

Supplement to Base Prospectus dated 14 February 2024



ÍSLANDBANKI HF.

(incorporated with limited liability in Iceland)

€4,000,000,000

European Covered Bond (Premium) Programme

This Supplement (the **Supplement**) to the base prospectus dated 11 April 2023 as supplemented by the supplements thereto dated 5 May 2023, 8 August 2023 and 27 October 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 €4,000,000,000 European Covered Bond (Premium) 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 this Supplement is to (i) update the “Documents Incorporated by Reference” section to incorporate by reference into the Base Prospectus the Issuer’s consolidated financial statements for the year ended 31 December 2023 and certain sections of its Pillar 3 Report 2023; (ii) update the “General Information-Significant or Material Change” subsection; and (iii) update page vii of the Base Prospectus and the “Overview of the Programme”, “Risk Factors”, “Form of Final Terms” and “Use of Proceeds” sections of the Base Prospectus to describe the Issuer’s Sustainable Funding Framework dated January 2024.

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.

Important Notice

The following shall be added to page vii of the Base Prospectus, immediately preceding the heading “Important-EEA Retail Investors:”

Covered Bonds issued as Green, Social or Sustainability Bonds – None of the Arranger, Dealers nor any of their respective affiliates accepts any responsibility for any environmental or sustainability assessment of any Covered Bonds issued as Green, Social or Sustainability Bonds or makes any representation or warranty or gives any assurance as to whether such Covered Bonds will meet any investor expectations or requirements regarding such “green, social, sustainable” or similar labels. None of the Arranger, Dealers nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the Green or Social Loans (as defined in the “*Use of Proceeds*” section of the Base Prospectus), any verification of whether the Green or Social Loans meet any eligibility criteria set out in the Sustainable Funding Framework (as defined in the “*Use of Proceeds*” section of the Base Prospectus) nor are they responsible for the use of proceeds (or amounts equal thereto) for any Covered Bonds issued as Green, Social or Sustainability Bonds, nor the impact or monitoring of such use of proceeds or the allocation of the proceeds to particular Green or Social Loans. The Sustainable Funding Framework, the Second Party Opinion (as defined in the “*Use of Proceeds*” section of the Base Prospectus) and any public reporting by or on behalf of the Issuer in respect of the application of proceeds will be available on the Issuer’s website but, for the avoidance of doubt, will not be incorporated by reference into the Base Prospectus. None of the Arranger, Dealers nor any of their respective affiliates make any representation as to the suitability or content of such materials.

Overview of the Programme

The reference to the “Issuer’s Sustainable Financing Framework dated 28 October 2020” appearing under paragraph (b) of the heading “Use of Proceeds” on pages 10-11 of the Base Prospectus shall be amended to refer to the “Issuer’s Sustainable Funding Framework dated January 2024”, and the link appearing under paragraph (b) of that heading shall be amended to https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_2024_sjalbfaer-fjarmalarammi.pdf.

Risk Factors

The risk factor entitled “In respect of any Covered Bonds issued with a specific use of net proceeds, such as “Sustainability Instruments”, such use of net proceeds may not be suitable for the investment criteria of an investor” beginning on page 33 of the Base Prospectus shall be amended as follows:

Covered Bonds issued with a specific use of net proceeds, such as Green, Social or Sustainability Bonds may not be suitable for the investment criteria of an investor

As described in the section “Use of Proceeds” of this Base Prospectus, the applicable Final Terms in relation to a particular Tranche of Covered Bonds (any such Covered Bonds, **Green, Social or Sustainability Bonds**) may provide that it will be the Issuer’s intention to apply an amount equal to the net proceeds of the issue of such Green, Social or Sustainability Bonds to finance or refinance, in whole or in part, the Issuer’s investments in Green or Social Loans, as further described in the applicable Final Terms and the Sustainable Funding Framework (as defined below). The use of such amount equal to the net proceeds may not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green or Social Loans, as further described in the Sustainable Funding Framework).

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green”, “blue”, “social” or “sustainable” or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green”, “blue”, “social” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **EU Taxonomy Regulation**) on the establishment of a framework to facilitate sustainable investment (the **EU Taxonomy**), which is subject to phased implementation. The EU Taxonomy Regulation is subject

to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation. On 21 April 2021, the European Commission approved the first delegated act and the Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council (the **EU Taxonomy Climate Delegated Act**) was formally adopted on 4 June 2021 and applied from 1 January 2022. The EU Taxonomy Climate Delegated Act is aimed at supporting sustainable investment by making it clear which economic activities most contribute to the EU's environmental objectives. The EU Taxonomy Climate Delegated Act sets out criteria for economic activities in the sectors that are most relevant for achieving climate neutrality and delivering on climate change adaptation. This includes sectors such as energy, forestry, manufacturing, transport and buildings. Criteria for other environmental objectives within the scope of the EU Taxonomy Regulation will follow in a later delegated act, in line with mandates in the EU Taxonomy Regulation.

