

## FINAL TERMS

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (**MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, 2000 (as amended) (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

24 February 2023

**ÍSLANDBANKI HF.**  
(incorporated with limited liability in Iceland)

**Legal entity identifier (LEI): 549300PZMFIQR79Q0T97**

**Issue of ISK 1,680,000,000 7.70 per cent. Senior Preferred Green Notes due November 2027  
under the U.S.\$2,500,000,000  
Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 April 2022 (the **Base Prospectus**) as supplemented by the supplements to it dated 7 September 2022, 28 October 2022, 20 January 2023 and 15 February 2023 which together constitute a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purpose of the Prospectus Regulation and must be read in conjunction with the Base Prospectus as so supplemented in order to obtain all the relevant information. The Base Prospectus and the supplements have been published on the website of the Issuer at <https://www.islandsbanki.is/en/product/about/funding> and on the website of Euronext Dublin at <https://live.euronext.com/en/markets/dublin> and copies may be obtained during normal business hours from the registered office of the Issuer at Hagasmári 3, 201 Kópavogur, Iceland and from the offices of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England.

- |    |                                                                            |                                                                                                                                                                    |
|----|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Issuer:                                                                    | Íslandsbanki hf.                                                                                                                                                   |
| 2. | (a) Series Number:                                                         | 43                                                                                                                                                                 |
|    | (a) Tranche Number:                                                        | 2                                                                                                                                                                  |
|    | (b) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and from a single Series with the ISK 5,260,000,000 7.70 per cent. Senior Preferred Green Notes due November 2027 on the Issue Date |
| 3. | Specified Currency or Currencies:                                          | ISK                                                                                                                                                                |
| 4. | Aggregate Nominal Amount:                                                  |                                                                                                                                                                    |
|    | (a) Series:                                                                | ISK 6,940,000,000                                                                                                                                                  |
|    | (b) Tranche:                                                               | ISK 1,680,000,000                                                                                                                                                  |
| 5. | Issue Price:                                                               | 95.8954 per cent. of the Aggregate Nominal Amount                                                                                                                  |
| 6. | (a) Specified Denominations:                                               | ISK 20,000,000                                                                                                                                                     |
|    | (a) Calculation Amount:                                                    | ISK 20,000,000                                                                                                                                                     |
| 7. | (a) Issue Date:                                                            | 28 February 2023                                                                                                                                                   |

	(a)	Interest Commencement Date:	Issue Date
8.		Maturity Date:	22 November 2027
9.		Interest Basis:	7.70 per cent. Fixed Rate (see paragraph 14 below)
10.		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100.00 per cent. of their nominal amount
11.		Change of Interest Basis:	Not Applicable
12.		Put/Call Options:	Not Applicable
13.	(a)	Status of the Notes:	Senior Preferred
	(i)	Redemption upon occurrence of an MREL Disqualification Event:	Applicable – Condition 6.4 applies
	(ii)	Substitution or variation:	Applicable – Condition 6.12 applies
	(b)	Date Board approval for issuance of Notes obtained:	30 November 2022

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14.		Fixed Rate Note Provisions	Applicable
	(a)	Rate(s) of Interest:	7.70 per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	22 November in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s):	Not Applicable
	(d)	Broken Amount(s):	Not Applicable
	(e)	Day Count Fraction:	30E/360
	(f)	Determination Date(s):	Not Applicable
15.		Floating Rate Note Provisions	Not Applicable
16.		Reset Note Provisions:	Not Applicable
17.		Zero Coupon Note Provisions	Not Applicable

## **PROVISIONS RELATING TO REDEMPTION**

- |     |                                                                                                                                                                 |                                                    |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 18. | Issuer Call:                                                                                                                                                    | Not Applicable                                     |
| 19. | Final Redemption Amount:                                                                                                                                        | Each Note will be redeemed at its principal amount |
| 20. | Clean-up Redemption Option:                                                                                                                                     | Not Applicable                                     |
| 21. | Early Redemption Amount payable on redemption for taxation reasons or upon the occurrence of a Capital Event or an MREL Disqualification Event (as applicable): | ISK 20,000,000 per Calculation Amount              |

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |     |                                                                      |                |
|-----|----------------------------------------------------------------------|----------------|
| 22. | Form of Notes:                                                       |                |
|     | (a) Form:                                                            | CSD Notes      |
|     | (b) New Global Note:                                                 | Not Applicable |
| 23. | Additional Financial Centre(s):                                      | Not Applicable |
| 24. | Talons for future Coupons to be attached to Definitive Bearer Notes: | No             |

Signed on behalf of Íslandsbanki hf.:

By:

*Duly authorised*

## **PART B – OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

- (i) Listing: Nasdaq Iceland
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on Nasdaq Iceland with effect from on or about the Issue Date
- (iii) Estimate of total expenses related to admission to trading: ISK 135,000

### **2. RATINGS**

Ratings: The Notes to be issued have not been rated.

### **3. NOTIFICATION**

The Central Bank of Ireland has provided the Financial Supervisory Authority of the Central Bank of Iceland (Fjármálaeftirlitið) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.

### **4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

### **5. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

- (i) Reasons for the offer: The Notes constitute Sustainability Instruments and an amount equal to the net proceeds of the issue of the Notes will be used to finance or refinance, in whole or in part, the Issuer's investments in Eligible Assets (being Green Projects), as further described in the Issuer's Sustainable Financing Framework dated 28 October 2020 (as amended or supplemented from time to time) available on the Issuer's website at [https://cdn.islandsbanki.is/image/upload/v1/documents/ISB\\_Sustainable\\_Financing\\_Framework.pdf](https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_Sustainable_Financing_Framework.pdf).
- (ii) Estimated net proceeds: ISK 1,645,403,214

### **6. YIELD**

Indication of yield: 7.70%

## **7. BENCHMARKS REGULATION**

Not Applicable

## **8. OPERATIONAL INFORMATION**

- (i) ISIN: IS0000034684
- (ii) Common Code: Not Applicable
- (iii) CFI: DBFUFRR, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
- (iv) FISN: ISLANDSBANKI/7.70 BD 20271122, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Nasdaq CSD Iceland, CSD identification number: 451015-2140
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) and/or Transfer Agent(s) (if any) or alternative Dematerialised Account Manager (if applicable): Not Applicable
- (viii) VPS Calculation Agent: Not Applicable
- (ix) CSD Calculation Agent: Íslandsbanki hf.
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable

## **9. DISTRIBUTION**

- (i) Method of distribution: Non-Syndicated
- (ii) If syndicated, names of Managers: Not Applicable
- (iii) Date of Subscription Agreement: Not Applicable
- (iv) Stabilising Manager(s) (if any): Not Applicable
- (v) If non-syndicated, name of Dealer: Not Applicable
- (vi) TEFRA applicability: TEFRA not applicable

(vii) Prohibition of Sales to EEA Retail Investors: Applicable

(viii) Prohibition of Sales to UK Retail Investors: Applicable

**10. THIRD PARTY INFORMATION**

Not Applicable