

**SUPPLEMENT TO THE BASE PROSPECTUS DATED 22 MAY 2020
THE DATE OF THIS SUPPLEMENT IS 16 FEBRUARY 2021**



LANDSBANKINN HF.

(incorporated with limited liability in Iceland)

€ 2,000,000,000

Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the base prospectus dated 22 May 2020 as supplemented by a supplement dated 4 September 2020, 6 November 2020 and 10 February 2021 (the “**Base Prospectus**”), constitutes a supplement for the purposes of Article 23 of Prospectus Regulation EU 2017/1129 (the “**Prospectus Regulation**”), as implemented in the Republic of Ireland by the Prospectus Regulations, and is prepared in relation to the €2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of Landsbankinn hf. (the “**Bank**” or the “**Issuer**”).

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 Notes that are subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to the Notes 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 Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case), 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 www.ise.ie for a period of 12 months 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 v of the Base Prospectus, the Bank’s Consolidated Financial Statements for the financial year ended 31 December 2020, together with the Independent auditor’s report of Consolidated Financial Statements and the report of the Board of Directors and the CEO (the “**2020 Financial Statements**”), an extract of which is set out in this Supplement at page 2 below;
- (ii) confirm that there has been no significant change in the financial or trading position of the Group since 31 December 2020 and that there has been no material adverse change in the prospects of the Bank since 31 December 2020, subject to the carveouts specified in paragraph (ii) of this Supplement below;
- (iii) update certain information contained in the cover pages of the Base Prospectus;
- (iv) update the section entitled “*Risk Factors – Factors that may affect the Bank’s ability to fulfil its obligations under Notes issued under the Programme – Legal risk relating to the Bank*” by including a new risk factor entitled “*Judgements entered against Icelandic entities in the courts of a state which is not a party to the Lugano Convention (including, as at the date of this Base Prospectus, the United Kingdom) may not be recognised or enforceable in Iceland*” at the end of such section on page 35 of the Base Prospectus;
- (v) update certain information contained in the section entitled “*Applicable Final Terms*” in the Base Prospectus;
- (vi) update certain information contained in the section entitled “*Subscription and Sale*” in the Base Prospectus; and
- (vii) update the section entitled “*General Information – Litigation*” in the Base Prospectus on page 148 of the Base Prospectus.

(i) Documents incorporated by reference

By virtue of this Supplement, the 2020 Financial Statements, together with the Independent auditor’s report on Consolidated Financial Statements and the report of the Board of Directors and the CEO, (<https://www.landsbankinn.is/uploads/documents/arsskyrsluguppjor/Consolidated-Financial-Report-2020-EN.pdf>), which have previously been published on the website of the Issuer and have been filed with the Central Bank of Ireland, shall be incorporated in, and form part of, the Base Prospectus, at the section entitled “*Documents Incorporated by Reference*” on page v of the Base Prospectus.

(ii) No significant change and no material adverse change

Save for the impact of the COVID-19 pandemic referred to in the sections headed “*Recent Developments*”, “*The Icelandic Economy*”, “*Although economic growth has been robust in recent years, the Bank is vulnerable to a range of economic risks that face the Icelandic banking system*” and in the 2020 Financial Statements of the Bank on page 99, page 130, page 16 and page v of this Base Prospectus respectively, and

in particular, the impact that COVID-19 may have had on the value of the Bank's loans to customers, which cannot be reliably estimated at this time, there has been no significant change in the financial position or financial performance of the Group since 31 December 2020.

Save for the impact of the COVID-19 pandemic referred to in the sections headed "*Recent Developments*", "*The Icelandic Economy*" and "*Although economic growth has been robust in recent years, the Bank is vulnerable to a range of economic risks that face the Icelandic banking system*" and in the 2020 Financial Statements of the Bank on page 99, page 130, page 16 and page v of this Base Prospectus respectively, and in particular, the impact that COVID-19 may have had on the value of the Bank's loans to customers, which cannot be reliably estimated at this time, there has been no material adverse change in the prospects of the Bank since 31 December 2020.

(iii) Amendments to the legends on the cover page

The paragraph beginning with "**PROHIBITION OF SALES TO EEA AND UNITED KINGDOM RETAIL INVESTORS – ...**" on the second cover page of the Base Prospectus shall be deleted in its entirety and replaced with the following:

"UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET - The Final Terms in respect of any Notes and any drawdown prospectus may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document

required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.”

(iv) Inclusion of new risk factor

The following new risk factor shall be inserted at the end of the section entitled “*Risk Factors – Factors that may affect the Bank’s ability to fulfil its obligations under Notes issued under the Programme – Legal risk relating to the Bank*” after the risk factor entitled “*Iceland’s national implementation of EEA rules may be inadequate in certain circumstances*” on page 35 of the Base Prospectus:

Judgments entered against Icelandic entities in the courts of a state which is not a party to the Lugano Convention (including, as at the date of this Base Prospectus, the United Kingdom) may not be recognised or enforceable in Iceland

A judgment entered against a company incorporated in Iceland in the courts of a state which is not a party to the Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters made in Lugano on 30 October 2007 (the “**Lugano Convention**”) as a Contracting State (as defined in the Lugano Convention), would not be recognised or enforceable in Iceland as a matter of law without a retrial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law of Iceland). As at the date of this Base Prospectus, the United Kingdom and Iceland are not bound by any agreement, treaty or other instrument on mutual recognition and enforcement of judgments applicable in relation to the Notes. The United Kingdom has applied to re-accede to the Lugano Convention as an independent contracting state, but the other contracting states have, as at the date of this Base Prospectus, not approved the application. As a result, a final judgment in civil or commercial matters relating to the Notes obtained in the courts of England against the Issuer, will, in principle, neither be recognised nor enforceable in Iceland. However, if a Noteholder brings a new action in a competent court in Iceland, the final judgment rendered in an English court may be submitted to the Icelandic court, but will only be regarded as evidence of the outcome of the dispute to which it relates, and the Icelandic court has full discretion to rehear the dispute ab initio. Any retrial on a judgment’s merits could therefore significantly delay or prevent the enforcement by Noteholders of the Issuer’s obligations under the Notes.

(v) Amendments to the Applicable Final Terms

The paragraph beginning with “**PROHIBITION OF SALES TO EEA AND UNITED KINGDOM RETAIL INVESTORS...**” on page 47 of the Base Prospectus shall be deleted and replaced with the following:

“[UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET - Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for

undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU as amended or superseded (“MiFID II”)/MiFID II]; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

(vi) Amendments to the Subscription and Sale section of the Base Prospectus

The section entitled “*Prohibition of Sales to EEA and UK Retail Investors*” on pages 142 to 143 of the Base Prospectus shall be deleted and replaced with the following:

“Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prohibition of Sales to United Kingdom Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.”

(vii) Litigation

The following wording shall replace the paragraph in the section entitled “*General Information – Litigation*” on page 148 of the Base Prospectus:

“Except as disclosed in the section entitled “*Description of the Bank – Litigation*” on pages 123 to 125 (inclusive) of this Base Prospectus and updated in “*Note 38- Litigation*” on pages 39 and 40 of the 2020 Financial Statements, neither the Bank 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 Bank 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 Bank or the Group.”