

FINAL TERMS

8 October 2013

LANDSBANKINN HF.
Issue of ISK 1,220,000,000 Fixed Rate 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 3 October 2013. 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.

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|---|--|
| 1. Issuer: | Landsbankinn hf. |
| 2. | |
| i. Series Number: | 1 |
| ii. Tranche Number: | 1 |
| 3. Specified Currency of Currencies: | ISK |
| 4. Aggregate Nominal Amount: | |
| i. Series: | ISK 10,000,000,000 |
| ii. Tranche: | ISK 1,220,000,000 |
| 5. Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. Specified Denominations: | |
| i. Specified Denominations: | ISK 20,000,000 |
| ii. Calculation Amount: | ISK 20,000,000 |
| 7. | |
| i. Issue Date: | 10 June 2013 |
| ii. Interest Commencement date: | 10 June 2013 |
| 8. | |
| i. Maturity Date: | 10 June 2016 |
| ii. Extended Maturity Date: | Applicable
The Extended Maturity Date is 10 June 2019 |
| 9. | |
| i. Interest Basis to Maturity Date: | 6.30 per cent. Fixed Rate |
| ii. Interest Basis from Maturity Date
to Extended Maturity Date: | 6.80 per cent. Fixed Rate |
| 10. Redemption/Payment Basis: | Redemption at par |

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- 11. Change of Interest Basis or Redemption/Payment Basis:** Not Applicable
- 12. Investor Put/Issuer Call:** Investor Put
- 13. Status of the Covered Bond:** Senior
- 14. Approval for Issuance of the Covered Bonds:** Date of the Board approval for Issuance of Covered Bonds obtained:
10 May 2012 and 23 May 2013
- 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

- 18. Inflation Linked Equal Principal Payment Covered Bonds:** Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 19. Fixed Rate Covered Bond Provisions:** Applicable
- i. Rate of Interest to Maturity Date: 6.30 per cent. per annum payable annually in arrears
 - ii. Rate of Interest from Maturity Date to Extended Maturity Date: 6.80 per cent. per annum payable annually in arrears
 - iii. Interest Payment Date: 10 June in each year up to and including the Maturity Date
 - 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:** If the ISD System Covered Bonds have not been admitted to trading on NASDAQ OMX Iceland on or before 10 December 2013 any Covered Bondholder has the option to sell its ISD System Covered Bonds to the Issuer at 100 per cent. of the nominal amount, provided that it sends a duly completed and signed notice of exercise to the Issuer on or before 30 December 2013. In this event the Issuer shall redeem the respective ISD System Covered Bonds within 30 days from receipt of the above notice. Any put notice

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sent by a Covered Bondholder pursuant to this paragraph shall be irrevocable.

24. Final Redemption Amount of each Covered Bond:

ISK 20,000,000 per Covered Bond of ISK 20,000,000 Specified Denomination

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 6.8.7 (a)):

Redemption at par

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

26. New Global Covered Bond

No

27. Form of Covered Bonds:

VS System Covered Bonds

28. Additional Financial Centre(s) or other special provisions relating to Payment Days:

Not Applicable

29. Talons for future Coupons or Receipts to be Attached to definitive Covered Bonds (and dates on which such Talons mature):

No

30. Details relating to Partly Paid Covered Bonds:

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. Details relating to Instalment Covered Bonds:

i. Instalment Amount(s):

Not Applicable

ii. Instalment Date(s):

Not Applicable

32. Redenomination applicable:

Redenomination not applicable

33. i. Swap Provider
ii. Nature of Swap

Not Applicable
Not Applicable

34. Other final terms:

Not Applicable

DISTRIBUTION

35.

i. If syndicated, names of Managers:

Not Applicable

ii. Stabilizing Manager (if any):

Not Applicable

36. If non-syndicated, name of relevant Dealer:

Landsbankinn hf.

37. Additional selling restrictions:

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: 
Duly authorized


Hreiðar Bjarnason
Managing Director, CFO
Finance

PART B – OTHER INFORMATION

1. LISTING

- i. Listing: NASDAQ OMX Iceland
- ii. Admission to trading: Application has been made for the ISD Covered Bonds to be admitted to trading on NASDAQ OMX Iceland with effect from 10 October 2013 at the latest.

2. RATING

Not Applicable

3. NOTIFICATION

The Financial Supervisory Authority, Iceland has provided NASDAQ OMX Iceland with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

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

Save for any fees payable to the Dealer, 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: ISK 1,217,000,000
- iii. Estimated total expenses: ISK 3,000,000

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

Indication of yield: 6.30%
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

Not Applicable

9. OPERATIONAL INFORMATION

- i. ISIN Code IS0000023489
- ii. Common Code LBANK CB16
- 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): Icelandic Securities Depository hf.

Laugavegur 182, 105 Reykjavik, Iceland

Reg. No. 500797-3209

Delivery against payment

iv. Delivery:

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

