

NOTICE

TO THE HOLDERS OF THE €300,000,000 SERIES 2022-2 3.000% COVERED BONDS DUE 20 SEPTEMBER 2027 OF ISLANDSBANKI HF. (THE "COVERED BONDHOLDERS" AND THE "COVERED BONDS", RESPECTIVELY)

(ISIN: XS2530443659, COMMON CODE: 253044365)

NOTICE IS HEREBY GIVEN by Íslandsbanki hf. (the "Issuer") to Covered Bondholders that, pursuant to Clause 33 of the Amended and Restated Agency Agreement dated 6 September 2022 (the "Principal Agency Agreement") and Condition 16.1 of the terms and conditions of the Covered Bonds (the "Conditions"), the Covered Bonds, the Conditions and the Principal Agency Agreement have been modified in the manner described in this Notice.

Capitalised terms set out in this Notice shall, unless otherwise defined herein, have the meaning given to them in the Principal Agency Agreement.

The Principal Agency Agreement provides that the Fiscal Agent and the Issuer may agree, without the consent of the Covered Bondholders or Couponholders, to modifications to the Covered Bonds, the Conditions and the Principal Agency Agreement which, in the opinion of the Issuer, are (i) of a formal, minor or technical nature or (ii) made to comply with the provisions of (a) Directive (EU) 2019/2162 and Regulation (EU) 2019/2160 as such may be implemented into Icelandic law and/or (b) the Act on Covered Bonds (together, "**Permitted Modifications**").

The Fiscal Agent and the other parties to the Principal Agency Agreement have, in a supplemental agency agreement dated 11 July 2023, which is supplemental to, and modifies, the Principal Agency Agreement in respect of the Covered Bonds (the "**Supplemental Agency Agreement**"), agreed with the Issuer to certain Permitted Modifications, including, amongst other items:

(a) changes to the provisions of Condition 5.2 (*Maintenance of the Cover Pool*), which shall read as follows:

For so long as the Covered Bonds are outstanding, the value of the Cover Pool will not at any time be less than the total aggregate outstanding principal amount of all Covered Bonds plus an Overcollateralisation of at least the higher of (i) 5 per cent. and (ii) such percentage as required under the Act on Covered Bonds and/or the Rules on Covered Bonds from time to time; and

(b) changes to the provisions of Condition 9.11 which shall read as follows:

(a) *Extension of Maturity Date:*

(i) *If an Extended Maturity Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer (i) has received approval from the FSA to extend the maturity of the Covered Bonds (a **Maturity Extension Approval**) and (ii) fails to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms the maturity of the outstanding Covered Bonds not so redeemed and the date on which such Covered Bonds will, notwithstanding any insolvency, bankruptcy or resolution in respect of the Issuer at the relevant*

time, be due and repayable for the purposes of these Terms and Conditions will be extended up to and including (but no later than) the Extended Maturity Date,. In that event, the Issuer may redeem all or any part of the Principal Amount Outstanding of the Covered Bonds on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date.

- (ii) Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Maturity Date.*
- (iii) The Issuer shall promptly give notice to the Fiscal Agent and the Covered Bondholders (in accordance with Condition 15 (Notices)) of such Maturity Extension Approval (provided, however, that any failure by the Issuer to give such notice shall not in any event affect the validity or effectiveness of the extension of maturity or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise with respect to the relevant Covered Bonds other than as provided for in these Conditions).*
- (iv) The Issuer shall give the Fiscal Agent not less than five Business Days' notice (in accordance with Condition 15 (Notices)) prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Maturity Date (the Extension Notice).*
- (v) Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date, or give rise to rights to any such person.*

The Issuer has amended and restated the Final Terms to reflect the changes made to the Covered Bonds, the Conditions and the Principal Agency Agreement in respect of the Permitted Modifications. A copy of the Amended and Restated Final Terms is attached hereto as Annex 1.

Copies of the Supplemental Agency Agreement are available for inspection by Covered Bondholders during normal business hours at the offices of the Fiscal Agent at:

33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

and are also available for viewing at the office of the Issuer at Hagasmári 3, 201 Kópavogur, Iceland.

ANNEX 1
AMENDED AND RESTATED FINAL TERMS

THESE AMENDED AND RESTATED FINAL TERMS HAVE BEEN CREATED SOLELY AS A MATTER OF RECORD TO RECORD THE CURRENT FINAL TERMS OF THE COVERED BONDS AS AMENDED WITH EFFECT FROM 11 JULY 2023 BY A SUPPLEMENTAL AGENCY AGREEMENT DATED 11 JULY 2023 (THE "SUPPLEMENTAL AGENCY AGREEMENT"). NO OFFER OF ANY OF THE COVERED BONDS IS BEING MADE BY THE ISSUER (AS DEFINED BELOW) PURSUANT TO THIS DOCUMENT OR OTHERWISE AND THE ISSUER DOES NOT ACCEPT ANY ADDITIONAL OBLIGATIONS TO COVERED BONDHOLDERS IN RELATION TO THIS DOCUMENT.

