

Supplement to Base Prospectus dated 8 August 2023



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 supplement thereto dated 5 May 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 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 (i) update the “Documents Incorporated by Reference” section to incorporate by reference into the Base Prospectus the unaudited reviewed consolidated interim financial statements of the Issuer for the six months ended 30 June 2023, (ii) update the “Recent Developments” and “Administrative, Management and Supervisory Bodies” subsections of the “Description of the Issuer” section and (iii) update the “Significant or Material Change” statement.

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

- the unaudited reviewed consolidated financial statements of the Issuer for the six months ended 30 June 2023 which are provided on pages 6 to 57 (inclusive) of the Condensed Consolidated Interim Financial Statements – First half 2023 which can be viewed online at:
<https://www.islandsbanki.is/en/landing/about/financials>

Description of the Issuer-Recent Developments

The text under the heading “Recent Developments” beginning on page 146 of the Base Prospectus shall be deemed deleted in its entirety and replaced with the following:

On 22 June 2023, the Issuer announced that the Board of Directors of the Issuer has accepted the FSA’s offer to conclude the FSA’s inspection into the execution of the offering (the **Offer**) by the Icelandic State of a 22.5 per cent. stake in the share capital of the Issuer that took place in March 2022 with a settlement agreement (the **Settlement Agreement**). The Settlement Agreement provides that the Issuer admits, that in the preparation and execution of the Offer, it did not comply with the certain applicable legal requirements and internal rules of the Issuer on the provision of investment services, particularly in relation with recording of telephone communications, disclosures made to purchasers of shares in the Offer, investor classification requirements, and measures to prevent conflicts of interest e.g., segregation of duties and employees transactions. The Settlement Agreement states that the Issuer’s implementation of governance and internal controls as well as a risk-based approach to supervision of recordings of telephone communications were insufficient. Furthermore, the Settlement Agreement states that the Issuer should have carried out a separate risk assessment regarding its role in the Offer. The Settlement Agreement also states that in executing the Offer the Issuer did not, in all respects, satisfy its obligation to act honestly, fairly and professionally and to promote market integrity. The FSA considers the Issuer’s execution of the Offer includes serious violations of the relevant laws. In agreeing to the Settlement Agreement, the Issuer has agreed to pay a fine in the amount of ISK 1,160 million and admitted to having violated certain provisions of the Act on Markets in Financial Instruments no. 115/2021 and the Act on Financial Undertakings no. 161/2002 in connection with the Offer. The Settlement Agreement obliges the Issuer to carry out certain remedial measures within a specified period. The Issuer’s internal auditor is required to prepare a report on the Issuer’s compliance with the remedial measures for confirmation to the Board of Directors of the Issuer and submission to the FSA before 1 November 2023.

On 29 June 2023, the Issuer announced that it had discontinued preliminary discussions with Icelandic bank Kvikabanki hf. regarding a potential combination between the Issuer and Kvikabanki hf.

Description of the Issuer-Administrative, Management and Supervisory Bodies

The sections entitled “Board of Directors”, “Senior Management” and “Potential Conflict of Interest” under the heading “Description of the Issuer-Administrative, Management and Supervisory Bodies” beginning on page 146 of the Base Prospectus shall be deemed deleted and replaced with the following:

Board of Directors

The Issuer’s Board of Directors consists of seven members. Two alternate members are also appointed. The Board of Directors appoints the Chief Executive Officer and the Chief Audit Executive. The Chief Executive Officer appoints the Managing Directors of the Issuer.

The business address of each member of the Board of Directors and of the executive committee of the Issuer (the **Executive Committee**) is Íslandsbanki hf., Hagasmári 3, 201 Kópavogur, Iceland.

Set forth below are the members of the Issuer’s Board of Directors:

Name	Title
Ms. Linda Jónsdóttir	Chairman of the Board of Directors

Mr. Agnar Tómas Möller	Member of the Board of Directors
Ms. Anna Þórðardóttir	Member of the Board of Directors
Mr. Frosti Ólafsson	Member of the Board of Directors
Mr. Haukur Örn Birgisson	Member of the Board of Directors
Ms. Helga Hlín Hákonardóttir	Member of the Board of Directors
Mr. Stefán Pétursson	Member of the Board of Directors

Ms. Linda Jónsdóttir (Chairman of the Board of Directors)

Linda Jónsdóttir joined the Board in July 2023. Linda is the Chief Operating Officer of Marel, having been Chief Financial Officer 2014-2022 and Corporate Director of Treasury, Financing and Investor Relations from 2009-2014. Linda is an accomplished leader and has accumulated broad experience of management, finance, IT and operations through her various roles at Marel, a company with around 8.000 employees in over 30 countries delivering annual revenues of EUR 1.7 billion. She also has extensive experience from the domestic sector through her prior roles at Icelandic companies like Eimskip, Burðarás and Straumur Investment bank. Today, Linda is a board member of the University of Iceland Science Park and has also been on the board of the Iceland Chamber of Commerce and the Iceland Enterprise Investment Fund. Linda has a MSc in finance from Reykjavík University, a cand. oecon degree in Business Administration from University of Iceland, and is a licensed securities broker by the Icelandic Ministry of Finance and Economic Affairs.

