

Dealer Agreement

Dated April 2005

in relation to the A\$1,500,000,000 Australian Debt Issuance Programme of Íslandsbanki hf.

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Dealer Agreement

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Dealer Agreement

Details

Interpretation – Definitions are at the end of this agreement before the schedules.

Parties	Issuer, Arranger and Dealers each as described below.	
Issuer	Name	Íslandsbanki hf.
	Incorporated in	Iceland
	Reg. No.	550500-3530
	Address	Kirkjusandur 2155 Reykjavík Iceland
	Fax	+354-440 4660
	Telephone	+354-440 4000
	Attention	Treasury
Arranger	Name	UBS AG, Australia Branch
	ABN/ACN/ARB N	47 088 129 613
	Address	Level 25 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
	Fax	(61 2) 9324 3999
	Telephone	(61 2) 9324 3832
	Attention	Head of Debt Capital Markets
Dealers	The initial Permanent Dealers to the Programme and their details are set out in schedule 1 (“Dealers”). New Dealers may be appointed, from time to time, by the Issuer for any Tranche of Notes or as a Permanent Dealer in accordance with clause 18 (“Dealer appointment and termination”).	
Registrar	Name	Austraclear Services Limited
	ABN	28 003 284 419

Programme Limit	A\$1,500,000,000 as varied by clause 21 (“Programme Limit”).
Programme Documents	include: <ul style="list-style-type: none">• this agreement• the Note Deed Poll• each Agency Agreement• each STN Supplement• each Pricing Supplement• each Relevant Agreement• each Note.
Governing law	New South Wales
Date of agreement	See Signing page

Dealer Agreement

General terms

Interpretation – Definitions are at the end of this agreement before the schedules.

Part 1 The Programme

1 The Programme

1.1 The Programme

The Programme is an uncommitted debt issuance programme under which the Issuer may issue Notes to any one or more Dealers. Unless otherwise agreed with the Issuer, no Dealer is obliged to offer for sale, bid for or place any Notes. The Issuer need not issue any Notes under the Programme.

1.2 Appointments of Dealers

The Issuer appoints each Dealer to act as a dealer to the Programme on the terms set out in this agreement and each Dealer accepts its appointment.

The Issuer may also appoint Dealers under clause 18 (“Dealer appointment and termination”).

A Permanent Dealer may be appointed in respect of STNs only, MTNs only or for all types of Notes as specified in schedule 1 (“Dealers”) or in the relevant Dealer Accession Letter and references to a “Dealer” are to be construed accordingly

1.3 Lead Manager

The Issuer may appoint, in relation to any Tranche or Series of MTNs, one or more Dealers as the Lead Manager of that Tranche or Series and the details of the appointment must be specified in the relevant Pricing Supplement and Subscription Agreement.

1.4 Types of Notes

Notes issued under the Programme may be:

- (a) STNs which are issued at a discount.
- (b) MTNs which:
 - (i) bear interest at a rate which is fixed, floating or calculated by reference to an index rate;
 - (ii) are issued at a discount or premium;
 - (iii) amortise by reference to a schedule or formula;
 - (iv) have principal or interest determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae; or

- (v) are issued on an unsubordinated or subordinated basis; or
- (vi) have special conditions specified in the relevant Pricing Supplement

1.5 Term of Programme

The Programme continues until the earlier of:

- (a) the date 30 days after the Issuer has given notice of termination of the Programme to the Permanent Dealers; or
- (b) the date agreed in writing by the Issuer and the Permanent Dealers.

1.6 Currencies

The parties acknowledge that Notes issued under the Programme may be denominated in currencies other than Australian dollars. Any agreement for the sale and purchase of a Note denominated in a currency other than Australian dollars is conditional on:

- (a) it being lawful and in compliance with all requirements of any relevant central bank and any other relevant fiscal, monetary, regulatory or other authority, for Notes denominated in that currency to be issued, offered for sale and sold;
- (b) that other currency being freely transferable and freely convertible into Australian dollars;
- (c) Notes denominated in that other currency being capable of being transacted through the relevant Clearing System; and
- (d) any appropriate amendments which the Issuer, the relevant Purchasing Dealer or the relevant Calculation Agent require having been made to this agreement or any other Programme Document.

