

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 2002/92/EC, 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 Directive 2003/71/EC (as amended, the **Prospectus Directive**). 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.

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.

22 January 2019

ÍSLANDSBANKI HF.

(incorporated with limited liability in Iceland)

Legal entity identifier (LEI): 549300PZMFIQR79Q0T97

**Issue of NOK 750,000,000 Floating Rate Notes due January 2022
under the U.S.\$2,500,000,000
Global 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 30 April 2018 (the **Base Prospectus**) as supplemented by the supplement to it dated 22 November 2018 which together constitute a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purpose of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus and the supplement have been published on the website of the Issuer at and the Central Bank of Ireland at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx> and on the website of Euronext Dublin at www.ise.ie 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: 24
(b) Tranche Number: 1
(c) Date on which the Notes will be consolidated and form a single Series: Not Applicable
3. Specified Currency or Currencies: Norwegian Kroner (“**NOK**”)
4. Aggregate Nominal Amount:
(a) Series: NOK 750,000,000
(b) Tranche: NOK 750,000,000
5. Issue Price: 100.00 per cent. of the Aggregate Nominal Amount
6. (a) Specified Denominations: NOK 1,000,000
(b) Calculation Amount: NOK 1,000,000
7. (a) Issue Date: 25 January 2019
(b) Interest Commencement Date: Issue Date
8. Maturity Date: Interest Payment Date falling in or nearest to January 2022
9. Interest Basis: 3 month NIBOR + 1.82 per cent. Floating Rate (see paragraph 15 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: Unsubordinated
(b) Set-off: Not Applicable
(c) 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: Applicable
(a) Specified Period(s)/Specified: Interest shall be payable quarterly in arrear on 25 January,

	Interest Payment Dates:	25 April, 25 July and 25 October in each year, commencing on 25 April 2019 and up to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention specific in (b) below.
(b)	Business Day Convention:	Modified Following Business Day Convention
(c)	Additional Business Centre(s):	Not Applicable
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent or, as the case may be, the VPS Calculation Agent):	VPS Calculation Agent
(f)	Screen Rate Determination:	
	• Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: 3 month NIBOR Relevant Time: 12.00 (noon) in the Relevant Financial Centre Relevant Financial Centre: Oslo
	• Interest Determination Date(s):	Second Oslo business day prior to the start of each Interest Period
	• Relevant Screen Page:	Reuters page "NIBR"
	• Reference Rate Replacement:	Applicable
(g)	ISDA Determination:	Not Applicable
(h)	Linear Interpolation:	Not Applicable
(i)	Margin(s):	+ 1.82 per cent. per annum
(j)	Minimum Rate of Interest:	Not Applicable
(k)	Maximum Rate of Interest:	Not Applicable
(l)	Day Count Fraction:	Actual/360
16.	Reset Note Provisions:	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

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|-----|--|--------------------------------------|
| 18. | Issuer Call: | Not Applicable |
| 19. | Investor Put: | Not Applicable |
| 20. | Final Redemption Amount: | NOK 1,000,000 per Calculation Amount |
| 21. | Early Redemption Amount payable on redemption for taxation reasons or on event of default: | NOK 1,000,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 22. | Form of Notes: | |
| | (a) Form: | VPS 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

JOHAN OTTO WATHNE

SIGRIDUR M. TORFARSDOTTIR

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Official List of Euronext Dublin
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Main Securities Market of Euronext Dublin with effect from the Issue Date
- (iii) Estimate of total expenses related to admission to trading: EUR 1,000

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 its 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. BENCHMARKS REGULATION *(Floating Rate Notes and Reset Notes calculated by reference to benchmarks only)*

Amounts payable under the Notes will be calculated by reference to NIBOR which is provided by Norske Finansielle Referanser. As at the date of these Final Terms, NIBOR does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**).

As far as the Issuer is aware, NIBOR does not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of the Benchmarks Regulation apply such that Norske Finansielle Referanser is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).

5. OPERATIONAL INFORMATION

- (i) ISIN: NO0010842107
- (ii) Common Code: Not Applicable
- (iii) CUSIP: Not Applicable
- (iv) CINS: Not Applicable
- (v) CFI: DBVXAR
- (vi) FISN: Islandsbanki hf/VAR BD 20220125
- (vii) Any clearing system(s) other than DTC, Euroclear and Clearstream, Verdipapirsentralen ASA (VPS), VPS identification number: NO0010842107

Luxembourg and the relevant
identification number(s):

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| (viii) | Delivery: | Delivery against payment |
| (ix) | Names and addresses of additional Paying Agent(s) and/or Transfer Agent(s) (if any) or alternative VPS Account Manager (if applicable): | Not Applicable |
| (x) | VPS Calculation Agent: | DNB Bank ASA

Dronning Eufemias gate 30

0191 Oslo

Norway |
| (xi) | Intended to be held in a manner which would allow Eurosystem eligibility: | Not Applicable |

6. 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: | Danske Bank A/S |
| (vi) | TEFRA applicability: | TEFRA not applicable |
| (vii) | Prohibition of Sales to EEA Retail Investors: | Applicable |

7. THIRD PARTY INFORMATION

Not Applicable