

# FINAL TERMS

16 February 2017

## LANDSBANKINN HF.

### Issue of 480,000,000 Fixed Rate Inflation-Linked Covered Bonds under the ISK 100,000,000,000 Covered Bond Programme

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Covered Bonds (the “**Terms and Conditions**”) set forth in the Base Prospectus dated 8 December 2016. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5(4) of the Prospectus Directive, as amended (which includes the amendments made by Directive 2010/73/EU) and Article 45 of Act on Securities Transactions and must be read in conjunction with the Base Prospectus and any supplements if applicable which constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus and any supplements, if applicable. A copy of said Base Prospectus is available for viewing at the issuer’s website, [www.landsbankinn.is/sertryggd-skuldabref](http://www.landsbankinn.is/sertryggd-skuldabref).

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|---|--|
| <b>1. Issuer:</b>                           | <b>Landsbankinn hf.</b>  |
| <b>2.</b>                                   |  |
| i. Series Number:                           | 5  |
| ii. Tranche Number:                         | 5  |
| <b>3. Specified Currency or Currencies:</b> | ISK  |
| <b>4. Aggregate Nominal Amount:</b>         |  |
| i. Series:                                  | 4,220,000,000  |
| ii. Tranche:                                | 480,000,000  |
| <b>5. Issue Price:</b>                      | 99.314 per cent. of the Aggregate Nominal Amount plus accrued interest from 4 October 2016 |
| <b>6. Specified Denominations:</b>          |  |
| i. Specified Denominations:                 | 20,000,000   |
| ii. Calculation Amount:                     | 20,000,000   |
| <b>7.</b>                                   |  |
| i. Issue Date:                              | 21 February 2017   |
| ii. Interest Commencement Date:             | Issue Date   |
| <b>8.</b>                                   |  |

- i. Maturity Date: 4 October 2028
  - ii. Extended Maturity Date: Applicable  
The Extended Maturity Date is 4 October 2031
- 9.
- i. Interest Basis to Maturity Date: 3.0 per cent. Fixed Rate
  - ii. Interest Basis from Maturity Date to Extended Maturity Date: 3.5 per cent. Fixed Rate
- 10. **Redemption/Payment Basis:** One payment of principal at Maturity Date
  - 11. **Change of Interest Basis or Redemption/Payment Basis:** Not Applicable
  - 12. **Investor Put/Issuer Call:** Not Applicable
  - 13. **Status of the Covered Bonds:** Senior secured
  - 14. **Approval for Issuance of the Covered Bonds:** Date of Board approval for issuance of Covered Bonds obtained:  
8 December 2016
  - 15. **Method of Distribution:** Non-syndicated
  - 16. **Calculation Agent:** Issuer

**PROVISIONS RELATING TO INFLATION LINKED ANNUITY COVERED BONDS**

- 17. **Inflation Linked Annuity Covered Bonds:** Not Applicable

**PROVISIONS RELATING TO INFLATION LINKED EQUAL PRINCIPAL PAYMENT COVERED BONDS INCLUDING COVERED BONDS WITH ONE PAYMENT OF PRINCIPAL ON MATURITY DATE**

- 18. **Inflation Linked Equal Principal Payment Covered Bonds:** Applicable
  - i. Rate(s) of Interest to Maturity Date: 3.0 per cent. per annum payable in arrears
  - ii. Rate(s) of Interest from Maturity Date to Extended Maturity Date: 3.5 per cent. per annum payable annually in arrears
  - iii. Number of Interest Payment Dates: 12
  - iv. Interest Payment Date(s): The 4th day in the month of October in each year up to and including the Maturity Date. First Interest Payment

Date being 4 October 2017.

- v. Number of Principal Payment Dates: 1
- vi. Principal Payment Date(s): Maturity Date
- vii. Day Count Fraction: 30/360
- viii. Base Index: means 436.61, being the value of the CPI on 4 October 2016.

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 19. **Fixed Rate Covered Bond Provisions:** Applicable
  - i. Rate(s) of Interest to Maturity Date: 3.0 per cent. per annum payable annually in arrears
  - ii. Rate(s) of Interest from Maturity Date to Extended Maturity Date: 3.5 per cent. per annum payable annually in arrears
  - iii. Interest Payment Date(s): 4 October in each year up to and including the Maturity Date and up to and including the Extended Maturity Date if applicable.
  - iv. Day Count Fraction: 30/360
  - v. Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: None
- 20. **Floating Rate Covered Bond Provisions:** Not Applicable
- 21. **Zero Coupon Covered Bond Provisions:** Not Applicable