Mr. Agnar Tómas Möller (Member of the Board of Directors)

Agnar Tómas Möller joined the Board in March 2023. Agnar has an extensive experience of the financial market, especially the bond market. Currently an independent consultant, he previously worked for Kvikka Asset Management as bond fund manager from 2018-2022. From 2009 to 2018 he worked at GAMMA Capital Management, also managing bond funds, and prior to that he worked in bond brokerage at Kaupþing bank in 2006-2008. Agnar holds an MSc in industrial engineering from the University of Iceland and a BA in history from the same school. He is a director of ATM ehf.

Ms. Anna Þórðardóttir (Member of the Board of Directors)

Anna Þórðardóttir has sat on the Board of Directors since April 2016. She has extensive experience as a director, including on the board of KPMG and the Institute of State Authorized Public Accountants. Currently she is a member of the board of the Icelandic Centre for Future Studies and chairs the Board Audit Committee of Reginn. Anna was employed by KPMG from 1988 to 2015 and became a partner in 1999. While at KPMG, she was responsible for the audit of the following companies, among others: Reitir, Hagar, 365, Baugur Group, Vodafone, Landfestar, Landey, 10- 11 and Félagsbústaðir. Anna holds a cand. oecon. degree in business administration from the University of Iceland and is a Certified Public Accountant.

Mr. Frosti Ólafsson (Member of the Board of Directors)

Frosti Ólafsson joined the Board in March 2020. He is currently CEO of the petroleum company Oliuverzlun Íslands hf. (Olís). Prior to that he worked as an independent consultant, CEO of ORF Genetics, managing director of the Iceland Chamber of Commerce and consultant for McKinsey & Company. In his past roles, he has advised leading domestic and international companies on a wide range of topics, including strategy, operations, and governance. Frosti currently serves on the board of Garður ehf. He holds an MBA from London Business School and a BSc in Economics from the University of Iceland and Macquarie University in Sydney, Australia.

Mr. Haukur Örn Birgisson (Member of the Board of Directors)

Haukur Örn Birgisson joined the Board in July 2023. Over the past two decades, Haukur has worked as an attorney, including as a self-employed attorney for 15 years. He has been an attorney at the Supreme Court since 2011. In his work, Haukur has protected the interests and provided advice to small and large companies, individuals, municipalities and foreign companies and tackled numerous legal issues and countless court proceedings. He has managed the operations of Iceland Legal, as owner and managing director, since the foundation of the law firm in 2008.

Ms. Helga Hlín Hákonardóttir (Member of the Board of Directors)

Helga Hlín Hákonardóttir joined the Board in July 2023. Helga is a partner and consultant at Stratégía. Helga founded and practiced as an attorney at Lixia law firm in the years 2011-2014. Helga was the co-founder and Managing Director of Legal at Saga Fjárfestingarbanki hf. in 2006-2011. Helga was an attorney at Straumur Burðarás Investment Bank hf. from 2005-2006. Helga worked at Íslandsbanki hf. in the years 2000-2005 and as a financial markets lawyer at Fjárfestingarbanki Atvinnulífsins in the years 1998-2000 and the Iceland Stock Exchange in the years 1996-1998. Helga is a member of the board of Rue de Net. Helga has been on the boards of mark.is as chairman, Verðbréfaþing Ísland as alternate, Skeljungur hf., Summa Rekstrarfélag hf., Greiðsluveitan, Icelandic Chamber of Commerce, Festi hf., Krónan hf., Vís hf. as chairman, Lífis as alternate, WOW air hf., Meniga Ltd. and on the The University Council of Akureyri University. Helga holds a Cand.jur. from the University of Iceland, is a Licenced District Court Attorney and a securities broker licensed by the Icelandic Ministry of Finance and Economic Affairs.

