

20.11.2019

ÍSLANDBANKI HF.
Issue of ISK 3,600,000,000 Floating Rate Bonds
under the ISK 100,000,000,000

Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Bonds (the **Terms and Conditions**) set forth in the Base Prospectus dated 2 April 2019. This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5(4) of the Prospectus Directive and Article 45 of Act on Securities Transactions and must be read in conjunction with the Base Prospectus and any supplements if applicable which constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Base Prospectus and any supplements, if applicable. Copies of said Base Prospectus and any supplements, if applicable, are available for viewing on the Issuer's webpage, <https://www.islandsbanki.is/en/landing/about/investor-relations> and at the office of the Issuer at Hagasmári 3, 201 Kópavogur, Iceland.

1. Issuer:	Íslandsbanki hf.
2.	
i. Series Number:	1
ii. Tranche Number:	1
iii. Ticker:	ISLA 24 1125
3. Specified Currency or Currencies:	ISK
4. Aggregate Nominal Amount:	
I. Series:	3,600,000,000
II. Tranche:	3,600,000,000
5. Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6. Specified Denominations:	20,000,000
7.	
i. Issue Date:	25 November 2019
ii. Interest Commencement Date:	Issue Date
8.	
i. Maturity Date:	25 November 2024

- 9.
- i. Interest Basis to Maturity Date: 1 month REIBOR + 0.9 per cent. Floating Rate
- 10. Redemption/Payment Basis:** Equal principal payments
- i. Payment Basis: Equal principal payments
- ii. Instalment Amounts: Equal principal instalment amounts
- iii. Instalment Dates: The 25th day in every month each year up to and including the Maturity Date. First Instalment Date being 25 November 2019
- 11. Change of Interest Basis or Redemption/Payment Basis:** In the event that the Reference Rate (REIBOR) were discontinued or otherwise unavailable the rate of interest on the Bonds which reference such Reference Rate will be determined for the relevant period by:
- i) reference to a rate which the Central Bank of Iceland determines is a successor to or replacement of the Reference Rate.
- ii) In the absence of the Central Bank of Iceland's determination of a successor to or replacement of the Reference Rate, reference to a rate an Independent Adviser determines is a successor to or replacement of the Reference Rate. Independent Adviser shall mean an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.
- 12. Call Option:** Not Applicable
- 13. Status of the Bonds:** Senior
- 14. Approval for issuance of the Bonds:**
- Date of Board approval for issuance of Bonds obtained: 13th February 2019
- 15. Method of distribution:** Non-syndicated

PROVISIONS RELATING TO INFLATION LINKED ANNUITY BONDS

- 16. Inflation Linked Annuity Bonds:** Not Applicable

PROVISIONS RELATING TO INFLATION LINKED EQUAL PRINCIPAL PAYMENT BONDS

17. Inflation Linked Equal Principal Payment Bonds: Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18. Fixed Rate Bond Provisions: Not Applicable

19. Floating Rate Bond Provisions: Applicable

- i. Specified Period(s)/Specified Interest Payment Dates: The 25th day in every month each year up to and including the Maturity Date. First Interest Payment Date being 25 November 2019
- ii. Business Day Convention: Modified Following Business Day Convention
- iii. Additional Business Centre(s): Reykjavik
- iv. Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination
- v. Party responsible for calculating the Rate of Interest and Interest Amount: Issuer
- vi. Screen Rate Determination:
 - Reference Rate: 1 month REIBOR
 - Interest Determination Date(s): *Second Reykjavik Business day prior to the start of each Interest Period*
 - Relevant Screen Page: Reuter page REIBOR
- vii. ISDA Determination:
 - -Floating Rate Option: Not Applicable
 - -Designated Maturity: Not Applicable
 - -Reset Date: Not Applicable
- viii. Margin(s) to Maturity Date: Not Applicable
- ix. Minimum Rate of Interest: Not Applicable
- x. Maximum Rate of Interest: Not Applicable
- xi. Day Count Fraction: Actual/360

20. Zero Coupon Bond Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: Not Applicable

22. Final Redemption Amount of each Bond: Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE BONDS

23. New Global Bond: No

24. Form of Bonds: VS System Bonds

25. Additional Financial Centre(s) or other special provisions relating to Payment Days: Not Applicable

26. Talons for future Coupons or Receipts to be attached to definitive Bonds (and dates on which such Talons mature): No

27. Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment: Not Applicable

28. Details relating to Instalment Bonds:

i. Instalment Amount(s): Not Applicable

ii. Instalment Date(s): Not Applicable

29. Redenomination applicable: Redenomination not applicable

30. Other final terms: Not Applicable

DISTRIBUTION

31.

i. If syndicated, names of Managers: Not Applicable

ii. Stabilising Manager (if any): Not applicable

32. If non-syndicated, name of relevant Dealer: Íslandsbanki hf.

33. Additional selling restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

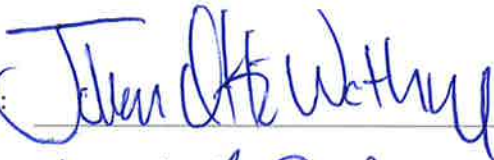

These Final Terms comprise the final terms required to list and have admitted to trading, the issue of Bonds described herein pursuant to the ISK 100,000,000,000 Bond Programme of Íslandsbanki hf.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

LISTING

- i. Listing: NASDAQ Iceland
- ii. Admission to trading: Application has been made for the Bonds to be admitted to trading on Nasdaq Iceland with effect from 25 November 2019.

RATING

Not Applicable

NOTIFICATION

Not Applicable

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the issue.

USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- I. Use of proceeds: For general funding purposes of the Issuer
- II. Estimated net proceeds: 3,599,150,000
- III. Estimated total expenses: 850,000

YIELD (*Fixed Rate Bonds only*)

Indication of yield: Not Applicable

HISTORIC INTEREST RATES (*Floating Rate Bonds Only*)

Details of historic REIBOR rates can be obtained from the Central Bank of Iceland from <https://www.sedlabanki.is/annad-efni/vextir-sedlabankans-og-adrir-vextir/> and the Reuters page REIBOR.

PERFORMANCE OF CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Inflation Linked Annuity Bonds and Inflation Linked Equal Principal Payment Bonds Only*)

Not Applicable

OPERATIONAL INFORMATION

- i. ISIN Code: IS0000031615
- ii. Common Code: 000003161

- III.** Any clearing system(s) other than Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme and the relevant identification number(s): Nasdaq CSD Iceland hf.
- IV.** Delivery: Delivery against payment
- V.** Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- VI.** Intended to be held in a manner which would allow Eurosystem eligibility: No