AMENDED AND RESTATED FINAL TERMS

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Covered Bonds 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 (as amended, 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 (as amended, 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 Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the **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 domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (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 Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

16 September 2022 (as amended and restated on 11 July 2023)

ÍSLANDSBANKI HF.

Legal entity identifier (LEI): 549300PZMFIQR79Q0T97

Issue of €300,000,000 Series 2022-2 3.000% Covered Bonds due 20 September 2027 under the €2,500,000,000 Covered Bond Programme (which is, as at the date of the Amended and Restated Final Terms, is referred to as the €4,000,000,000 European Covered Bond (Premium) 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 8 April 2022 (the **Base Prospectus**) as supplemented by the supplement to it dated 6 September 2022 which together constitute a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). By virtue of a supplemental agency agreement dated 11 July 2023 amongst the Issuer, the Fiscal Agent and the other parties thereto, the Conditions have been modified (the **Amended Conditions**). This document constitutes the Final Terms of the Covered Bonds described herein for the purpose of the Prospectus Regulation and must be read in conjunction with the Base Prospectus as so supplemented and the Amended Conditions in order to obtain all the relevant information. The Base Prospectus and the supplement 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 Fiscal Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England.

1.	Issuer:	Ílandsbanki hf.	
2.	i	Series Number:	2
	ii	Tranche Number:	1
	iii	Series which Covered Bonds will be consolidated and form a single Series with:	Not Applicable
	iv	Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above:	Not Applicable
	v	Trade Date:	12 September 2022
3.	Specified Currencies:	Currency or Currencies:	Euro (€)

4. Aggregate Nominal Amount:

- i Series: €300,000,000
- ii Tranche: €300,000,000

5. Issue Price: 99.936 per cent. of the Aggregate Nominal Amount

6. Specified Denominations: €100,000 and integral multiples of €1,000 in excess thereof.

7.

- i Issue Date: 20 September 2022
- ii Interest Commencement Date: Issue Date

8.

- i Maturity Date: 20 September 2027
- ii Extended Maturity Date: Applicable
Subject to Condition 9.11, the Extended Maturity Date is 20 September 2028

9.

- i Interest Basis to Maturity Date: 3.000 per cent. Fixed Rate
- ii Interest Basis from Maturity Date to Extended Maturity Date: 1 month EURIBOR +0.700 per cent. Floating Rate

10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date or Extended Maturity Date (as applicable) at 100 per cent. of their nominal amount.

11. Change of Interest Basis or Redemption/Payment Basis: In accordance with paragraph 9 and paragraph 18.

12. Call Option: Not Applicable

13. Approval for issuance of the Covered Bonds:

Date of Board approval for issuance 28 July 2022
of Covered Bonds obtained:

14. **Method of distribution:** Syndicated

Provisions relating to Inflation Linked Annuity Covered Bonds

15. **Inflation Linked Annuity Covered Bonds:** Not Applicable

PROVISIONS RELATING TO INFLATION LINKED EQUAL PRINCIPAL PAYMENT COVERED BONDS INCLUDING COVERED BONDS WITH ONE PAYMENT OF PRINCIPAL ON MATURITY DATE

16. **Inflation Linked Equal Principal Payment Covered Bonds:** Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **Fixed Rate Covered Bond Provisions:** Applicable

- i Rate(s) of Interest to 3.000 per cent. per annum payable annually in arrear Maturity Date:
- ii Rate(s) of Interest from See paragraphs 9 and 18 Maturity Date to Extended Maturity Date:
- iii Interest Payment Date(s): 20 September in each year up to and including the Maturity Date
- iv Day Count Fraction: Actual/Actual (ICMA)
- v Determination Date(s): 20 September in each year
- vi Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: None