1.7 Additional issuance

The Dealers acknowledge that:

- (a) nothing in the Programme Documents prohibits or restricts the Issuer, from issuing notes, bonds or other debt instruments (including, electronic certificates of deposit (ECDs), electronic promissory notes (EPNs) or other dematerialised securities in accordance with the Austraclear Regulations) otherwise than under the Programme; and
- (b) the Issuer may, from time to time, issue and sell those notes, bonds or other debt instruments to third parties who are not Dealers.

Despite paragraph (a), the Issuer agrees not to issue any non-interest bearing STNs governed by an Australian law in registered form in Australia otherwise than under the Programme

2 Conditions precedent

2.1 Conditions to first issue

The Issuer agrees not to issue any Notes under the Programme until each of the Permanent Dealers has received every item listed in schedule 2 (“Conditions precedent”) in form and substance satisfactory to them. Any item required to be certified must be certified by an authorised signatory of the Issuer or any Authorised Officer of the Issuer as being true and complete as at a date earlier than the date of this agreement. The Permanent Dealers agree to notify the Issuer as soon as practicable after they receive the final item.

2.2 Conditions to each issue

A Purchasing Dealer need not accept delivery of, or pay for, any Notes under this agreement unless, as at the proposed Issue Date:

- (a) there is an Information Memorandum in relation to those Notes that has not been withdrawn;
- (b) the representations and warranties in clause 13.1 (“Representations and warranties”) are correct and not misleading and, since the date of the Relevant Agreement in respect of the proposed issue of Notes, no event has occurred making those representations and warranties untrue or incorrect in a manner which is material in the context of the issue and offer of the Notes, from when they were made or taken to be made in accordance with clause 13.2 (“Repetition of representations and warranties”);
- (c) since the date of the Relevant Agreement in respect of the proposed issue of Notes, the rating of the Issuer as of the date of the Relevant Agreement has not been downgraded and the Rating Agency has not issued a statement of negative outlook in relation to the Notes or placed the Issuer on “credit watch” with negative implications (or other similar publication of formal review by the Rating Agency);
- (d) each Agency Agreement required for the Issuer to issue those Notes has been fully signed by the parties to it;
- (e) no Event of Default continues unremedied or would result from the issue of Notes; and
- (f) there is no outstanding breach of any of the obligations of the Issuer under any Programme Document which has, or is likely to have, a Material Adverse Effect.

2.3 Additional conditions precedent for MTNs

A Purchasing Dealer need not accept delivery of, nor pay for, any MTNs, under this agreement unless, as at the proposed Issue Date:

- (a) the Issuer has delivered a signed copy of a Pricing Supplement to the Purchasing Dealer;
- (b) the Issuer and the Purchasing Dealer have signed a Subscription Agreement in respect of the relevant MTNs;

- (c) the Purchasing Dealer has received any other approvals or documents specified as conditions precedent in the Subscription Agreement in form and substance satisfactory to it;
- (d) if MTNs are to be listed on the Australian Stock Exchange or any other stock exchange, the Australian Stock Exchange or other stock exchange has agreed, on or before the Issue Date, to list the MTNs subject only to their issue or other conditions acceptable to the Purchasing Dealers;
- (e) no Market Disaster has occurred and is subsisting in circumstances where since the signing of the Subscription Agreement a Lead Manager (or the Purchasing Dealer if there is no Lead Manager) has:
 - (i) given written or oral notice to the Issuer of the occurrence of the Market Disaster together with written advice in reasonable detail of the circumstances giving rise to the Market Disaster; and
 - (ii) where reasonably practicable, consulted with the Issuer in relation to the Market Disaster.

2.4 Benefit of conditions and waiver

Each condition precedent in clause 2.2 (“Conditions to each issue”) or clause 2.3 (“Additional conditions precedent for MTNs”) is for the benefit of a Purchasing Dealer and may be waived by it by notice in writing to the Issuer. A waiver does not affect any other Purchasing Dealer.

Part 2 STNs

This Part applies only to STNs.

