

26.04.2021

ÍSLANDBANKI HF.

Legal entity identifier (LEI): 549300PZMFIQR79Q0T97

**Issue of ISK 1,200,000,000 Fixed 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 29 June 2020 and Supplement to the Base Prospectus dated 12 November 2020. This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 8(2) of the Prospectus Regulation 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 Regulation. 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/is/flokkur/bankinn/fjarfestatengsl> and at the office of the Issuer at Hagasmári 3, 201 Kópavogur, Iceland.

1. Issuer:	Íslandsbanki hf.
2.	
i. Series Number:	2
ii. Tranche Number:	2
iii. Ticker:	ISLA GB 25 1126
3. Specified Currency or Currencies:	ISK
4. Aggregate Nominal Amount:	
i. Series:	3,900,000,000
ii. Tranche:	1,200,000,000
5. Issue Price:	99.9853 per cent. of the Aggregate Nominal Amount
6. Specified Denominations:	20,000,000
7.	
i. Issue Date:	29 April 2021
ii. Interest Commencement Date:	Issue Date

- 8.
- i. Maturity Date: 26 November 2025
- 9.
- i. Interest Basis to Maturity Date: 3,50 per cent. Fixed Rate
10. **Redemption/Payment Basis:** Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. **Change of Interest Basis or Redemption/Payment Basis:** Not Applicable
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: 14 January 2021
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:** Applicable
- i. 3.50 per cent. per annum payable annually in arrear
- ii. 26 November in each year up to and including the Maturity Date

iii. 30E/360

iv. None

19. Floating Rate Bond Provisions: Not Applicable

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:

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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 the issue date. |

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: | The Bonds constitute Sustainability Instruments and an amount equal to the net proceeds of the issue of the Bonds 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 https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_Sustainable_Financing_Framework.pdf |
| ii. Estimated net proceeds: | 1,217,538,100 |
| iii. Estimated total expenses: | 135,000 |

YIELD (*Fixed Rate Bonds only*)

Indication of yield:	3,50%
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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: IS0000032498

- II. Common Code: 000003249

- 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