#### PROVISIONS RELATING TO REDEMPTION

- 22. **Issuer Call:** Not Applicable
- 23. **Investor Put:** Not Applicable
- 24. **Final Redemption Amount of each Covered Bond:** The Principal Amount Outstanding at Maturity Date
- 25. **Early Redemption Amount of each Covered Bond payable on redemption and/or the method of calculating the same (if required or if different from that set out in Condition 8.7 (a)):** As set out in Condition 8.7 (a)

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- |     |  |                               |
|-----|--|-------------------------------|
| 26. | <b>New Global Covered Bond:</b>  | No                            |
| 27. | <b>Form of Covered Bonds:</b>  | VS System Covered Bonds       |
| 28. | <b>Additional Financial Centre(s) or other special provisions relating to Payment Days:</b>  | Not Applicable                |
| 29. | <b>Talons for future Coupons or Receipts to be Attached to definitive Covered Bonds (and dates on which such Talons mature):</b>   | No                            |
| 30. | <b>Details relating to Partly Paid Covered Bonds:</b> amount of each payment comprising the Issue Price and date on which each payment is to be made and consequence of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late Payment: | Not Applicable                |
| 31. | <b>Details relating to Instalment Covered Bonds:</b>   |                               |
|     | i. Instalment Amount(s):   | Not Applicable                |
|     | ii. Instalment Date(s):  | Not Applicable                |
| 32. | <b>Redenomination applicable:</b>  | Redenomination not applicable |
| 33. | i. Swap Provider:  | Not Applicable                |
|     | ii. Nature of Swap:  | Not Applicable                |
| 34. | <b>Other final terms:</b>  | Not Applicable                |

## DISTRIBUTION

- |     |  |  |
|-----|--|--|
| 35. | i. If syndicated, names of Managers:               | Not Applicable   |
|     | ii. Stabilizing Manager (if any):                  | Not Applicable   |
| 36. | <b>If non-syndicated, name of relevant Dealer:</b> | Landsbankinn hf.                                       |
| 37. | <b>U.S. selling restrictions:</b>                  | Reg. S. Compliance Category 2;<br>TEFRA Not Applicable |
| 38. | <b>Additional selling restrictions:</b>            | Not Applicable   |

## LISTING AND ADMISSION TO TRADING APPLICATION

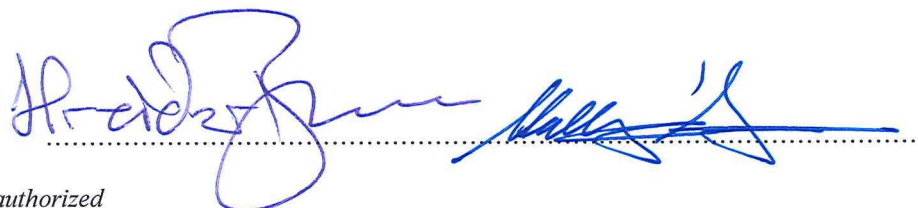
These Final Terms comprise the final terms required for the Covered Bonds described herein *to be admitted to trading* pursuant to the ISK 100,000,000,000 Covered Bond Programme of Landsbankinn hf.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

A handwritten signature in blue ink, consisting of a large, stylized initial 'H' followed by a cursive name, written over a horizontal dotted line.

*Duly authorized*



## PART B – OTHER INFORMATION

### 1. LISTING

- |                           |  |
|---------------------------|--|
| i. Listing:               | Nasdaq Iceland   |
| ii. Admission to trading: | Application has been made for the Covered Bonds to be admitted to trading on Nasdaq Iceland. |

### 2. RATING

Not Applicable

### 3. NOTIFICATION

Not Applicable

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the issue.

### 5. USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- |                                |  |
|--------------------------------|--|
| i. Use of proceeds:            | For general funding purposes of the Issuer |
| ii. Estimated net proceeds:    | 482,772,631                                |
| iii. Estimated total expenses: | 215,000                                    |

### 6. YIELD (*Fixed Rate Covered Bonds Only*)

|                      |       |
|----------------------|-------|
| Indication of yield: | 3.07% |
|----------------------|-------|

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 7. HISTORIC INTEREST RATES (*Floating Rate Covered Bonds Only*)

Not Applicable

### 8. PERFORMANCE OF CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds Only*)

The Covered Bonds are inflation-linked and the reference index is the consumer price index in Iceland for indexation of financial obligation (CPI) calculated and published by Statistics Iceland. Information on the CPI index can be found on the Statistics Iceland's website: <http://statice.is/statistics/economy/prices/consumer-price-index/>

## 9. OPERATIONAL INFORMATION

- i. ISIN Code: IS0000027787
- ii. Common Code: LBANK CBI 28
- iii. Any Clearing system(s) other than Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s): Nasdaq CSD Iceland  
Laugavegur 182, 105 Reykjavik, Iceland  
Reg. No. 500797-3209
- iv. Delivery: Delivery against payment
- v. Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- vi. Intended to be held in a manner which would allow Eurosystem eligibility: No