3 Procedures for offer of STNs

3.1 Offer procedures

The Issuer may offer STNs to Dealers by:

- (a) requesting the Dealers to bid by competitive tender;
- (b) requesting the Dealers to bid at a rate set by the Issuer; or
- (c) tap issuance following an unsolicited bid by a Dealer.

3.2 Other procedures

The Dealers and the Issuer may from time to time agree procedures for the making of requests and bids, the timing of sales and settlements and any other matter in connection with an issue of any STNs by the Issuer.

3.3 Procedures Memorandum

Any procedures agreed for STNs must be set out in a Procedures Memorandum. Unless expressly provided otherwise in the Procedures Memorandum, if there is any inconsistency between that memorandum and this agreement, this agreement prevails.

4 Form of STNs

4.1 Form of STNs

Each STN must:

- (a) be denominated in Australian dollars or a Specified Currency;
- (b) be registered on a Register located in Sydney (or any other place in New South Wales agreed between the Issuer and the Registrar);
- (c) be debt obligations of the Issuer which are constituted by, and owing under, the Note Deed Poll and be subject to the STN Conditions;
- (d) be issued in a Denomination of A\$10,000, or if the STNs are issued in a Specified Currency, a nominal Denomination specified in the relevant STN Supplement;
- (e) have a Tenor of no less than 7 days and no more than 365 days; and
- (f) have an Issue Date which is a Business Day.

4.2 STN Supplement

An STN Supplement may provide for additional terms applying to, or varying the terms of, STNs of any Series. Each Issuer agrees not to issue any STN Supplement in respect of any Series of non-interest bearing STNs to be issued in Australia without the prior agreement of the Permanent Dealers.

To the extent the terms of the STN Supplement are inconsistent with any Programme Document, the terms of that Programme Document are varied in accordance with, and on the issue of, the STN Supplement in respect of those STNs.

4.3 Description of STNs

STNs of any Series may be described as “Notes”, “STNs”, “Instruments”, “Short Term Notes”, “Commercial Paper”, “CP” or by another marketing name.

5 Competitive tender

5.1 Request for bids on a competitive basis

The Issuer may at any time request bids for STNs by giving notice to each Dealer by telephone, fax or other electronic means no later than 10.00 am (or any other time specified in the Procedures Memorandum) on the proposed Issue Date.

5.2 Form of request for bids

Unless otherwise agreed between the Issuer and the Permanent Dealers, each request for bids by fax or other electronic means must be in, or substantially in, the form of schedule 7 (“Form of STN Bid Request”). Telephone bids must include substantially the same information set out in that schedule.

5.3 Submission of bids

No Dealer is obliged to accept an invitation for competitive bids but if it wishes to do so, the Dealer must submit a bid to the Issuer by telephone no later than the closing time specified in the request for bids. The bid must specify:

- (a) the aggregate maximum face value of the STNs which the Dealer is offering to purchase for each Tenor;
- (b) the Bid Rate for each Tenor (which must be on the basis specified by the Issuer); and
- (c) the time that the bid will lapse and if no time is specified, then the bid will lapse 15 minutes after the closing time specified in the request for bids.

5.4 Acceptance of bids

The Issuer may, up to the aggregate face value specified in the request for bids given under clause 5.1 (“Requests for bids on a competitive basis”), accept bids received from the Dealers in whole or in part in any order.

5.5 Notice of accepted bids

The Issuer may accept a bid made by a Dealer by notifying the Dealer by telephone within 15 minutes of the closing time specified in the request for bids.

If the Issuer accepts a bid, it agrees to confirm its acceptance by sending a fax substantially in the form of schedule 8 (“Form of Confirmation of Acceptance”) by no later than 90 minutes after the acceptance of the bid.

5.6 Partial acceptance of bids

If the Issuer notifies a Dealer that it accepts the bid in part, the Dealer may, but is not obliged to, accept the counter offer of the Issuer. If a counter offer made by the Issuer is accepted by the Dealer, the Dealer must purchase the relevant STNs in accordance with this agreement.

