

ARCTIC FULL CIRCLE

ISLANDSBANKI

IN 2014, ISLANDSBANKI HF. completed a cross-border offering of euro-denominated debt. This is noteworthy insofar as it represents the first sale by an Icelandic bank of euro-denominated securities since the start of the financial crisis. In the future, this financing may come to be viewed as an important step in the direction of restoring the Icelandic financial sector's access to the global capital markets. To place this in context, it is worth taking a look at the past.

We started working with a predecessor bank, also called Islandsbanki hf, in 2005. During the following few years, we worked with the bank (which subsequently changed its name to Glitnir) on a variety of transactions that enabled it to raise the funds necessary to meet its sizeable funding requirements. The transactions included euro MTN offerings, Rule 144A offerings, and offerings of extendible notes. The cross-border financing activity came to a crashing halt shortly following the failure of Lehman Brothers in 2008 and the freezing of the capital markets. All three major Icelandic banks faced liquidity crises and were nationalized. This led to a Chapter 15 bankruptcy proceeding and a resolution and winding up process.

While there are few examples of happiness in the context of a financing, restructuring, resolution and winding up, the Glitnir process has advanced. Today, the creditors of Glitnir are, essentially, the owners of Islandsbanki. And Islandsbanki, which bears the name of the bank from which it has descended, seems to be coming full circle.