

Supplement to Base Prospectus dated 22 May 2025



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 15 April 2025, as supplemented by the supplement thereto dated 12 May 2025, 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 update: (i) the “*Risks relating to the Business Model and the Ownership Structure of the Issuer*” subsection of the “*Risk Factors*” section and the disclosure on page 147 and pages 153 to 154 of the Base Prospectus to reflect the sale by the Icelandic State of all of its shares in Íslandsbanki hf. in a fully marketed offering; and (ii) the “*Litigation*” subsection of the “*General Information*” 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.

Risks relating to the Business Model and the Ownership Structure of the Issuer

The subsection titled “*Risks relating to the Business Model and the Ownership Structure of the Issuer*” set out on pages 20 to 21 of the Base Prospectus shall be amended and restated as follows:

Disruptions, dislocations, structural challenges and market volatility in financial markets could materially and adversely affect the Issuer’s banking and funding activities and could materially and adversely affect the Group’s business, financial condition, results of operations and prospects

Financial markets can experience sometimes sustained periods of unpredictable movements, severe dislocations, liquidity disruptions and economic shocks. These market conditions could lead to volatility in the Issuer’s profitability and in (the composition of) its balance sheet caused by price changes and changes in the demand for some of the Group’s banking services and products. Such conditions could have a material adverse effect on the Issuer’s business, results of operations, financial condition and prospects. These market conditions may also impede the Issuer’s ability to raise sufficient funding and capital in a timely manner. This could result in, among other things, a delay in raising funding or capital, the issuance of capital and funding of different types or under different terms than otherwise would have been issued or realised, or the incurrence of additional or increased funding and capital costs compared to the costs borne in a more stable market environment. Furthermore, the Issuer’s hedging and other risk management strategies, such as balance sheet steering and interest rate management, may not be as effective at mitigating risks as such strategies would be under more normal market conditions. This could potentially lead to a decrease of the Issuer’s profitability, financial condition and financial flexibility. Financial markets are susceptible to severe events characterised by rapid depreciation in asset values accompanied by a reduction in liquidity. Under such conditions, market participants are particularly exposed to the market behaviour of market participants simultaneously thereby on a large scale unwinding or adjusting positions, which may even further exacerbate rapid decreases in values of the Issuer’s assets or collateral held in its favour and which could cause liquidity tensions and disruptions. These market conditions may cause a decline in the profitability, an increase in unrealised losses in the Group’s various asset portfolios, and a reduction in unrealised gains in the Issuer’s various asset portfolios.

The economies in which the Group is active may continue to face structural challenges, which could contribute to renewed high volatility in both the debt and the equity markets. Any deterioration of the sovereign debt market in the Eurozone or elsewhere, or other economic shocks could materially and adversely affect the Issuer’s results of operations, financial condition and prospects, as well as the Issuer’s funding and capital transactions and hedging and other risk management strategies. Other events may also affect the financial markets, such as heightened geopolitical tensions, war, acts of terrorism, natural disasters or other similar events. There is no assurance that market volatility will not result in a prolonged market decline, or that such market declines for other reasons will not occur in the future. Severe market events have historically been proven to be difficult or impossible to predict, and could lead to the Issuer realising significant losses, especially if they were to persist for an extended period of time. Therefore, market volatility, liquidity disruptions, or market dislocations could materially and adversely affect the Issuer’s banking, capital and funding activities and could have a material adverse effect on the Issuer’s business, financial condition, results of operations and prospects.

The Issuer’s insurance coverage may not adequately cover losses resulting from the risks for which it is insured

The Issuer maintains customary insurance policies for the Issuer’s operations, including insurance for liquid assets, money transport and directors’ and officers’ liability. The Issuer’s business involves risks of liability in relation to litigation from customers, employees, third-party service providers, and action taken by regulatory agencies, and there is a risk that these may not be adequately covered by the insurance or at all. Due to the nature of the Issuer’s operations and the nature of the risks that the Issuer faces, there can be no assurance that the coverage that the Issuer maintains is adequate which could have a material adverse effect on the Issuer’s operations and financial condition.

Description of the Issuer – Organisational Structure

The first paragraph of the section titled “*Organisational Structure*” set out on page 147 of the Base Prospectus shall be amended and restated as follows:

As of 1 January 2025, the Icelandic State held 42.5 per cent. of the Issuer’s share capital. In a series of announcements beginning 13 May 2025, the Icelandic Ministry of Finance and Economic Affairs announced that the Icelandic State was selling all of its shares in Íslandsbanki hf. in a fully marketed offering to individuals and legal entities. See “*Business Overview — Description of the Issuer — Major Shareholders*”.

Description of the Issuer – Administrative, Management and Supervisory Bodies

The first paragraph of the section titled “*Potential Conflict of Interest*” appearing on pages 153 of the Base Prospectus shall be amended and restated as follows:

No member of the Board of Directors or the Executive Committee has any private interest that might conflict with the Issuer’s interests.

Description of the Issuer – Major Shareholders

The first paragraph of the section titled “*Major Shareholders*” appearing on page 153 of the Base Prospectus shall be amended and restated as follows:

As of 31 December 2024, the Icelandic state, through the ISFI, held 42.5 per cent. of the Issuer’s share capital (44.9 per cent. when calculated by excluding treasury shares held by the Issuer). On 1 January 2025, the ISFI was dissolved by Act No. 129/2024, which repealed Act No. 88/2009 on Icelandic State Financial Investments so, from that point, the state’s share capital in the Issuer was no longer held by the ISFI but by the state itself. In a series of announcements beginning 13 May 2025, the Icelandic Ministry of Finance and Economic Affairs announced that the Icelandic State was selling all of its shares in Íslandsbanki hf. in a fully marketed offering to individuals and legal entities and that the offering was due to be completed on or around 21 May 2025.

The last paragraph of the section titled “*Major Shareholders*” appearing on page 154 of the Base Prospectus shall be amended and restated as follows:

Direct or Indirect Control by Individual Shareholders

Assuming the completion of the offering by the Icelandic State, the Issuer is not aware of any individual shareholder or group of connected shareholders who directly or indirectly control the Issuer.

General Information – Litigation

The last two sentences of the last paragraph under the heading “*Borgun hf. Landsbankinn*” appearing on page 192 of the Base Prospectus shall be amended and restated as follows:

Landsbankinn requested permission to appeal the judgement to the Supreme Court. On 13 May 2025, the Supreme Court denied Landsbankinn’s request to appeal the judgement, thereby making the Court of Appeal’s decision final and definitively dismissing all claims made by Landsbankinn. The Group has not recognised a provision in respect of this matter.

Any information contained in or accessible through any website 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 12 May 2025.

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.