new series of euro-denominated fixed rate instruments (the **New Notes**) under its U.S.\$2,500,000,000 Euro Medium Term Note Programme (the **Programme**), subject to market conditions.

Whether the Offeror will purchase any Notes validly tendered in the Offer is conditional, without limitation, on the successful completion (in the sole determination of the Offeror) of the offering of the New Notes (the **New Financing Condition**), unless the New Financing Condition is waived by the Offeror.

Even if the New Financing Condition is satisfied (or waived), the Offeror is under no obligation to accept for purchase any Notes validly tendered pursuant to the Offer. The acceptance by the Offeror of Notes validly tendered pursuant to the Offer is at the sole discretion of the Offeror and tenders may be rejected by the Offeror for any reason.

Any investment decision to purchase any New Notes should be made solely on the basis of the information contained in (i) the base prospectus dated 28 March 2023 prepared in connection with the Programme, as supplemented by the supplements dated 5 May 2023, 8 August 2023, 27 October 2023, 19 January 2024 and 14 February 2024 (together, the **Programme Base Prospectus**) and (ii) the final terms to be prepared in connection with the New Notes, and no reliance is to be placed on any representations other than those contained in the Programme Base Prospectus. Nothing in this announcement or the Tender Offer Memorandum constitutes an offer to sell or the solicitation of an offer to buy the New Notes in the United States or any other jurisdiction.

The New Notes are not being, and will not be, offered or sold in the United States. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of, the United States Securities Act of 1933, as amended (the **Securities Act**). The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

*Compliance information for the New Notes:*

*UK MiFIR/MiFID II professionals/ECPs-only/No PRIIPs or UK PRIIPs KID – Manufacturer target market (UK MiFIR product governance/MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs or UK PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK.*

*See the Programme Base Prospectus for further information.*

No action has been or will be taken in any jurisdiction in relation to the New Notes to permit a public offering of securities.

### **Allocation of the New Notes**

The Offeror will, in connection with allocations of the New Notes, consider among other factors whether or not the relevant investor seeking an allocation of the New Notes has validly tendered or indicated a firm intention to tender Notes pursuant to the Offer, and, if so, the aggregate nominal amount of Notes tendered or intended to be tendered by such investor. When considering allocations of the New Notes, the Offeror intends to give preference to those investors who, prior to such allocation, have tendered, or indicated their intention to tender, Notes. However, the Offeror is not obliged to allocate the New Notes to an investor which has validly tendered or indicated a firm intention to tender the Notes pursuant to the Offer. Any allocation of the New Notes, while being considered by the Offeror as set out above, will be made in accordance with customary new issue allocation

processes and procedures. In the event that a Noteholder validly tenders Notes pursuant to the Offer, such Notes will remain subject to such tender and the conditions of the Offer as set out in the Tender Offer Memorandum irrespective of whether that Noteholder receives all, part or none of any allocation of New Notes for which it has applied.

If any New Notes are allocated to an investor which has validly tendered its Notes, the nominal amount of New Notes so allocated may be less or more than the nominal amount of Notes tendered by such Noteholder and accepted by the Offeror pursuant to the Offer.

**Noteholders should note that the pricing and allocation of the New Notes are expected to take place prior to the Expiration Deadline for the Offer and any Noteholder that wishes to subscribe for New Notes in addition to tendering existing Notes for purchase pursuant to the Offer should therefore provide, as soon as practicable, to any Dealer Manager any indications of a firm intention to tender Notes for purchase pursuant to the Offer and the quantum of Notes that it intends to tender in order for this to be taken into account as part of the New Notes allocation process.**

### **Tender Instructions**

In order to participate in, and be eligible to receive the Purchase Price and Accrued Interest Payment pursuant to the Offer, Noteholders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by 5.00 p.m. (CET) on 25 March 2024, unless extended, re-opened, amended and/or terminated as provided in the Tender Offer Memorandum (the **Expiration Deadline**).

**Tender Instructions will be irrevocable** except in the limited circumstances described in the Tender Offer Memorandum.

Tender Instructions must be submitted in respect of a minimum nominal amount of Notes of no less than €100,000, being the minimum denomination of the Notes, and may thereafter be submitted in integral multiples of €1,000.

### **Indicative Timetable for the Offer**

#### **Events**

#### **Times and Dates**

(All times are CET)

#### ***Commencement of the Offer***

Offer announced. Tender Offer Memorandum available from the Tender Agent and the Offer Website. 19 March 2024

#### ***Expiration Deadline***

Final deadline for receipt of valid Tender Instructions by the Tender Agent in order for Noteholders to be able to participate in the Offer. 5.00 p.m. on 25 March 2024

#### ***Pricing Time***

Determination of the 1 Year Euro Mid-Swap Rate, the Purchase Yield and the Purchase Price. At or around 11.00 a.m. on 26 March 2024

#### ***Announcement of Results***

Announcement by the Offeror of whether it will accept (subject to satisfaction or waiver of the New Financing Condition on or prior to the Settlement Date) any valid tenders of Notes pursuant to the Offer and, if so accepted, the aggregate nominal amount of Notes validly tendered and accepted for purchase pursuant to the Offer, the 1 Year Euro Mid-Swap Rate, the Purchase Yield and the Purchase Price. As soon as reasonably practicable after the Pricing Time

#### ***Settlement Date***

Subject to the satisfaction (or waiver) of the New Financing Condition, expected Settlement Date for the Offer. 27 March 2024

Payment of the Purchase Price and Accrued Interest Payment in respect of Notes accepted for purchase pursuant to the Offer.

