

# FINAL TERMS

2 November 2015

## LANDSBANKINN HF. Issue of ISK 940,000,000 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 9 December 2014. 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).

1.	<b>Issuer:</b>	<b>Landsbankinn hf.</b>
2.		
	i. Series Number:	4
	ii. Tranche Number:	5
3.	<b>Specified Currency or Currencies:</b>	ISK
4.	<b>Aggregate Nominal Amount:</b>	
	i. Series:	ISK 8,680,000,000
	ii. Tranche:	ISK 940,000,000
5.	<b>Issue Price:</b>	101.752 per cent. of the Aggregate Nominal Amount plus accrued interest from 28 April 2015
6.	<b>Specified Denominations:</b>	
	i. Specified Denominations:	20,000,000
	ii. Calculation Amount:	20,000,000
7.		
	i. Issue Date:	5 November 2015
	ii. Interest Commencement Date:	Issue Date
8.		
	i. Maturity Date:	28 April 2022
	ii. Extended Maturity Date:	Applicable The Extended Maturity Date is 28 April 2025
9.		
	i. Interest Basis to Maturity Date:	Inflation Linked Interest
	ii. Interest Basis from Maturity Date to Extended Maturity Date:	Inflation Linked Interest
10.	<b>Redemption/Payment Basis:</b>	One payment of principal on Maturity Date

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|-----|--|---|
| 11. | <b>Change of Interest Basis or Redemption/Payment Basis:</b> | Not Applicable  |
| 12. | <b>Investor Put/Issuer Call:</b>                             | Not Applicable  |
| 13. | <b>Status of the Covered Bonds:</b>                          | Senior  |
| 14. | <b>Approval for Issuance of the Covered Bonds:</b>           | Date of Board approval for issuance of Covered Bonds obtained:<br>10 May 2012 and 23 May 2013 |
| 15. | <b>Method of Distribution:</b>                               | Non-syndicated  |
| 16. | <b>Calculation Agent:</b>                                    | Issuer  |

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

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|-----|--|----------------|
| 17. | <b>Inflation Linked Annuity Covered Bonds:</b> | Not Applicable |
|-----|--|----------------|

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

- |     |   |  |
|-----|---|--|
| 18. | <b>Inflation Linked Equal Principal Payment Covered Bonds:</b>        | 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. Number of Interest Payment Dates:                                | 7  |
|     | iv. Interest Payment Date(s):   | The 28th day in April up to and including the Maturity Date  |
|     | v. Number of Principal Payment Dates:                                 | 1  |
|     | vi. Principal Payment Date(s):  | Maturity Date  |
|     | vii. Day Count Fraction:  | 30/360   |
|     | viii. Principal Repayment(s):   | An amount calculated by the Calculation Agent on each Principal Payment Date by multiplying the Principal Amount Outstanding on the Issue Date with the Index Ratio and dividing with the number of principal Payment Dates. |
|     | ix. Interest Payment(s):  | Interest is calculated on each Interest Payment date as the Principal Amount Outstanding on each Interest Payment Date multiplied with the Rate of Interest and, the appropriate Day Count Fraction.                         |
|     | x. Payment(s):  | On each Interest Payment Date the sum of the relevant Principal  |

Repayment and the Interest Payment.

xi. Principal Amount Outstanding:

On the relevant Interest Payment Date, the Principal Amount Outstanding is calculated based on the following formula:

$$PAO_t = (PAO_{t-1} - PR_{t-1}) \frac{IR_t}{IR_{t-1}}$$

where,

**PAO<sub>t</sub>** means the Principal Amount Outstanding on the relevant Interest Payment Date.

**PAO<sub>t-1</sub>** means the Principal Amount Outstanding on the preceding Interest Payment Date.

**PR<sub>t-1</sub>** means the Principal Repayment on the preceding Interest Payment Date.

**IR<sub>t</sub>** means the Index Ratio on the relevant Interest Payment Date.

**IR<sub>t-1</sub>** means the Index Ratio on the preceding Interest Payment Date (Issue Date for the first Interest Payment Date).