5.7 Withdrawal of bids

If a Dealer wants to withdraw its bid it must inform the Issuer by telephone before the Issuer accepts that bid. When a bid is withdrawn, the Dealer is not obliged to continue with that transaction and neither party has a claim against the other in respect of that withdrawal.

6 Unsolicited bids or requests

6.1 When unsolicited bids or requests may be made

A Dealer may at any time make an unsolicited bid to the Issuer for STNs.

The Issuer may at any time make an unsolicited request for any Dealer to purchase STNs.

However, a Dealer may not make an unsolicited bid to the Issuer nor may the Issuer make an unsolicited request to a Dealer during any period when bids are being sought on a competitive basis by the Issuer.

6.2 Contents of unsolicited bids or requests

Each unsolicited bid made by a Dealer, and each unsolicited request made by the Issuer, may be made by telephone and must specify:

- (a) the aggregate face value of the relevant STNs that the Dealer is offering to purchase, or that the Issuer is requesting the Dealer to purchase;
- (b) the Tenor of the relevant STNs;
- (c) the Bid Rate for each Tenor;
- (d) the proposed Issue Date, which must be a Business Day;
- (e) each Maturity Date, which is anticipated to be a Business Day; and
- (f) the time the bid or request will lapse and the time by which the fax confirmation is required. (If no time is specified, the bid or request will lapse within 15 minutes after the bid or request is received.)

6.3 Acceptance of unsolicited bids

The Issuer may accept an unsolicited bid made by a Dealer by notifying the Dealer by telephone within the time specified under clause 6.2(f) (“Contents of unsolicited bids or requests”).

If the Issuer accepts a bid, it agrees to confirm its acceptance by sending a fax substantially in the form of schedule 8 (“Form of Confirmation of Acceptance”) by no later than the relevant time specified under clause 6.2(f) (“Contents of unsolicited bids or requests”).

6.4 Acceptance of unsolicited requests

A Dealer may only accept an unsolicited request made by an Issuer in the manner and within the time specified by that Issuer.

7 General provisions

7.1 Indicative rates

The Issuer may (but is not obliged to) from time to time notify the Dealers of the indicative rates at which it would be prepared to issue STNs. The Issuer is not obliged to accept any bid made at those indicative rates.

7.2 Notice to Registrar and Purchasing Dealers

The Issuer agrees:

- (a) at the earliest practicable time after acceptance on an Issue Date, to notify the Registrar by telephone, fax or other electronic means of the aggregate face value of relevant STNs to be issued by it and purchased by each Purchasing Dealer and the other details required by the relevant Agency Agreement; and
- (b) by 12.30 pm on an Issue Date, to notify each Purchasing Dealer by telephone or in writing of the aggregate face value of relevant STNs to be issued by it and purchased by that Purchasing Dealer and the range

of Bid Rates accepted by the Issuer on that day (other than unsolicited bids by a Dealer).

7.3 Finalisation of issue

Except as otherwise agreed by the Purchasing Dealer, any agreement for the issue of STNs on the Issue Date must be made on a “real time gross settlement” basis.

7.4 Binding agreement

Acceptance of a bid by telephone or fax by the Issuer binds the Issuer to issue, and the Dealer to purchase, the relevant STNs in accordance with this agreement. The Issuer agrees to confirm any telephone acceptance by fax. The Issuer is bound by any telephone acceptance even if the Issuer does not confirm its acceptance by fax.

7.5 STN issuance information

The Issuer agrees to give each STN Dealer who is a Permanent Dealer (following a request by that Dealer) on or about the first day of each month details of:

- (a) the aggregate face amount of STNs outstanding on that day, excluding STNs maturing on that day;
- (b) the aggregate face amount of STNs issued to the Dealers in the previous month; and
- (c) the aggregate face amount of short term debt obligations in registered form issued by the Issuer in Australia otherwise than under the Programme in the previous month.

Part 3 MTNs

This Part applies only to MTNs.

8 Procedures for offer and acceptance of MTNs

8.1 Issue of MTNs to Dealers

The Issuer may from time to time agree with one or more Dealers to issue a Tranche of MTNs by way of private placement with one or more Dealers (“**Private Issue**”) or as a syndicated issue with one or more Dealers under which one or more of them are appointed as a Lead Manager (“**Syndicated Issue**”), at the prices and on terms agreed between the Issuer and relevant Dealer.