The Offeror may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time (subject to applicable law and as provided in the Tender Offer Memorandum) and the above times and dates are subject to the right of the Offeror to so extend, re-open, amend and/or terminate the Offer.

*Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes when such intermediary would need to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer by the deadlines specified in the Tender Offer Memorandum. The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Tender Instructions will be earlier than the relevant deadlines specified in the Tender Offer Memorandum.*

Unless stated otherwise, announcements in connection with the Offer will be made (i) by publication via the website of Nasdaq Nordic (<https://www.nasdaqomxnordic.com/news/companynews>) and (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants. Such announcements may also be made on the relevant Informa IGM Screen Insider service and by the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained upon request from the Tender Agent, the contact details for which are below. Significant delays may be experienced where notices are delivered to the Clearing Systems and Noteholders are urged to contact the Tender Agent for the relevant announcements during the course of the Offer. In addition, Noteholders may contact the Dealer Managers for information using the contact details below.

**Noteholders are advised to read carefully the Tender Offer Memorandum for full details of, and information on the procedures for, participating in the Offer.**

Questions and requests for assistance in connection with the Offer may be directed to the Dealer Managers.

#### **DEALER MANAGERS**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Telephone: +31 20 3836928

Email: [liabilitymanagement@nl.abnamro.com](mailto:liabilitymanagement@nl.abnamro.com)

Attention: Liability Management

**Morgan Stanley Europe SE**

Grosse Gallusstrasse 18  
60312 Frankfurt-am-Main  
Germany

Tel: +44 207 677 5040

Email: [liabilitymanagementeuropa@morganstanley.com](mailto:liabilitymanagementeuropa@morganstanley.com)

Attention: Liability Management, Global Capital Markets

**BofA Securities Europe SA**

51 rue La Boétie  
75008 Paris  
France

Telephone: +33 1 877 01057

Email: [DG.LM-EMEA@bofa.com](mailto:DG.LM-EMEA@bofa.com)

Attention: Liability Management Group

**Nomura Financial Products Europe GmbH**

Rathenauplatz 1  
60313, Frankfurt-am-Main  
Germany

Telephone: + 44 20 7103 2454

Email: [liability.management@nomura.com](mailto:liability.management@nomura.com)

Attention: Liability Management

Questions and requests for assistance in connection with the delivery of Tender Instructions may be directed to the Tender Agent.

#### **TENDER AGENT**

**Kroll Issuer Services Limited**

The Shard  
32 London Bridge Street  
London SE1 9SG  
United Kingdom

Telephone: +44 20 7704 0880

Attention: Alessandro Zorza

Email: [islandsbanki@is.kroll.com](mailto:islandsbanki@is.kroll.com)

Offer Website: <https://deals.is.kroll.com/Islandsbanki>

**This announcement is released by Íslandsbanki hf. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the Offer described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ellert Hlöðversson, Chief Financial Officer at Íslandsbanki hf.**

**DISCLAIMER** This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offer. If any Noteholder is in any doubt as to the contents of the Tender Offer Memorandum or the action it should take, it is recommended to seek its own financial advice, including in respect of any tax consequences, from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender such Notes pursuant to the Offer. None of the Offeror, the Dealer Managers or the Tender Agent or any of their respective directors, employees or affiliates makes any recommendation whether Noteholders should tender Notes pursuant to the Offer.

## OFFER AND DISTRIBUTION RESTRICTIONS

*The distribution of this announcement and/or the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum come(s) are required by each of the Offeror, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions. Nothing in this announcement nor the Tender Offer Memorandum constitutes an offer to buy or a solicitation of an offer to sell the Notes (and tenders of Notes in the Offer will not be accepted from any Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and either Dealer Manager or any of the Dealer Managers' respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Offeror in such jurisdiction in accordance with applicable laws and regulations.*

*No action has been or will be taken in any jurisdiction in relation to the New Notes that would permit a public offering of securities. The minimum denomination of the New Notes will be €100,000.*

### United States

The Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Notes in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Neither this announcement nor the Tender Offer Memorandum is an offer of securities for sale in the United States or to U.S. persons (as defined in Regulation S of the Securities Act (each a **U.S. Person**)). Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons.

Each Noteholder participating in the Offer will represent that it is not located in the United States and is not participating in the Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States. For the purposes of this and the above two paragraphs, **United States** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

### Italy

None of the Offer, this announcement, the Tender Offer Memorandum or any other document or materials relating to the Offer have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian laws and regulations. The Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Accordingly, Noteholders or beneficial owners of the Notes that are located in Italy can tender Notes for purchase in the Offer through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September

1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Notes and/or the Offer.

### **United Kingdom**

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer is not being made, and such documents and/or materials have not been approved by, an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

### **France**

The Offer is not being made, directly or indirectly, to the public in the Republic of France (**France**). This announcement, the Tender Offer Memorandum and any other document or material relating to the Offer have only been, and shall only be, distributed in France to qualified investors as defined in Article 2(e) of Regulation (EU) 2017/1129. Neither this announcement nor the Tender Offer Memorandum have been or will be submitted for clearance to or approved by the *Autorité des Marchés Financiers*.