

Supplement dated 20 October 2014  
to the Base Prospectus dated 3 October 2013

**Landsbankinn hf.**  
**(incorporated in Iceland as a limited liability company)**  
**ISK 100,000,000,000**  
**Covered Bond Programme**

This supplement (the “**Supplement**”) to the base prospectus dated 3 October 2013 (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 October 2013 and a supplement to the Base Prospectus dated 11 March 2014.

The Base Prospectus has been issued by Landsbankinn hf. (the “**Issuer**”) in respect of a ISK 100,000,000,000 Covered Bond Programme (the “**Programme**”) and is dated 3 October 2013.

This Supplement, supplement dated 11 March 2014 and the Base Prospectus are available on the Issuer’s website, [www.landsbankinn.is](http://www.landsbankinn.is) (<http://www.landsbankinn.is/sertryggd-skuldabref>).

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 (“**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 20 October 2014**

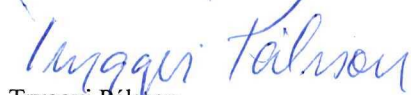
## 1 ISSUER'S STATEMENT

There have been no significant changes in the future prospects of the Issuer or financial position of the Issuer that could have a negative impact on the Issuer, since the last audited financial statements of the Issuer for the year 2013 published 4 March 2014.

The Board of Directors and Chief Executive 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, 20 October 2014

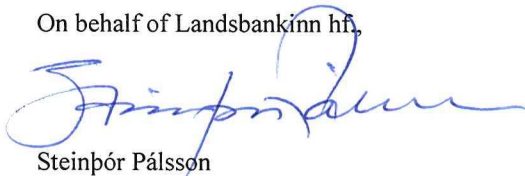
On behalf of the Board of Directors,



Tryggvi Pálsson

Chairman of the Board of Directors

On behalf of Landsbankinn hf.,



Steinþór Pálsson

Chief Executive Officer

## 2 CHANGES IN CREDIT RATING OUTLOOK

On 20 January 2014 Landsbankinn announced that Standard & Poor's ("S&P") had assigned Landsbankinn the credit rating grade BB+/B with a stable outlook. The Base Prospectus was supplemented on 11 March 2014 with information on S&P's rating grade and outlook in an extract from the Consolidated Financial Statements of Landsbankinn for the financial year 2013 displaying the endorsement of the Bank's Board of Directors and the CEO in the section *Operations in 2013*.

On 14 October 2014 Landsbankinn announced that S&P had published a press release where the outlook for Landsbankinn was revised from stable to positive and long- and short-term ratings were affirmed at BB+/B. The rating is one notch below the sovereign credit rating for Iceland.