Mr. Stefán Pétursson

Stefán Pétursson joined the Board in July 2023. Stefán has extensive experience in the corporate and financial market, both as a manager and director. From 1992 to 2010 he worked for the National Power Company Landsvirkjun as funding manager, head of the finance department and CFO for the last eight years. As CFO, Stefán took an active part in formulating the company's strategy, in addition to directing its profitability analyses, finances and funding. He was also on Landsvirkjun's negotiation committee with large customers. From 2010 to 2021 Stefán was CFO of Arion Bank, where he played an important role in rebuilding the bank, formulating its new strategy and strengthening trust in the bank, both nationally and internationally. Stefán also had a key role in the public listing of Arion Bank in Iceland and Sweden and its sale to domestic and foreign investors. Since 2022, Stefán has worked as CFO of the drug development company EpiEndo Pharmaceuticals ehf. The company, which is owned by domestic and foreign investors, is working on the development of a drug to treat emphysema which is in phase 2 clinical trials. Stefán has considerable experience of board work, as he was Chairman of the Board of the savings bank Afl sparisjóður and a director of Valitor, Landfestar, Landeyjar, TIF and other entities. He also served on the Board of the Iceland Chamber of Commerce, is a member of project management of the ÍL fund and on the Board of Margildi ehf. Stefán holds a cand. oecon. degree in business administration from the University of Iceland and an MBA degree from Babson College in Boston.

The alternate members of the Issuer's Board of Directors are as follows:

Name	Title
Mr. Páll Grétar Steingrímsson	Alternate Member of the Board of Directors
Ms. Herdís Gunnarsdóttir	Alternate Member of the Board of Directors

Mr. Páll Grétar Steingrímsson (Alternate Member of the Board of Directors)

Páll Grétar Steingrímsson is the chairman of the Board Audit Committee of Þorbjörn hf and an alternate member of the Audit Committee for the City of Reykjavík. Páll holds a cand. oecon. in Business Administration from the University of Iceland and is a Chartered Accountant.

Ms. Herdís Gunnarsdóttir (Alternate Member of the Board of Directors)

Herdís Gunnarsdóttir is the director of The Icelandic Social Insurance Administration's rights division. Herdís holds an MBA from the University of Iceland and an MSc and BSc in nursing from the University of Iceland.

Nomination Committee

In accordance with the Issuer's Articles of Association, the Issuer operates a nomination committee (the **Nomination Committee**) whose role is to nominate individuals to the Issuer's Board of Directors at the Annual General Meeting, or as the case may be at a shareholders' meeting where elections for the Board of Directors are on the agenda. The members of the Nomination Committee shall be three, elected for one year at a time by the Board of Directors. The committee shall be independent in its work and the majority of the committee's members shall be independent of the company and its senior management. The Nomination Committee consists of Helga Valfell, as Chairman, Linda Jónsdóttir, Chairman of the Board of Directors, and Hilmar Garðar Hjaltason. Along with the Issuer's Nomination Committee, ISFI operates a special three-member Selection Committee which, on behalf of the state, nominates candidates for the supervisory boards or boards of directors of banks or undertakings that are managed by ISFI. According to the Relationship Agreement between the Issuer and the ISFI, the Issuer's Nomination Committee and the ISFI Selection Committee shall ensure that when the Board of Directors is elected, the candidates for election to the Board of Directors meet the requirements on composition according to law, both as concerns breadth of experience as well as gender representation. The Rules of Procedure of the Issuer's Nomination Committee are published on the Issuer's website.

Senior Management

The Executive Committee consists of the following members:

Mr. Jón Guðni Ómarsson, Chief Executive Officer and Chief Financial Officer

Jón Guðni Ómarsson has served as Chief Financial Officer of the Bank since 2011. He will continue as Chief Financial Officer of Íslandsbanki until a new Chief Financial Officer is appointed. Jón Guðni was Head of Treasury at the Bank from 2008-2011. He has had various other roles within the Bank and its predecessors, including advising customers on hedging strategies and leading arrangements and participations in syndicated loans. He also worked as an ALM consultant at SunGard in Boston. Jón Guðni holds a BSc degree in Industrial Engineering and an MSc degree in Quantitative and Computational Finance (QCF) from Georgia Institute of Technology in Atlanta. Jón Guðni has an AMP from Harvard Business School. Jón Guðni is a Chartered Financial Analyst (CFA) and a security broker licensed by the Icelandic Ministry of Finance and Economic Affairs. Jón Guðni has been with Íslandsbanki and its predecessors since 2000.

