

**FIRST SUPPLEMENT TO THE BASE PROSPECTUS DATED 11 NOVEMBER 2022  
THE DATE OF THIS SUPPLEMENT IS 17 FEBRUARY 2023**



## **LANDSBANKINN HF.**

*(incorporated with limited liability in Iceland)*

**EUR 2,500,000,000**

### **Covered Bond Programme**

This first supplement (the “**Supplement**”) to the base prospectus dated 11 November 2022, (the “**Base Prospectus**”), constitutes a supplement for the purposes of Article 23 of Prospectus Regulation EU 2017/1129 (the “**Prospectus Regulation**”), and is prepared in relation to the EUR 2,500,000,000 Covered Bond Programme (the “**Programme**”) of Landsbankinn hf. (the “**Issuer**” and “**Landsbankinn**”).

This Supplement has been approved by the Central Bank of Ireland as a 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 or of the quality of the Covered Bonds that are subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

Such approval relates only to the Covered Bonds which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”) or which are to be offered to the public in any Member State of the European Economic Area (the “**EEA**”).

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus, and all documents which are incorporated herein or therein by reference.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into this Supplement and (b) any statement in or incorporated by reference in the Base Prospectus, the statements referred to in (a) 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.

This Supplement is and will be available on the website of Euronext Dublin at <https://live.euronext.com/> for a period of 10 years from the date of the Base Prospectus. This Supplement and the documents incorporated by reference may be obtained on written request and without charge from the registered office of the Issuer at Austurstræti 11, 155 Reykjavík, Iceland.

## **Purpose of this Supplement**

The purpose of this Supplement is to:

- (i) incorporate by reference into the Base Prospectus in the section entitled “*Documents Incorporated by Reference*” on page 4 of the Base Prospectus, the Issuer’s audited consolidated financial statements for the year ended 31 December 2022, together with the auditor’s report on review of the Consolidated Financial Statements, and the report of the Board of Directors and the CEO (the “**2022 Financial Statements**”);
- (ii) update the section entitled “*Description of the Issuer - Litigation - Provisions on interest rates in consumer contract and mortgage credit agreements*” in the Base Prospectus on page 212 of the Base Prospectus;
- (iii) confirm that there has been no significant change in the financial or trading position of the Group since 31 December 2022, and that there has been no material adverse change in the prospects of the Issuer since 31 December 2022; and
- (iv) update the section entitled “*General Information-Litigation*” in the Base Prospectus on page 218 of the Base Prospectus.

### **(i) Documents incorporated by reference**

By virtue of this Supplement, the 2022 Financial Statements, which have been filed with the Central Bank of Ireland and the Irish Stock Exchange plc trading as Euronext Dublin, shall be incorporated in, and form part of, the Base Prospectus, at the section entitled “*Documents Incorporated by Reference*” on page 4 of the Base Prospectus. Copies of the 2022 Financial Statements may be obtained without charge from the registered office of the Issuer and from the Issuer’s website at <https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppjor/Consolidated-Financial-Report-2022-EN.pdf>.

If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, such information or other documents will not form part of the Base Prospectus.

### **(ii) Litigation**

The following wording shall replace the section entitled “*Description of the Issuer - Litigation - Provisions on interest rates in consumer contract and mortgage credit agreements*” on page 212 of the Base Prospectus:

“In January 2022, an individual commenced litigation against the Issuer claiming that a provision in a mortgage credit agreement issued in 2006 be deemed illegal and void as it allegedly does not specify under which conditions changes are made to the interest rate, as provided for in the Consumer Credit Act No. 121/1994, applicable at the time. The plaintiff demands, furthermore, an acknowledgement by the Court that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation and that the debt remaining in November 2020 amounted to an overpayment of around ISK 26.5 million. Alternatively, the plaintiff demanded an acknowledgement that interests be recalculated in accordance with the initial interest rate of the credit agreement and that the debt remaining in November 2020 amounted to an overpayment of around ISK 2 million. The Issuer delivered its written statement in April 2022 claiming dismissal of certain aspects of the plaintiff’s claims and rejection of other claims, alternatively all claims. On 21 November 2022, the District Court dismissed the case. In December 2022, the case was again brought before the District Court. The timing of a final judgment is uncertain, whether it will have a financial impact on the Issuer and what its legal precedent will be.

In December 2021, two individuals commenced litigation against the Issuer claiming that an interest rate provision in two credit agreements, issued in 2006, should be deemed illegal and void since the provision

allegedly does not stipulate under which circumstances the interest rate changes, as provided for in the Consumer Credit Act No. 121/1994, applicable at the time. The plaintiffs demand that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the Issuer repays the plaintiffs around ISK 3.5 million plus interest. As a last resort, the plaintiffs demand that interests be recalculated in accordance with the initial contractual interest rate. In February 2022, the Issuer submitted its written statement claiming that all claims by the plaintiffs should be rejected. The case was heard by the District Court on 17 January 2023. On 7 February 2023 the District Court delivered its judgment, recognising the individuals' last resort claim of payment of around ISK 230,000 plus interest. It is expected that the judgment will be appealed to the Appeal Court. A final judgment may set a precedent for other consumer credit agreements containing the same contractual provision. It is the Issuer's current preliminary assessment that an adverse outcome of a final judgment could have a financial impact on the Issuer in the amount of less than ISK 200 million.

In December 2021, two individuals commenced litigation against the Issuer claiming that an interest rate provision in a mortgage credit agreement, issued in 2019, should be deemed illegal and void since the provision allegedly does not stipulate conditions and procedure for interest rate changes, as provided for in the Consumer Mortgage Act No. 118/2016. The plaintiffs demand that interests be recalculated in accordance with Article 4 of the Act on Interest and Indexation, and that the repays the plaintiffs around ISK 83,000 plus interest. In February 2022 the Issuer submitted its written statement claiming that all claims by the plaintiffs should be rejected. In March 2022 the plaintiffs submitted a claim that an advisory opinion by the EFTA Court should be requested on the interpretation of certain provisions in directives incorporated into the EEA Agreement. On 23 June 2022, the District Court rejected the request of the plaintiffs. In the case, however, the Court decided on own initiative to request an advisory opinion from the EFTA Court on certain issues. On 31 October 2022, the Appeal Court confirmed the decision of the District Court. The timing of a final judgment is uncertain, whether it will have a financial impact on the Issuer and what its legal precedent will be.

One possible unfavourable outcome of the above-mentioned cases concerning consumer and mortgage credit agreements could be that the credit agreements concerned should bear the initial fixed rate of interest set out in the contracts instead of a variable interest rate. This outcome, which the Issuer believes is unlikely, would significantly raise the Issuer's interest rate risk which could lead to a significant financial loss in the event of adverse developments of interest rates in the capital markets."

**(iii) No significant change and no material adverse change**

The following wording shall replace the paragraph in the section entitled "*General Information – Significant or Material Change*" on page 218 of the Base Prospectus:

"There has been no significant change in the financial position or financial performance 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".

**(iv) Litigation statement**

The following wording shall replace the paragraph in the section entitled "*General Information – Litigation*" on page 218 of the Base Prospectus:

"Except as disclosed in the section entitled "*Description of the Issuer – Litigation*" starting on page 211 of this Base Prospectus, and updated in "*Note 38 - Litigation*" on pages 42 - 43 of the 2022 Financial Statements, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer

is aware) in the 12 months preceding the date of this document which may have or have in such period had significant effect on the financial position or profitability of the Issuer or the Group.”