

Supplement dated 8 April 2019
to the Base Prospectus dated 3 April 2019

Landsbankinn hf.
(incorporated in Iceland as a limited liability company)
ISK 200,000,000,000
Covered Bond Programme

This supplement (the “Supplement”) to the base prospectus dated 3 April 2019 (the “Base Prospectus”) constitutes a supplement for the purposes of Article 16 of Directive No. 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the “Prospectus Directive”) as amended. The Prospectus Directive has been implemented into Icelandic law and the Supplement is prepared in accordance with Article 46 of the Securities Transactions Act No. 108/2007 (the “Act on Securities Transactions”). This supplement is supplemental to, forms part of and must be read and construed in conjunction with, the Base Prospectus dated 3 April 2019.

The Base Prospectus has been issued by Landsbankinn hf. (the “Issuer”) in respect of an ISK 200,000,000,000 Covered Bond Programme (the “Programme”) and is dated 3 April 2019.

The Supplement and the Base Prospectus are available on the Issuer’s website, www.landsbankinn.is (<http://www.landsbankinn.is/sertryggd-skuldabref>). Investors can request printed copies of the Base Prospectus and any supplements free of charge at the Issuer’s registered office at Austurstræti 11, 155 Reykjavík, Iceland.

Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. To the extent that there is any inconsistency between a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and b) any other statement in or incorporated by reference into the Base Prospectus, the statements referred to in a) above shall prevail.

The Financial Supervisory Authority, Iceland (the “FME”) in its capacity as competent authority under the Act on Securities Transactions has scrutinised and approved this Supplement, which is published in English only.



Landsbankinn hf.
This Supplement is dated 8 April 2019

1. ISSUER'S STATEMENT

There have been no significant changes in the future prospects of the Issuer that could have a negative impact on the Issuer, since the last audited financial statements of the Issuer for the year 2018, published 7 February 2019.

There have been no significant changes in the financial position of the Issuer since the end of the last financial period for the financial year 2018, published 7 February 2019.

Chief Executive Officer and Chief Financial Officer of Landsbankinn hf., Reg. No. 471008-0280, registered office at Austurstræti 11, 155 Reykjavík, Iceland, on behalf of the Issuer, hereby declare, that having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 8 April 2019

On behalf of Landsbankinn hf.,

Lilja Björk Einarsson

Chief Executive Officer

Hreiðar Bjarnason

Chief Financial Officer

2. ANNUAL GENERAL MEETING (AGM) OF THE ISSUER HELD 4 APRIL 2019

The Issuer's AGM held 4 April 2019, elected a statutory auditor for the year 2019, authorised the Issuer to buy its own shares and authorised payment of dividend and disposition of profit for the 2018 financial year. The meeting approved the Issuer's financial statement for 2018, together with the auditor's report. The AGM elected board of directors and alternates to sit on the board of the Issuer, until its next AGM. Furthermore a new remuneration policy was approved and the remuneration to directors of the board for the next term of office is to remain unchanged.

The result of the Issuer's AGM held 4 April requires an update on the following sections and pages in the Issuer's Base Prospectus dated 3 April 2019; "*Shareholder, Share Capital and Dividend Policy*" on page 123-124 and "*Administrative, Management and Supervisory Body*" on pages 146-148.

The following paragraphs in section "*Shareholder, Share Capital and Dividend Policy*" shall replace the second paragraph in subsection "*Share Capital*" on pages 123-124 of the Base Prospectus dated 3 April 2019:

Share Capital

The Issuer's AGM held on 4 April 2019, authorised the Issuer, in accordance with Article 55 of the Act on Public Limited Companies, No. 2/1995, to acquire its own shares, up to 10 per cent. of the nominal value of the Issuer's share capital. The minimum and maximum amount the Issuer is authorised to pay for each share shall be equivalent to the Issuer's book value, i.e. the ratio of shareholder equity to share capital, as disclosed in the most recently published annual or interim financial statements published before the purchase of own shares takes place. This

authorisation is valid until the AGM of the Issuer in 2020. Disposition of own shares purchased by the Issuer based on this authorisation is subject to approval by a shareholders' meeting.

On 6 December 2018, the Issuer's Board of Directors decided to exercise an authorisation to purchase the Issuer's own shares. Under the Buy-Back Programme, the maximum purchase amounted to 72.5 million shares, or the equivalent of 0.3 per cent. of issued shares. Before the aforementioned Buy-Back Programme, the Issuer has previously offered shareholders the chance to sell their shares in the Issuer on three previous occasions, most recently in February 2017. Under the Buy-Back Programme which was announced on the 6 December 2018, the Issuer offered to purchase shares from shareholders during a repurchase period, from 10 December 2018 up to and including 20 December 2018. Based on the Issuer's interim results for the first nine months of 2018, the equity held by the Issuer's shareholders amounted to ISK 235,892 million and 23,640 million outstanding shares. In accordance with the aforementioned, the Issuer offered to purchase each share at a price of ISK 9.9787 during the repurchase period. Prior to the repurchase period in December 2018, the Issuer held 360,465,119 of its own shares or the equivalent of around 1.50 per cent. of issued share capital in the Issuer. At the end of the repurchase period the Issuer held 375,460,240 of its own shares, or the equivalent of around 1.56 per cent. of issued share capital.