The Sustainable Funding Framework provides that the designation of the Eligible Project Categories has had and will, on a best efforts basis, have regard to categories of environmental activities that are included in the EU Taxonomy Regulation and that the eligibility criteria for each subcategory of Green or Social Loans has been designed and will be designed, on a best efforts basis, to comply with the technical screening criteria set out in the EU Taxonomy Climate Delegated Act as in effect at the date of the Sustainable Funding Framework, provided, in each case, that there are feasible practical Eligible Project Categories meeting these requirements in the geographies in which the Issuer's assets are located as a matter of local regulation. Because all criteria for such objectives have not yet been developed and disclosed, no assurance or representation is or can be given that any Green or Social Loans or any Green, Social or Sustainability Bonds will be compliant with the EU Taxonomy Regulation.

In addition, no assurance or representation is or can be given that any Green, Social or Sustainability Bonds issued under the Programme will be compliant with the Regulation (EU) 2023/2631 of the European Parliament and of the Council on European Green Bonds (the **EU Green Bond Regulation**) or will meet any of the requirements of market participants subject to Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability-Related Disclosure in the Financial Services Sector (the **SFDR**), and any delegated or other implementing regulations and guidelines, or any similar legislation in the United Kingdom. The EU Green Bond Regulation was published in the Official Journal of the EU on 30 November 2023 and will start applying from 21 December 2024. Accordingly, alignment with the EU Taxonomy Regulation, once the technical screening criteria are established, the EU Green Bond Regulation and/or the SFDR is not certain and no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green or Social Loans will meet or continue to meet on an ongoing basis any or all investor expectations regarding such "green", "blue", "social" or "sustainable" or other equivalently-labelled performance objectives, or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green or Social Loans.

In addition, the requirements of any such definition may evolve from time to time, and, as such, the use of the proceeds of Green, Social or Sustainability Bonds may not meet any or all Covered Bondholders' expectations regarding such "green", "blue", "social", "sustainable" or other equivalently-labelled performance objectives or any investment criteria or guidelines with which an investor or its investments are required to comply, whether by any present or future applicable law, regulations or standards or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the Green or Social Loans funded with an amount at least equivalent to the net proceeds from Green, Social or Sustainability Bonds or that the Sustainable Funding Framework will be aligned with the EU Taxonomy Regulation or any other applicable laws, regulations or standards.

Any opinion or certification by a third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green, Social or Sustainability Bonds and in particular with any project to fulfil any environmental, and/or other criteria may not be suitable for Covered Bondholders' purposes. For the avoidance of doubt, the Sustainable Funding Framework and any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green, Social or Sustainability Bonds. Any such opinion or certification is only current as of the date that opinion was issued. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any Green, Social or Sustainability Bonds are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), such listing or admission may not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any eligible projects.

Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Such listing or admission to trading obtained in respect of any such Green, Social or Sustainability Bonds may not be maintained during the life of the Green, Social or Sustainability Bonds.

Whilst it is the intention of the Issuer to apply an amount equal to the net proceeds of the Green, Social or Sustainability Bonds in, or substantially in, the manner described in the Sustainable Funding Framework, the related projects may not be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and accordingly such proceeds may not be totally or partially disbursed for such projects. Such projects may not be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. None of the Dealers will assess, verify or monitor the application of the amount equal to the net proceeds of any such Green, Social or Sustainability Bonds issued under the Programme. For the avoidance of doubt, neither the proceeds of any Green, Social or Sustainability Bonds nor any amount equal to such proceeds will be segregated by the Issuer from its capital and other assets, and there will be no direct or contractual link between any Green, Social or Sustainability Bonds and any Green or Social Loans (or any other environmental or similar targets set by the Issuer) and consequently neither payments of principal and interest (as the case may be) on, nor an investor's right to accelerate repayment of, the Green, Social or Sustainability Bonds shall depend on the performance of the relevant Green or Social Loans or the performance of the Issuer in respect of any such environmental or similar targets.

