

Supplement to Base Prospectus dated 16 January 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 and 28 October 2022, 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 this Supplement is 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.

Information about the Issuer-Organisational Structure-Recent Developments

The following text shall be inserted after the first paragraph under the heading “Recent Developments” on page 151 of the Base Prospectus:

“On 9 January 2023, the Issuer announced that it had received the preliminary findings from the FSA’s inspection into the 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**). The findings indicate the FSA’s view that the Issuer may have violated certain laws and regulations applicable to the Issuer’s operations. The FSA findings refer to the FSA’s powers to impose administrative fines and to conclude cases with a settlement. The FSA has agreed, at the Issuer’s request, to enter into settlement proceedings. The management of the Issuer takes the FSA findings seriously. The Issuer expects to submit a response to the FSA’s findings in the coming weeks. The Issuer has already made changes to its rules and procedures following the Offer and will, subject to the outcome of its internal review and discussions with the FSA, continue to implement appropriate measures.”

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.