8.2 Preparation of Subscription Agreement

The Issuer (or a Lead Manager or a Purchasing Dealer at the request of the Issuer) agrees to ensure that a Subscription Agreement and Pricing Supplement is prepared and entered into in respect of each proposed issue. No Dealer is under any obligation to enter into a Subscription Agreement.

8.3 Promotion of secondary market in Syndicated Issue

Each Purchasing Dealer party to a Subscription Agreement in relation to a Syndicated Issue of MTNs agrees to use reasonable endeavours, subject to

market conditions, to facilitate liquidity in those MTNs in the secondary market.

8.4 No obligation to facilitate liquidity in Private Issue

Unless otherwise agreed, each Dealer party to a Subscription Agreement in relation to a Private Issue of MTNs is not obliged to facilitate liquidity in those MTNs, other than in respect of a further Tranche of an existing Syndicated Issue issued by way of Private Issue. In that case the Purchasing Dealer agrees to use reasonable endeavours, subject to market conditions, to facilitate liquidity in those MTNs in the secondary market.

8.5 General procedures

The Issuer and one or more Dealers may from time to time agree:

- (a) procedures for the making of requests and bids, the timing of sales and settlements and any other matter in connection with an issue of any MTNs by the Issuer; and
- (b) a form of a Procedures Memorandum for the issue of MTNs by the Issuer under this agreement. Unless expressly provided otherwise in the Procedures Memorandum, if there is any inconsistency between that Procedures Memorandum and this agreement, this agreement prevails.

8.6 Third party sales by the Issuer

Despite clause 8.1 (“Issue of MTNs to Dealers”), the Dealers acknowledge that the Issuer may, from time to time, issue and sell MTNs to third parties who are not Dealers. If the Issuer does this, it agrees that it will ensure that those third party purchasers agree to comply with the restrictions set out in schedule 6 (“Selling Restrictions”).

9 Form of MTNs

9.1 Form of MTNs

Each MTN must:

- (a) be denominated in Australian dollars or a Specified Currency;
- (b) be registered on a Register located in Sydney (or any other place in New South Wales agreed between the Issuer and the Registrar);
- (c) be debt obligations of the Issuer which are constituted by, and owing under, the Note Deed Poll and be subject to the MTN Conditions;
- (d) be issued in a Denomination of A\$10,000 or, if the MTNs are issued in a Specified Currency, a nominal Denomination specified in the relevant Pricing Supplement;
- (e) have a Tenor of more than 365 days (or as otherwise specified in the relevant Pricing Supplement); and
- (f) have an Issue Date which is a Business Day.

9.2 Pricing Supplement

The Pricing Supplement may provide for additional terms applying to, or varying the terms of, MTNs of any Series. In particular, the terms of MTNs may be varied so that they are structured so as to constitute a certificate of deposit rather than a medium term note.

To the extent the terms of the Pricing Supplement are inconsistent with any Programme Document, the terms of that Programme Documents are varied in accordance with, and on the issue of the Pricing Supplement in respect of those MTNs.

9.3 Description of MTNs

MTNs of any Series may be described as Fixed Rate MTNs”, “Floating Rate MTNs”, “Zero Coupon MTNs”, “Structured MTNs”, “Subordinated MTNs”, or by another marketing name specified in the relevant Pricing Supplement.

Part 4 Payment and issue of Notes

10 Payment and issue of Notes

10.1 Clearing Systems

Each issue of:

- (a) STNs must be transacted through the Austraclear System; and
- (b) MTNs may be transacted either:
 - (i) through a Clearing System;
 - (ii) outside any Clearing System; or
 - (iii) by a combination of (i) and (ii).