Any event or failure by the Issuer to apply an amount equal to the net proceeds of any issue of Green, Social or Sustainability Bonds, withdrawal of any opinion or certification relating to the allocation of such amount, publication of any opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on, failure to obtain and publish any reports, assessments, opinions and certifications, any Green, Social or Sustainability Bonds no longer being listed or admitted to trading or displayed on any stock exchange or securities market as aforesaid, the fact that the maturity of an Green or Social Loan may not match the minimum duration of any Green, Social or Sustainability Bonds and/or or the failure by the Issuer to meet any other environmental or sustainability targets, will not, in any such case (i) give rise to any claim of a Covered Bondholder against the Issuer; (ii) constitute a default of the Issuer for any purpose; or (iii) lead to an obligation of the Issuer to redeem such Green, Social or Sustainability Bonds or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Green, Social or Sustainability Bonds.

Any such event or failure and/or withdrawal of any opinion or certification as described above or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Covered Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value and marketability of the Green, Social or Sustainability Bonds and/or result in adverse consequences for Covered Bondholders with portfolio mandates to invest in securities to be used for a particular purpose. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Green, Social or Sustainability Bonds shall not depend on the performance of the relevant project.

Investors should be aware that Green, Social or Sustainability Bonds may also be subject to the resolution tools granted to the competent authority under the BRRD in circumstances where the Issuer fails or is likely to fail. For more information on the Issuer Recovery and Resolution Directive, see "*Business Overview — Regulatory and Tax Environment — Capital Requirements and European Bank Recovery and Resolution Directive*".

Documents Incorporated by Reference

The following documents, which have previously been published and have been filed with the Central Bank of Ireland, shall be incorporated in, and form part of, the Base Prospectus:

- the audited consolidated financial statements of the Issuer for the year ended 31 December 2023 (including the auditors' report thereon), which are provided on pages 10 to 86 (inclusive) of the Consolidated Financial Statements 2023 (the **2023 Financial Statements**) which can be viewed online at: https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_Consolidated_Financial_Statements_2023.pdf;
- sections 4, 5, 6 and 7 of the Issuer's Pillar 3 Report 2023 which can be viewed online at <https://cdn.islandsbanki.is/image/upload/v1/documents/Pillar3Report2023.pdf>.

Form of Final Terms

The reference to the “Issuer’s Sustainable Financing Framework dated 28 October 2020” appearing in item 5 of “Part B-Other Information” on page 76 of the Base Prospectus shall be amended to refer to the “Issuer’s Sustainable Funding Framework dated January 2024.”

Use of Proceeds

The text of the section entitled “Use of Proceeds” beginning on page 127 of the Base Prospectus shall be amended as follows:

The net proceeds (in respect of (a) and (c) below) or an amount equal to the net proceeds (in respect of (b) below) from each issue of Covered Bonds will, as specified in the applicable Final Terms, be:

- (a) used for the Issuer’s general corporate purposes;
- (b) in respect of Green, Social or Sustainability Bonds, used to finance or refinance, in whole or in part, the Issuer’s investments in Green or Social Loans, as further described in the applicable Final Terms and the Sustainable Funding Framework dated January 2024 (as amended or supplemented from time to time) (the **Sustainable Funding Framework**) (https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_2024_sjalfbaer-fjarmalarammi.pdf); or
- (c) used to finance any other particular identified use of proceeds as stated in the applicable Final Terms.

Green, Social or Sustainability Bonds

In respect of (b) above, the Sustainable Funding Framework describes the Green or Social Loans to which an amount equal to the net proceeds of an issuance of Green, Social or Sustainability Bonds may be allocated.

The Sustainable Funding Framework has been developed by the Issuer in alignment with the International Capital Market Association (**ICMA**) Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023 (the **ICMA Principles**). The Sustainable Funding Framework takes also into account Bonds To Finance the Sustainable Blue Economy: A Practitioner’s Guide, published by ICMA together with a number of organisations in September 2023.

The following five core components of the ICMA Principles will, in accordance with the Sustainable Funding Framework, be adopted by the Issuer in connection with the issue and offering of each of its Green, Social or Sustainability Bonds:

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds;
- Reporting; and
- External Review

(A) Use of Proceeds

Allocation of net proceeds

Unless otherwise specified in the applicable Final Terms, the Sustainable Funding Framework provides that the Issuer intends to allocate an amount equal to the net proceeds of the Green, Social or Sustainability Bonds to finance or refinance, in whole, or in part, loans financing eligible projects or assets with environmental or social benefits (or a combination of the foregoing) that fall within the “Eligible Project Categories” set out and defined in detail in the Sustainable Funding Framework and described below (**Green or Social Loans**).