Ms. Sigríður Hrefna Hrafnkelsdóttir, Managing Director Personal Banking

Sigríður Hrefna Hrafnkelsdóttir has served as Managing director of Personal Banking since May 2017. Sigríður Hrefna worked as Managing Director of retail for Ólíuverzlun Íslands hf. from September 2014. Before, she was an Executive Director of Investment Banking for Arion Bank, Managing Director of the resolution committee of Sparisjóðabanki Íslands, the Managing Director at Atlas Ejendomme A/S and an attorney of law at LEX Law Offices. Sigríður Hrefna has also served on the boards of various companies, both in Iceland and abroad. Sigríður Hrefna holds a Cand.Jur. degree from the University of Iceland, is a district court attorney and holds an MBA degree from Copenhagen Business School. She has been with Íslandsbanki since 2017.

Mr. Guðmundur Kristinn Birgisson, Chief Risk Officer

Guðmundur Kristinn Birgisson has served as Chief Risk Officer since October 2018. He joined Íslandsbanki in 2011 as Executive Director of Risk Monitoring where he oversaw the implementation of the Bank's Operational Risk Management Framework and monitoring of the execution of credit processes. From 2017 until he was appointed CRO, Guðmundur served as Executive Director of Lending in the Bank's Personal Banking Division. Guðmundur has a wide range of professional experience and has for example served as Assistant Professor of Mathematics Education and Dean of Undergraduate Studies at the Iceland University of Education. Guðmundur holds a Ph.D. degree in Mathematics Education from Indiana University and a B.A. in Philosophy and Science from the University of Iceland. He has been with Íslandsbanki since 2011.

Ms. Una Steinsdóttir, Managing Director Business Banking

Una Steinsdóttir has served as Managing Director of Business Banking since May 2017. She joined Íslandsbanki in 1991 and has a broad background from varied divisions within the Bank. Una was Managing Director of Retail Banking from

October 2008 until May 2017, Managing Director of the Bank's branch network from 2007-2008, and Keflavík Branch Manager from 1999. Prior to that she held various positions in the Bank's International Banking division, loan supervision and service management. Una holds a cand. oecon. degree in Business Administration from the University of Iceland and has completed an AMP management programme from IESE, Barcelona. She has been with Íslandsbanki and its predecessors since 1991.

Mr. Riaan Dreyer, Managing Director, IT

Riaan Dreyer has served as Managing Director of Information Technology since September 2019. He has been in various Chief Information Officer roles in South Africa, most notably Standard Bank and Liberty Life, before he relocated to Iceland in 2016. He then joined Meniga within the Engineering space after which he joined Arion as the Head of Development. Riaan holds a master's degree in Information Technology from the University of Pretoria, South Africa in addition to bachelor degrees in Actuarial Science and Economics. He has also completed the Advanced Management Programme from IESE, Barcelona. He has been with Íslandsbanki since 2019.

Kristín Hrönn Guðmundsdóttir, Managing Director Corporate & Investment Banking

Kristín Hrönn Guðmundsdóttir has over 20 years' experience as a manager in financial markets. Kristín Hrönn led the Sales and Services team within CIB from 2013 to 2019 when she assumed the role of Executive Director of Finance, Operations and Strategic planning within CIB. She has further served as a member of the Bank's Credit Committees, Asset and Liability Committee and Investment Council. Kristín Hrönn has wide-ranging experience in Leveraged and Structured Finance and Private Equity both locally and in the London market. Kristin Hrönn holds a bachelor's degree in Economics from the University of Iceland, has completed an AMP Management Programme from IESE Business School in Barcelona and is a Securities Broker licensed by the Icelandic Ministry of Finance and Economic Affairs. Kristin Hrönn has been with Íslandsbanki since 2008.

Potential Conflict of Interest

The Issuer has identified the following as a possible conflict of interest situation:

- Herdís Gunnarsdóttir is not considered independent of the Issuer and its major shareholders on account of her employment with the Icelandic Government which is a large shareholder of the Issuer.

Besides this situation, no member of the Board of Directors or the Executive Committee has any private interest that might conflict with the Issuer's interests.

The Issuer's Conflict of Interest policy promotes adherence to applicable laws and regulations and sets out the principles for the identification and appropriate and reasonable management of conflicts of interest.

Moreover, the Issuer's Code of Conduct is intended to promote sound governance practices within the Issuer and to support the regulatory framework applying to its activities. It contains important guidelines for employees, including measures to prevent conflicts of interest.

Significant or Material Change

The paragraph under the heading "Significant or Material Change" on page 190 of the Base Prospectus shall be deemed deleted and replaced with the following:

"There has been no significant change in the financial performance or financial position of the Group since 30 June 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2022."

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.