The following paragraph in section "*Shareholder, Share Capital and Dividend Policy*" shall be inserted after the first paragraph in subsection "*Dividend Policy*" on page 124 of the Base Prospectus dated 3 April 2019:

Dividend Policy

The Issuer's AGM held on 4 April 2019 authorised the Issuer to pay a dividend amounting to ISK 0.42 per share for the accounting year 2018 and that the payment be in two instalments. The first date of payment will be 10 April 2019 and amounts to ISK 0.21 per share. The latter date of payment will be 2 October 2019 and amounts to ISK 0.21 per share. Both payments shall be based on the register of shareholders at end of business on the day of the AGM held 4 April 2019, unless the Issuer receives notification of the assignment of dividend through the transfer of shares. The total amount of the dividend payments based on the outstanding shares is ISK 9,922 million, which represents around 51.5% of profit for the year 2018.

The result of the AGM held 4 April 2019, where regular members of board of directors and alternates to the board of directors were elected, requires an update on the following subsection "*Board of Directors*" in section "*Administrative, Management and Supervisory Bodies*" on pages 146-148, in the Issuer's Base Prospectus dated 3 April 2019:

Board of directors

Name	Function	Principal Outside Activities
Board of Directors		
Ms. Helga Björk Eiríksdóttir	Chairman	General Manager and Board Member of Integrum ehf. Board Member of Budz Boot Camp ehf. General Manager and Alternate Board Member of Förlí ehf.

Ms. Berglind Svavarsdóttir	Board Member	Attorney and partner at Reykjavik Law Firm. Board Member of Kulygin ehf.
Mr. Einar Þór Bjarnason	Board Member	Chairman of the Board of Icelandic Bar Association. General Manager and Board Member of Gyrus ehf. Chairman of the Board of Directors of Intellecta ehf. Alternate Board Member of Glöggvir ehf.
Mr. Guðbrandur Sigurðsson	Board Member	Managing director of Heimavelli hf., from 2016 to 2019. Director of the board of Reykjavik Creamery ehf. and Talnakönnun hf.
Mr. Hersir Sigurgeirsson	Board Member	Associate Professor in the Faculty of Business Administration of the University of Iceland, and independent consultant. Board Member of Endurreisnarsjóðurinn ehf. and Auðfræðasetur sf. General Manager and Board Member of Kvant ehf.
Ms. Sigríður Benediktsdóttir	Board Member	Senior lecturer and dean of undergraduate studies of Global Affairs at Yale University in the US, where she was awarded her doctorate in economics in May 2005. Board member of non-profit organization New Have Reads.
Mr. Thorvaldur Jacobsen	Board Member	Associate partner of Valcon Consulting A/S. Was Managing Director at Vátryggingarfélag Íslands hf. from 2012 until 2017. Board Member of Sensa ehf.
Ms. Guðrún Ó. Blöndal	Alternate	Board Member of Eimskipafélag Íslands hf.

There are no potential conflicts of interests between any duties of the Senior Management and Directors above and their private interests and/or other duties, other than one of the alternates to the board of directors is the brother of one of the head of a business unit in Corporate Banking.

3. RISK FACTORS

In 4 April 2019, the Central Bank issued a new Financial Stability report which presents an overview of the position of the financial system. The issuance of the new Financial Stability report requires an update on the following subsection “*Although economic growth has returned in recent years, the Issuer is vulnerable to a range of economic risks that face the Icelandic banking system*” which can be found in section “*Risks relating to the Issuer, including its business and the ability of the Issuer to fulfil its obligations under the Covered Bond Programme*” on pages 17-19.

The following paragraph in section “*Although economic growth has returned in recent years, the Issuer is vulnerable to a range of economic risks that face the Icelandic banking system*” shall be inserted and replace paragraph 4 on page 18 of the Base Prospectus dated 3 April 2019:

In the April 2019 Financial Stability Report, the Central Bank concluded that risk in the financial system is still moderate despite that some risk factors have materialised in recent months such as the recent failure of the capelin catch in the marine sector and collapse of WOW air in the tourism sector. Tourism has grown rapidly in recent years and is now Iceland’s largest single export sector, meaning that Iceland’s economy is increasingly reliant on Iceland’s popularity as a tourist destination. According to the report uncertainty has mounted, however, and risks have materialised to an extent, although the impact on the financial system has yet to surface. The three key domestic risks highlighted are, as in the previous report tourism, commercial real estate and residential real estate. The Central Bank further points out that growth in household debt is still moderate, although mortgage debt has risen. The supply of housing has increased in the recent term and is expected to continue growing in the next few years. Commercial real estate prices are still rising strongly and are quite high by most measures. In addition, corporate debt has grown markedly, although there are signs that a slowdown in growth is in the offing. According to the report there is a strong link between risk in the real estate market and risk in the tourism industry, and a large share of the banks’ lending activity is real estate- and tourism-related. On the other hand, households’ and businesses’ balance sheets are relatively strong at present, and the financial institutions are resilient, which mitigates the potential impact and favourably affects the overall assessment of risk.