Eligible Project Categories

The Eligible Project Categories consist of Green or Social Loans that meet the eligibility criteria outlined in the Sustainable Funding Framework under the following categories (the **Eligible Project Categories**):

Green project categories	Social project categories
Clean transportation	Access to Essential Services – Education and Healthcare
Information technology and communications	Affordable Housing
Energy efficiency	Employment Generation
Pollution prevention and control	Socioeconomic Advancement and Empowerment
Sustainable water and wastewater management	
Renewable energy	
Green buildings	
Sustainable management of living natural resources and land use	
Eco-efficient products	

The Sustainable Funding Framework provides that the designation of the Eligible Project Categories has had and will, on a best efforts basis, have regard to categories of environmental activities that are included in the EU Taxonomy Regulation and that the eligibility criteria for each subcategory of Green or Social Loans has been designed and will be designed, on a best efforts basis, to comply with the technical screening criteria set out in the EU Taxonomy Climate Delegated Act as in effect at the date of the Sustainable Funding Framework, provided, in each case, that there are feasible practical Eligible Project Categories meeting these requirements in the geographies in which the Issuer's assets are located as a matter of local regulation.

The look-back period for Green or Social Loans that fall within the categories above and that refinance operational expenditures is limited to three years from the date of issue of the relevant Green, Social or Sustainability Bonds. The distribution of allocated Green or Social Loans by category as well as "financing versus refinancing" will be published by the Issuer as soon as possible, or at the latest in the annual Allocation and Impact Report.

In addition to loans for specific eligible projects or assets, the Sustainable Funding Framework also provides for loans for general corporate purposes to "pure-play" green or social companies can be funded with amounts equivalent to the net proceeds of the issue of relevant Green, Social or Sustainability Bonds. The Sustainable Funding Framework describes a "pure-play" company as a company deriving more than 90 per cent. of its revenue from activities that fall within the Eligible Project Categories outlined above.

Exclusionary Criteria

The Sustainable Funding Framework provides that amounts equal to the net proceeds of any Green, Social or Sustainability Bonds will not be used to knowingly finance or refinance, in whole or in part, Green or Social Loans that relate to activities on the Issuer's "Exclusion List" set out in the Issuer's Sustainability Policy dated October 2023 set out on the Issuer's website at https://cdn.islandsbanki.is/image/upload/v1/documents/Islandsbanki_Sustainability_Policy_English.pdf. Among other things, the Exclusion List states what types of businesses and projects are excluded from financing or refinancing by the Issuer, for example:

- Research, mining, or processing of any type of energy production based on fossil fuels (natural gas, oil, coal or peat);

- Production, processing or transactions involving palm oil and its derivatives for energy use;
- All chemical processing of radioactive materials, including mining and mineral processing;
- Research involving animal testing that do not comply with EU or domestic directives;
- Mining and processing of minerals for the sole purpose of being used as gems;
- Sand mines that have a negative impact on ecosystems or are not carried out in accordance with laws on environmental impact assessment;
- Tobacco production.

In addition, the Sustainable Funding Framework provides that no allocations of funds to Green or Social Loans under the Sustainable Funding Framework will be made to activities in research and/or development within weapons and defence, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling, adult entertainment and predatory lending.

(B) Process of project evaluation and selection

The Issuer’s Sustainability Committee is mandated by the Issuer to meet on a regular basis (at least annually) and conduct a review of the selected loans within the Green and Social Loans categories to ensure ongoing compliance with the eligibility criteria as well as annual reporting requirements. The committee consists of representatives from the Issuer’s relevant business areas, representatives from the Risk Management department and the Sustainability Manager. The Sustainability Committee can delegate authority to certain specialists to review selected loans to ensure compliance with eligibility criteria.

The Sustainability Committee will ensure that Green and Social Loans adhere to applicable laws and regulations as well as the Issuer’s Sustainability Policy. The Sustainability Committee will also ensure that environmental and social risks potentially associated with the Green and Social Loans are properly mitigated and monitored in accordance with the Issuer’s its ESG risk assessment process.

The Sustainable Funding Framework underscores that all loans, including Green or Social Loans, will undergo the Issuer’s robust standard credit process which is designed to ensure compliance with applicable domestic and international rules and regulations, Know Your-Customer processes and the Issuer’s internal policies and guidelines, such as related to Credit, Anti-Money Laundering, Counter-Terrorist Financing and Sanctions policies. Moreover, potential Environmental, Social, and Governance (**ESG**) risks are assessed. The Sustainable Funding Framework provides that only loans approved in the regular credit process can be eligible for green, social or sustainable funding.

