

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 **PRIPs 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 PRIPs 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 the 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/Directive 2014/65/EU (as amended) (**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 manufacturer's 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 manufacturer's target market assessment) and determining appropriate distribution channels.

22.01.2025

ÍSLANDBANKI HF.

(incorporated with limited liability in Iceland)

Legal entity identifier (LEI): 549300PZMFIQR79Q0T97

**Issue of ISK 3,600,000,000 Fixed Rate Senior Preferred Inflation Linked Notes due November 2036
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 3 May 2024 (the **Base Prospectus**) as supplemented by the supplements to it dated 10 June 2024, 29 July 2024 and 24 October 2024 which together constitute a base prospectus for the purposes of Regulation (EU) 2017/1129 (for the purposes of these Final Terms, 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/fundingand> 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: 54
(b) Tranche Number: 2
(c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and from a single Series with ISB 36 1114 GB, ISIN: IS0000036952 on the Issue Date
3. Specified Currency or Currencies: ISK
4. Aggregate Nominal Amount:
(a) Series: ISK 7,600,000,000
(b) Tranche: ISK 3,600,000,000
5. Issue Price: 97.7341 per cent. of the Aggregate Nominal Amount
6. (a) Specified Denominations: ISK 20,000,000
(b) Calculation Amount: ISK 20,000,000
7. (a) Issue Date: 28. January 2025
(b) Interest Commencement Date: Issue Date

8.	Maturity Date:	14 November 2036
9.	Interest Basis:	Inflation Linked (see paragraph 19 below)
10.	Redemption/Payment Basis:	Inflation linked redemption in accordance with Condition 6.15
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:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	Not Applicable
15.	Floating Rate Note Provisions	Not Applicable
16.	Reset Note Provisions:	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable
18.	Inflation Linked Amortising Notes	Not Applicable
19.	Inflation Linked Notes	Applicable
	(a) Rate(s) of Interest:	3.50 per cent. per annum payable annually in arrear
	(b) Interest Payment Date(s):	14 November in each year, commencing on 14 November 2025 up to and including the Maturity Date
	(c) Base Index:	633.0800, being the value of the CPI on 14 November 2024
	(d) Day Count Fraction:	30/360
	(e) Determination Dates:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call:	Not Applicable
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| 21. | Final Redemption Amount: | In accordance with Condition 6.15 per Calculation Amount |
| 22. | Clean-up Redemption Option: | Not Applicable |
| 23. | Notice periods for Condition 6.2
(<i>Redemption for tax reasons</i>): | Minimum period: 15 days
Maximum period: 60 days |
| 24. | Notice periods for Condition 6.3
(<i>Redemption upon a Capital Event – Subordinated Notes</i>): | Not Applicable |
| 25. | Notice periods for Condition 6.4
(<i>Redemption upon a MREL Disqualification</i>): | Applicable

Minimum period: 15 days

Maximum period: 60 days |
| 26. | Early Redemption Amount payable on redemption for taxation reasons or upon the occurrence of a Capital Event or an MREL Disqualification Event (as applicable): | In accordance with Condition 6.15 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 27. | Form of Notes: | |
| | (a) Form: | CSD Notes |
| | (b) New Global Note: | Not Applicable |
| 28. | Additional Financial Centre(s): | Not Applicable |
| 29. | Talons for future Coupons to be attached to Definitive Bearer Notes: | Not Applicable |

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 the Issue Date
- (iii) Estimate of total expenses related to admission to trading: ISK 135,000

2. RATINGS

Ratings: The Notes to be issued will not be rated

3. 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 Notes has an interest material to the offer. The Dealer 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.

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: The Notes constitute Green Bonds 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 Funding Framework dated January 2024 (as amended or supplemented from time to time) available on the Issuer's website <https://www.islandsbanki.is/en/landing/about/sustainability-en>.
- (ii) Estimated net proceeds: 3,565,846,764

5. YIELD (*Fixed Rate Notes and Reset Notes only*)

Indication of yield: 3.74%

6. PERFORMANCE OF FORMULA/CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

The Notes are linked to the performance of the Icelandic Consumer Price Index (CPI) produced based on data from Statistics Iceland

Information about the CPI can be obtained from the website of Statistics of Iceland being <https://www.statice.is/publications/indices-overview/>

The Issuer does not intend to provide post-issuance information

7. BENCHMARKS REGULATION

Not Applicable

8. OPERATIONAL INFORMATION

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| (i) | ISIN: | IS0000036952 |
| (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/3.50 BD 20361114, 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), 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

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| (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: | Íslandsbanki hf. |
| (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