

Supplement to Base Prospectus dated 15 February 2023



ÍSLANDBANKI HF.
(incorporated with limited liability in Iceland)

€2,500,000,000
Covered Bond Programme

This Supplement (the **Supplement**) to the base prospectus dated 8 April 2022, as supplemented by the supplements thereto dated 6 September 2022, 28 October 2022 and 16 January 2023, which together comprise a base prospectus (together, the **Base Prospectus**) for the purposes of the Prospectus Regulation (as defined below) constitutes a supplementary prospectus for the purposes of Article 23 of the Prospectus Regulation and is prepared in connection with the €2,500,000,000 Covered Bond Programme (the **Programme**) under which Íslandsbanki hf. (the **Issuer**) may from time to time issue covered bonds (the **Covered Bonds**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129 (as amended).

Purpose of this Supplement

The purpose of the Supplement is to incorporate the Issuer's consolidated financial statements for the year ended 31 December 2022 by reference into the Base Prospectus and to update the "Recent Developments" section.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Covered Bonds that are the subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

This Supplement is supplemental to, and shall be read in conjunction with, the Base Prospectus. To the extent that there is any inconsistency between any statement in this Supplement and any other statement in the Base Prospectus, the statements in this Supplement will prevail.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Documents Incorporated by Reference

The bullet point numbered (i) in the first paragraph under the heading “Documents Incorporated by Reference” on page 51 of the Base Prospectus shall be deleted in its entirety, the following text shall be inserted as the third bullet point, and the bullet points shall be renumbered:

(iii) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2022 (including the auditors’ report thereon) which are provided on pages 9 to 87 (inclusive) of the Consolidated Financial Statements 2022 (the **2022 Financial Statements**) which can be viewed online at

https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_Consolidated_Financial_Statements_2022.pdf

Information about the Issuer-Organisational Structure-Recent Developments

The existing text under the heading “Recent Developments” on page 151 of the Base Prospectus shall be deleted in its entirety and the following text shall be inserted:

“There has been no significant change in the financial performance or financial position of the Group since 31 December 2022 and there has been no material adverse change in the prospects of the Issuer since 31 December 2022.

On 9 February 2023, the Issuer announced that it would commence preliminary discussions with Icelandic bank Kvikabanki hf. regarding a potential combination between the Issuer and Kvikabanki hf. Any combination of the two companies would be subject to the approval of the relevant supervisory authorities and shareholders of both companies.”

General Information-Litigation

The following text shall be inserted after the first paragraph under the heading “Litigation” on page 197 of the Base Prospectus:

“Initial Findings of the FSA of the Central Bank of Iceland

On 9 January 2023, the Issuer announced that it had received the preliminary findings from the FSA’s inspection into the Issuer’s execution of the offering by the Icelandic State of a 22.5% stake in the Issuer’s share capital that took place in March 2022 (the **Offer**). In the findings the FSA indicates its view that the Issuer may have violated certain laws and regulations applicable to its operations. The FSA pointed out its powers to impose administrative fines and to conclude cases with a settlement. The Issuer has requested that the case be concluded with a settlement. The management of the Issuer takes the FSA’s findings seriously. The Issuer has responded to certain sections in the preliminary findings and will complete a response to the FSA by mid-February and expects the FSA’s response in due course. Following the Offer, the Issuer has made changes to its internal rules and procedures and will, subject to the outcome of its internal review and discussions with the FSA, continue to implement appropriate measures. The amount of the potential administrative fine has not been decided and is therefore uncertain. The Issuer has, however, recognised an undisclosed provision based on its own internal estimate.”

Statements contained in this Supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in the Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Base Prospectus or this Supplement. Information on any website referenced in this Supplement is not part of the Base Prospectus or this Supplement.

Copies of this Supplement will be available for inspection at <https://www.islandsbanki.is/en/product/about/funding>. In addition, a copy of the Supplement will be published on the website of Euronext Dublin at <https://live.euronext.com/en/product/bonds-detail/20480/documents>.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus or this Supplement which is capable of affecting the assessment of any Covered Bonds, prepare a new supplement to the Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Covered Bonds.