

**SUPPLEMENT TO THE BASE PROSPECTUS DATED 30 AUGUST 2016
THE DATE OF THIS SUPPLEMENT IS 22 FEBRUARY 2017**



LANDSBANKINN HF.
(incorporated with limited liability in Iceland)
€1,500,000,000
Euro Medium Term Note Programme

This base prospectus supplement (“**Supplement**”) to the base prospectus dated 30 August 2016 (the “**Base Prospectus**”) constitutes a supplement to the Base Prospectus for the purposes of Article 16 of Directive 2003/71/EC as amended (the “**Prospectus Directive**”) (as implemented in the Republic of Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended) and is prepared in relation to the €1,500,000,000 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 Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

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 Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (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.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

This Supplement is and will be available on the website of the Central Bank of Ireland at www.centralbank.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 the Bank's 2016 Financial Statements (as defined below); (ii) confirm that there has been no significant change in the financial or trading position of the Group since 31 December 2016; (iii) confirm that there has been no material adverse change in the prospects of the Bank since 31 December 2016; (iv) update the litigation statement in the Base Prospectus; and (v) update the credit rating of the Bank.

Documents incorporated by reference

By virtue of this Supplement the audited consolidated financial statements of the Bank for the financial year ended 31 December 2016 (the “**2016 Financial Statements**”), together with the audit report thereon (<https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppjor/Consolidated-Financial-Report-2016-EN.pdf>) which has previously been published on the website of the Issuer and has been filed with the Central Bank of Ireland, shall be incorporated in, and form part of, the Base Prospectus.

Significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2016 and there has been no material adverse change in the prospects of the Bank since 31 December 2016.

Any documents themselves incorporated by reference in the documents incorporated by reference do not (and shall not be deemed to) form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference.

Litigation

Except as disclosed in “*Description of the Bank—Litigation*” on page 85 of the Base Prospectus and “*Note 38—Litigation*” on pages 33 and 34 of the 2016 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 a significant effect on the financial position or profitability of the Bank or the Group.

Ratings

In October 2016, the international rating agency Standard & Poor's Credit Market Services Europe Limited raised both the long and short term rating of the Bank from BBB-/A-3 to BBB/A-2 with a positive outlook.