10.2 Transactions through a Clearing System

If transactions in respect of the Notes are to be made through a Clearing System, on the Issue Date for the Notes:

- (a) the Issuer agrees to:
 - (i) procure the issue of the Notes and their registration in the name of the operator of the Clearing System (or as otherwise directed by the operator) as agreed with the Purchasing Dealer in accordance with:
 - (A) in relation to STNs, the relevant allocations agreed with each Purchasing Dealer in accordance with Part 2 (“STNs”) of this agreement; and
 - (B) in relation to MTNs, the relevant allocations agreed in the Subscription Agreement; and
 - (ii) lodge the Notes, or arrange for the Notes to be lodged in the relevant Clearing System and request that those Notes be

transferred to the account of each Purchasing Dealer (or any other account as directed by that Purchasing Dealer) against payment of the relevant portion of the Purchase Price; and

- (b) each Purchasing Dealer agrees to pay the Purchase Price for the relevant Notes to be purchased by it:
 - (i) in the case of Notes to be lodged in the Austraclear System, by effecting settlement through the Austraclear System on the Issue Date for those Notes; or
 - (ii) in the case of Notes lodged in another Clearing System, by transferring funds to the relevant account of a paying agent with that Clearing System or its nominee for value on the Issue Date for those Notes; or
 - (iii) in any other manner agreed between the Issuer and that Dealer.

10.3 Clearing System rules apply

Transactions between the Issuer and Purchasing Dealer relating to Notes lodged in a Clearing System are subject to the rules and regulations of that Clearing System.

10.4 Transactions not through a Clearing System

If transactions in respect of an MTN are not to be transacted through a Clearing System then on the Issue Date for the MTN:

- (a) the Issuer agrees to procure the issue of and the registration of the MTNs in the name of the Purchasing Dealers (or as otherwise directed by the Purchasing Dealers) for their respective allocations against payment of the Purchase Price; and
- (b) each Purchasing Dealer agrees to pay the Purchase Price for the MTNs to be purchased by it in immediately available funds in the manner agreed between the Issuer and the Purchasing Dealer; and
- (c) as soon as possible after it receives payment under paragraph (b), the Issuer agrees to, issue or procure the issue to the Purchasing Dealer of so many numbers of marked transfer and acceptance forms for the MTNs purchased by the Purchasing Dealer on that date as the Purchasing Dealer reasonably requests.

Part 5 Standard terms

11 Dealers' acknowledgments and obligations

11.1 No disclosure document or prospectus

Unless specified in any applicable STN Supplement or the relevant Pricing Supplement, each Dealer acknowledges that:

- (a) no prospectus or other disclosure document in relation to Notes or the Programme has been lodged with the Australian Securities and Investments Commission or any other authority; and

- (b) no action has been taken, or will be taken, in any jurisdiction which would permit a public offering of the Notes, or possession or distribution of the Information Memorandum or any other offering material in relation to Notes, in any jurisdiction where action for that purpose is required.

11.2 Dealers to observe applicable law

Each Dealer agrees to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, sell or transfer Notes.

11.3 Selling restrictions

Each Dealer agrees that it will not directly or indirectly subscribe for, offer, sell or transfer Notes, or distribute any Information Memorandum or other offering material in relation to the Notes, in any jurisdiction except in accordance with:

- (a) this agreement;
- (b) the restrictions set out in schedule 6 (“Selling restrictions”);
- (c) any additional restrictions which are set out in any applicable STN Supplement or in the applicable Subscription Agreement or the relevant Pricing Supplement; and
- (d) any applicable law or directive of that jurisdiction.

11.4 Change to selling restrictions

The Issuer may change the restrictions set out in schedule 6 (“Selling restrictions”) following a change in any law or directive or in its interpretation or administration by an authority or the introduction of a new law or directive.

The Issuer agrees to consult with the Dealers before changing those restrictions. Any change must be:

- (a) limited to matters required to ensure that subscriptions for, offers, sales or transfers of Notes, or the distribution of any Information Memorandum or other offering material in relation to the Notes, comply with any applicable law or directive of the relevant jurisdiction; and
- (b) notified in writing to the Dealers as soon as practical and set out in the Information Memorandum (including, for the avoidance of doubt, any relevant STN Supplement or Pricing Supplement) and any relevant Subscription Agreement.

If a Dealer has agreed to purchase Notes in accordance with this agreement, the Issuer may not change the restrictions set out in schedule 6 (“Selling restrictions”) until after those Notes have been issued unless that Dealer otherwise consents.

