

**THIRD SUPPLEMENT TO THE BASE PROSPECTUS DATED 11 NOVEMBER 2022
THE DATE OF THIS SUPPLEMENT IS 19 MAY 2023**



LANDSBANKINN HF.

(incorporated with limited liability in Iceland)

EUR 2,500,000,000

European Covered Bond (Premium) Programme

This third 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 European Covered Bond (Premium) 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.

Reference to page numbers in this Supplement refer to page numbers of the Base Prospectus.

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 Reykjastræti 6, 101 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 condensed consolidated interim financial statements of the Issuer for the three months ended 31 March 2023, together with the auditor’s report on review of the Consolidated Interim Financial Statements, and the report of the Board of Directors and the CEO (the “**2023 Q1 Interim Financial Statements**”);
- (ii) update the section entitled “*Description of the Issuer - Litigation*” in the Base Prospectus starting on page 211 of the Base Prospectus;
- (iii) confirm that there has been no significant change in the financial or trading position of the Group since 31 March 2023, 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 2023 Q1 Interim 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 2023 Q1 Interim 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-Q1-2023-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*” starting on page 211 of the Base Prospectus:

“The Issuer and its subsidiaries are from time to time party to litigation cases which arise in the ordinary course of business and the operational procedures of the Issuer or the Group, as the case may be. Some of these cases are material in the sense that management considers that they may have a significant impact on the amounts disclosed in the Group’s financial statements and are not comparable to other, previously closed, cases.

In August 2021, a former owner of a payment card company brought a case against the Issuer and certain other financial institutions claiming tort liability in the amount of around ISK 923 million, plus interest, due to an alleged breach of competition rules in the determination of payment card interchange fees. This is the sixth case that has been brought before the courts for this purpose, but all previous cases have been dismissed. On 30 September 2022 the District Court of Reykjavík dismissed the case on grounds of insufficient substantiation. On 10 January 2023 the Appeal Court partly annulled the dismissal and ordered the District Court of Reykjavík to hear the case in substance. The timing of a final judgment is uncertain and whether it will have a financial impact on the Issuer. Should the plaintiff’s claims be acknowledged in a final court ruling, it is to be expected that a potential payment obligation will be divided between the defendants.

In September 2018, the Icelandic Bankers’ Pension Fund commenced litigation against the Issuer, the Icelandic Central Bank, the Icelandic State and certain companies and associations. The Pension Fund demands that an agreement on the settlement of obligations of the then participating companies from 1997 be amended such that, firstly, the defendants shall pay a total of around ISK 5,600 million to the Pension Fund,

out of which the Issuer shall pay around ISK 4,100 million, and, secondly, that the defendants shall guarantee the obligations of the Pension Fund's Rate Department (Hlutfallsdeild) which are higher than its assets at any time. On 12 November 2021, the District Court of Reykjavík acquitted the Issuer and the other defendants of all claims of the Pension Fund. On 24 March 2023, the Appeal Court confirmed the judgment of the District Court. On 21 April 2023, the Pension Fund requested the permission of the Supreme Court to appeal the judgment of the Appeal Court.

Provisions on interest rates in consumer contract and mortgage credit agreements

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 disputed interest rate provision was used in the Issuer's consumer credit agreements until 2013. The plaintiffs demand primarily 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. On 7 February 2023 the District Court accepted the plaintiffs' claims of last resort of repayment based on the initial contractual interest rate and taking into account limitation periods for claims, in the amount of around ISK 230,000 plus interest. The Issuer has requested that the judgment be appealed to the Appeal Court. It is the Issuer's assessment that should the judgment of the District Court be confirmed in a final judgment the maximum potential loss resulting from such an outcome will be ISK 159 million as regards the Issuer's loan portfolio with the same interest rate provision. The Issuer has recognised a provision of that amount.

In December 2022, an individual commenced litigation against the Issuer in a case which is similar to the above mentioned case. On 23 February 2023 the Issuer delivered its written statement claiming that all claims by the plaintiff should be rejected.

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 disputed interest rate provision in this case has been used in the Issuer's consumer and mortgage credit agreements from 2013. 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 83,000 plus interest. In February 2022 the Issuer submitted its written statement claiming that all claims by the plaintiffs should be rejected. On 23 March 2023, a hearing was held before the EFTA Court on a request by the District Court of Reykjavík for an advisory opinion as to whether the interest rate provision is contrary to the Mortgage Credit Directive 2014/17/EU and the Consumer Credit Directive 2008/48/EC. It is expected that the opinion will be delivered before the end of the first half of 2023. The case will then be brought again before the District Court. It is the Issuer's preliminary assessment of the potential impact of an adverse ruling on the Issuer's loan portfolio with the same interest rate provision that the Issuer's financial loss, taking different scenarios into account, could amount to around ISK 8 billion. The preliminary assessment does not include an assessment of the impact on the Issuer's interest rate risk should an adverse final court ruling be that the initial contractual interest rates should be applied throughout the duration of the respective loans. Such a ruling, which the Issuer regards as unlikely, would significantly increase the Issuer's interest rate risk and could have a considerable negative financial impact on the Issuer in times of increased market interest rates.

Proceedings relating to the sale of the Issuer's shareholding in Borgun hf.

In January 2017, the Issuer commenced proceedings before the District Court of Reykjavík against BPS ehf., Eignarhaldsfélagið Borgun slf., Borgun hf., now SaltPay IIB hf. (the Company), and the then CEO of the Company. The Issuer considers the defendants to have been in possession of information about the shareholding of the Company in Visa Europe Ltd. at the time when the Issuer sold its 31.2% shareholding in that they failed to disclose to the Issuer. The Issuer demands acknowledgement of the defendants' liability for losses incurred by the Issuer on these grounds. By judgment of 27 April 2023, the District Court acquitted the defendants of the claims made by the Issuer."

(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 March 2023, 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 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.”