The Sustainability Committee monitors Green and Social Loans on an ongoing basis. Green and Social Loans are recorded in a Sustainability Register. The Issuer’s Finance Department will, on behalf of the Sustainability Committee, maintain the Sustainability Register. The Sustainability Register is monitored on a regular basis during the term of the Green, Social and Sustainability Bonds to ensure that the sufficient amounts are allocated to Green or Social Loans. If the Sustainability Committee identifies loans which do not qualify (or continue to qualify) under the framework, the Sustainability Committee has the authority to remove the loans from the Sustainability Register.

(C) Management of proceeds

Amounts equivalent to the net proceeds from Green, Social or Sustainability Bonds will be tracked using the Sustainability Register. Green, Social and Sustainability Bonds will be managed on a portfolio level. This means that a Green, Social or Sustainability bond will not be linked directly to one (or more) predetermined Green or Social Loans. Green or Social Loans can, whenever needed, be removed from, or added to the Sustainability Register. Any unallocated net proceeds from the issue of a Green, Social or Sustainability bond temporarily held by the Issuer will be invested in accordance with the internal requirements for the liquidity reserve. Should there be any such unallocated net proceeds, the Issuer will endeavour to allocate them within 18 months. The Finance Department will be responsible for the management of the net proceeds of Green, Social and Sustainability Bonds. See “*Risk Factors - Covered Bonds issued with a specific use of net proceeds, such as Green, Social or Sustainability Bonds may not be suitable for the investment criteria of an investor*” for a discussion of potential consequences of any event or failure by the Issuer to apply an amount equal to the net proceeds of any issue of Green, Social or Sustainability Bonds or similar events.

(D) Reporting

The Sustainable Funding Framework provides that an “Allocation and Impact Report” will be made available on the Issuer’s website.

The Allocation and Impact Report will be published at least annually and in the event of any material developments, as long as there are Green, Social or Sustainability Bonds outstanding.

The allocation report will include the following information:

- Total amount of Green, Social or Sustainability Bonds issued
- Allocation of proceeds within each Eligible Project Category
- Share of proceeds used for financing/refinancing
- Share of unallocated proceeds (if any)
- On a best effort basis, information on EU Taxonomy eligibility and/or alignment (%) of the underlying Green Loans financed by Green, Social or Sustainability Bonds

The impact report will include details on the environmental or social impact of the Green or Social Loans financed under the Sustainable Funding Framework by reference to prescribed impact indicators, examples of which are set out in the Sustainable Funding Framework. If all necessary data for the impact report cannot be collected, the Issuer commits in the Sustainable Funding Framework to complete the impact assessment/calculations on a best efforts basis.

(E) External reviews

The Sustainable Funding Framework provides that the Issuer has obtained an opinion from an independent external second opinion provider (the **Second Party Opinion**) from the Second Party Opinion provider Sustainalytics, assessing the credibility and impactfulness of the Sustainable Funding Framework and its alignment with the ICMA Principles. The Second Party Opinion is available on the Issuer’s website (<https://cdn.islandsbanki.is/image/upload/v1/documents/ISB-Sustainable-Funding-Framework-Second-Party-Opinion-2023.pdf>).

In addition, the Sustainable Funding Framework provides that a limited assurance report will be obtained by the Issuer on an annual basis from an independent party and in the event of any material developments. The limited assurance report will be published on the Issuer’s website.

(F) Updates

The Sustainable Funding Framework may in the future be updated to harmonise with market and/or developments within the Issuer. Any such future changes will however not apply to Green, Social or Sustainability Bonds issued under earlier versions of the framework. The Sustainable Funding Framework provides that it does not affect any outstanding Green, Social or Sustainability Bonds issued under the Issuer’s Sustainable Financing Framework dated 28 October 2020.

General Information-Significant or Material Change

The paragraph under the heading “Significant or Material Change” on page 190 of the Base Prospectus shall be amended to state:

“There has been no significant change in the financial performance or financial position of the Group since 31 December 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2023.”

Any information contained in or accessible through any website, including https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_2024_sjalfbaer-fjarmalarammi.pdf; at https://cdn.islandsbanki.is/image/upload/v1/documents/Islandsbanki_Sustainability_Policy_English.pdf and <https://cdn.islandsbanki.is/image/upload/v1/documents/ISB-Sustainable-Funding-Framework-Second-Party-Opinion-2023.pdf>, does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

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>.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since 27 October 2023.

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.