11.5 Purchasing Dealers to obtain authorisations

Each Purchasing Dealer agrees to obtain, all authorisations (including an Australian financial services licence) required by it for the subscription, offer, sale or transfer by it of Notes under any applicable law or directive in any jurisdiction to which it is subject or in which it subscribes for, offers, sells or

distributes Notes. Neither the Issuer, any Lead Manager nor the Arranger has any responsibility for obtaining those authorisations.

11.6 Dealer's right to suspend or cancel

This clause 11.6 applies if a Dealer determines that:

- (a) a change in a law or directive; or
- (b) a change in the interpretation or administration of a law or directive by an authority; or
- (c) a law or directive,

applying for the first time after the date of this agreement, makes it (or will make it) illegal or impossible in practice for the Dealer to comply with any of its obligations under this agreement. In these circumstances, the Dealer, by giving a written notice to the Issuer, may suspend or cancel some or all of the Dealer's obligations under this agreement as indicated in the notice, which notice shall also set out in detail the reasoning for such suspension.

11.7 Extent and duration

The suspension or cancellation referred to in clause 11.6 ("Dealer's right to suspend or cancel"):

- (a) must apply only to the extent necessary to avoid the illegality or impossibility; and
- (b) in the case of suspension, may continue only for so long as the illegality or impossibility continues.

12 Information Memorandum

12.1 Issuer to give copies of the Information Memorandum and other documents

The Issuer agrees to give to each Dealer copies of:

- (a) the Information Memorandum and each STN Supplement or other supplement, amendment, or replacement of it;
- (b) the documents from time to time incorporated by reference in it; and
- (c) each Pricing Supplement relating to the Notes in respect of which a Dealer is a Purchasing Dealer

in each case in such number as may from time to time reasonably be requested by each Dealer.

12.2 Authority to distribute

Subject to clause 11 ("Dealers' acknowledgements and obligations"), the Issuer authorises each Dealer to give to actual and potential purchasers of the Notes copies of the Information Memorandum in accordance with the conditions contained in the Information Memorandum.

The Issuer may from time to time update the Information Memorandum and each Dealer agrees to only use the most recent Information Memorandum except as otherwise permitted under clause 12.5 (“Secondary market distribution”).

12.3 Withdrawal of Information Memorandum

If the Issuer becomes aware of any thing which renders anything contained in the Information Memorandum inaccurate, incomplete, misleading or deceptive in any material respect, it agrees to notify the Dealers promptly and either:

- (a) advise the Dealers that the Information Memorandum is to be withdrawn; or
- (b) ensure that a new Information Memorandum (or a supplement to the existing Information Memorandum) is prepared and made available to the Dealers.

Subject to clause 12.5 (“Secondary market distribution”), the Dealers must not distribute any Information Memorandum which has been withdrawn under this clause.

12.4 Authorised information

The Issuer has not authorised the Dealers to give any information or make any representation in connection with the Notes, the Programme or the financial condition or affairs of the Issuer which is not contained in, or consistent with, the most recent Information Memorandum.

However, this does not prevent a Dealer giving actual or potential purchasers of Notes:

- (a) copies of written confirmation of ratings made by the Rating Agency in relation to the Issuer, the Notes or the Programme which have not been notified to that Dealer by the Issuer as being withdrawn or out of date and in accordance with any requirements from the Rating Agency;
- (b) any other information or representation approved from time to time by the Issuer in writing and which has not been notified to that Dealer by the Issuer as being withdrawn or out of date;
- (c) any information which is in the public domain; and
- (d) research papers prepared by the Dealer or its Related Entities.

Each Dealer agrees not to imply that any research paper or other information or representation in connection with the Notes, the Programme or the financial condition or affairs of an Issuer has been approved by an Issuer unless that information is contained in, or consistent with, the most recent Information Memorandum or is of a type described in paragraph (a) or (b).

12.5 Secondary market distribution

For the purpose of facilitating a secondary market in Notes issued before the most recent Information Memorandum, the Dealers may distribute a copy of the Information Memorandum in force at the date of issue of those Notes to existing holders, and potential purchasers, of those Notes. The Dealers agree

that they may only do this if they expressly draw to the attention of those persons that the Information Memorandum is provided only for the purpose of giving information in relation to the Conditions of those Notes.