18. **Floating Rate Covered Bond Provisions:** Applicable

- i Specified Period(s)/Specified Interest Payment Dates: 20th day of each month, from and excluding the Maturity Date, to and including the Extended Maturity Date
- ii Business Day Convention: Following Business Day Convention
- iii Additional Business Centre(s): None
- 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:	
vi	Screen Rate Determination:	
	▪ Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: 1 month EURIBOR
		Relevant Time: 11:00am in the Relevant Financial Centre
		Relevant Financial Centre: Brussels
	▪ Interest Determination Date(s):	Second day on which the TARGET2 System is open prior to the start of each Interest Period.
	▪ Relevant Screen Page:	Reuters EURIBOR 01
	▪ Calculation Method:	Not Applicable
	▪ Observation Method:	Not Applicable
	▪ Observation Look-back Period:	Not Applicable
	▪ D:	Not Applicable
vii	ISDA Determination:	Not Applicable
viii	Margin(s) to Maturity Date:	Not Applicable
ix	Margin(s) from Maturity Date to Extended Maturity Date:	+0.700 per cent. per annum
x	Minimum Rate of Interest:	Zero
xi	Maximum Rate of Interest:	Not Applicable
xii	Day Count Fraction:	Actual/360
xiii	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions:	Not Applicable
19.	Zero Coupon Covered Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call:** Not Applicable

21. **Final Redemption Amount of each Covered Bond:** €100,000 per Covered Bond of €100,000 Specified Denomination

For the avoidance of doubt, in the case of a holding of Covered Bonds in an integral multiple of €1,000 in excess of €100,000 as envisaged in paragraph 6 above, such holding will be redeemed at its nominal amount.

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. **New Global Covered Bond:** No

23. **Form of Covered Bonds:** Registered Covered Bond:
Global Covered Bond registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg

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

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

26. **Details relating to partly paid Covered 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 Covered Bonds and interest due on late payment:** Not Applicable

27. **Details relating to Instalment Covered Bonds:**

- i Instalment Amount(s): Not Applicable
- ii Instalment Date(s): Not Applicable

28. **Other final terms:** Not Applicable

DISTRIBUTION

29.

i	If syndicated, names of Managers:	Barclays Bank Ireland PLC UBS Europe SE
ii	Date of Subscription Agreement	16 September 2022
iii	Stabilisation Manager (if any):	Not Applicable

30. **If non-syndicated, name of relevant Dealer:** Not Applicable

31. **U.S. Selling Restrictions:** Reg S Category 2; TEFRA not applicable

32. **Prohibition of Sales to EEA Retail Investors** Applicable

33. **Prohibition of Sales to UK Retail Investors** Applicable

34. **Relevant Benchmark:** EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the **EU Benchmarks Regulation**).

35. **European Covered Bonds (Premium)** Yes

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €2,500,000,000 Covered Bond Programme of Íslandsbanki hf. (which is, as at the date of the Amended and Restated Final Terms, referred to as the €4,000,000,000 European Covered Bond (Premium) Programme).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The extract from S&P Global Ratings Europe Limited's November 2021 publication "Ratings Definitions" set out in Part B – Other Information, Paragraph 2 below in respect of its credit rating methodology has been extracted from S&P Global Ratings Europe Limited's November 2021 publication "Ratings Definitions". The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by S&P Global Ratings Europe Limited, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

J. Omarsson
Duly authorised *Jon Omarsson*
CEO

John O. Walker
JOHN O. WALKER
Executive Director

PART B – OTHER INFORMATION

1. LISTING

i	Listing:	Official List of Euronext Dublin
ii	Admission to trading:	Application has been made for the Covered Bonds to be admitted to trading on the Regulated Market of Euronext Dublin with effect from 20 September 2022

2. RATINGS

The Covered Bonds to be issued are expected to be rated A by S&P.

S&P Global Ratings Europe Limited (**S&P**) has, in its November 2021 publication “Ratings Definitions”, described a credit rating of ‘A’ in the following terms: “An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories”.

S&P is established in the EEA and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).

3. NOTIFICATION

The Central Bank of Ireland has provided the Financial Supervisory Authority of the Central Bank of Iceland with a certificate of approval attesting that the Base Prospectus, as supplemented by the supplement to it dated 6 September 2022, 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 Managers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the issue. The Managers 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. USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

i	Use of proceeds:	General corporate purposes
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ii	Estimated net proceeds:	€298,968,000
iii	Estimated total expenses:	€1,000
6. YIELD (Fixed Rate Covered Bonds only)		
	Indication of yield:	3.014%
		Calculated as on the Issue Date.
		The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
7. HISTORIC INTEREST RATES (Floating Rate Covered Bonds Only)		
Details of historic EURIBOR rates can be obtained from Reuters.		
8. OPERATIONAL INFORMATION		
i	ISIN Code:	XS2530443659
ii	Common Code:	253044365
iii	CFI Code:	See 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 Code:	See 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 Bank S.A./N.V. or Clearstream Banking, société anonyme and the relevant identification number(s):	Not Applicable
vi	Delivery:	Delivery against payment
vii	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
viii	CSD Agent	Not Applicable
ix	Intended to be held in a manner which would allow Eurosystem eligibility:	Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper and does not necessarily

mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.