xii. Index Ratio:

The value of the Index Ratio (**IR**) on the relevant Interest Payment Date shall be the value of the Reference Index (**RI**) applicable to the relevant Interest Payment Date divided by the value of the Base Index (**BI**) as calculated by the Issuer:

$$IR = \frac{RI_t}{BI}$$

where,

**Reference Index** or **RI<sub>t</sub>** means on each Interest Payment Date:

For each day in the calendar month and number RI rounded to 5 decimals:

$$RI = CP_{M-2} + \left[ \frac{d-1}{D} * (CP_{M-1} - CP_{M-2}) \right]$$

where,

**CP<sub>M-1</sub>** = CPI value published by Statistics Iceland in the month preceding month M

**CP<sub>M-2</sub>** = CPI value published by Statistics Iceland 2 months prior to month M

**d** = the relevant calendar date

**D** = number of calendar days in the relevant calendar month  
Provided that if the Reference Index is lower than the Base Index,  
the Reference Index shall equal the Base Index.

And

**Base Index** means 425.97, being the value of the CPI on 28 April 2015. If at any time a new index is substituted for the CPI, as of the calendar month from and including that in which such substitution takes effect:

- i. the Reference Index shall be deemed to refer to the new index; and
- ii. the new Base Index shall be the product of the existing Base Index and the Reference Index immediately following such substitution, divided by Reference Index immediately prior to such substitution.

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

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|---|--|
| <b>19. Fixed Rate Covered Bond Provisions:</b>  | 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):  | 28 April in each year up to and including the Maturity Date and up to and including 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   |
| <b>20. Floating Rate Covered Bond Provisions:</b>   | Not Applicable   |
| <b>21. Zero Coupon Covered Bond Provisions:</b>   | Not Applicable   |

#### PROVISIONS RELATING TO REDEMPTION

- |  |   |
|--|---|
| <b>22. Issuer Call:</b>  | Not Applicable                                    |
| <b>23. Investor Put:</b>   | Not Applicable                                    |
| <b>24. Final Redemption Amount of each Bond:</b>   | The Principal Amount Outstanding at Maturity Date |
| <b>25. Early Redemption Amount of each Covered Bond payable on redemption and/or the method of calculating the</b> |   |

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. **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: Not applicable  
ii. Nature of Swap: 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

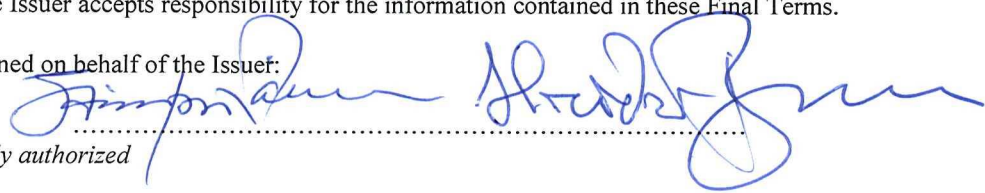
These Final Terms comprise the final terms required for the Covered Bonds described herein *to be admitted to trading* pursuant to the ISK 100,000,000,000 Covered Bond Programme of Landsbankinn hf.

**RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By: .....  
*Duly authorized*

A handwritten signature in blue ink, appearing to read 'Simon' followed by a stylized surname, written over a dotted line.

## **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 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: 981,545,577
- iii. Estimated total expenses: 215,000

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

Indication of yield: 3.0%

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 obligations (CPI) calculated and published by Statistics Iceland. Information on the CPI index can be found on the Statistics Iceland's website: <http://www.statice.is/Statistics/Prices-and-consumption/Consumer-price-index>.

### **9. OPERATIONAL INFORMATION**

- i. ISIN Code: IS0000025856
- ii. Common Code: LBANK CBI 22
- 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