13 Representations and warranties

13.1 Representations and warranties

The Issuer represents and warrants that:

- (a) **(incorporation and existence)** it has been duly incorporated and is validly existing in good standing under Icelandic law (and the laws of any other jurisdiction in which it carries on business) with full power and authority to own, lease and operate its properties and conduct its business as described in the Information Memorandum and execute and perform its obligations under the Programme Documents to which it is a party; and
- (b) **(power)** it has power to enter into the Programme Documents to which it is a party and to comply with its obligations under them; and
- (c) **(corporate approvals)** all corporate approvals and authorisations required by it for or in connection with:
 - (i) the execution, issue and offering of Notes under the Programme and compliance by it with the terms of any Notes issued under the Programme; and
 - (ii) the execution and delivery of, and compliance with the terms of, the Programme Documents have been obtained and are in full force and effect; and
- (d) **(no contravention or exceeding power)** the execution and delivery of the Programme Documents, the issue, offering and distribution of Notes and the performance of the terms of any Notes and the Programme Documents will not infringe any law, regulation, order, rule, decree or statute applicable to it or to which its property may be subject and are not contrary to the provisions of its constitutional documents and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which it is a party or by which it or its property is bound; and
- (e) **(authorisations)** no consent, approval, authorisation, order, filing, registration or qualification of or with any court or governmental authority is required and no other action or thing (including, without limitation, the payment of any stamp or other similar tax or duty) is required to be taken, fulfilled or done by it for or in connection with:
 - (i) the execution, issue and offering of Notes under the Programme and compliance by it with the terms of any Notes issued under the Programme; or
 - (ii) the execution and delivery of, and compliance with the terms of, the Programme Documents; and

- (f) **(validity of obligations)** the issue of Notes and the execution and delivery of the Programme Documents by it have been duly authorised by it and, in the case of Notes, upon issue and delivery in accordance with the Programme Documents, will constitute, and, in the case of the Programme Documents constitute, its legal, valid and binding obligations enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally; and
- (g) **(business condition)** it:
- (i) is not in breach of the terms of, or in default under, any instrument, agreement or order to which it is a party or by which it or its property is bound and no event has occurred which with the giving of notice or lapse of time or other condition would constitute a default under any such instrument, agreement or order; or
 - (ii) is not engaged (whether as defendant or otherwise) in, nor has it knowledge of the existence of, or any threat of, any legal, arbitration, administrative or other proceedings the result of which might relate to claims or amounts which might be material in the context of the Programme and/or the issue and offering of Notes thereunder or which might have or have had a material adverse effect on its financial condition, results of operations or business; or
 - (iii) has not taken any action nor, to the best of its knowledge or belief having made all reasonable enquiries, have any steps been taken or legal proceedings commenced for its winding up or dissolution; and
- (h) **(benefit)** it benefits by entering into the Programme Documents to which it is a party; and
- (i) **(accounts)** its financial statements incorporated by reference in the Information Memorandum were prepared in accordance with the requirements of law and with accounting principles generally accepted in Iceland consistently applied and that they present fairly its financial condition as at the dates as at which they were prepared and its results of the operations in respect of the periods for which they were prepared and that, as at such dates, it did not have any significant liabilities (contingent or otherwise) or any unrealised or unanticipated losses which are not disclosed by, or reserved against or provided for in, such financial statements. In addition,
- its most recently published financial statements incorporated by reference in the Information Memorandum were prepared in accordance with the requirements of law and with accounting principles generally accepted in Iceland consistently applied and that they give a true and fair view of:
- (i) its financial condition as at the date to which they were prepared ("**relevant date**"); and

- (ii) its results of operations for the financial period ended on the relevant date,

and that there has been no material adverse change or any development involving a prospective material adverse change in its condition (financial or otherwise) since the date of the audited accounts which may have a Material Adverse Effect, except as disclosed in the Information Memorandum;

- (j) **(Event of Default)** no Event of Default or event which with the giving of notice or lapse of time or other condition would constitute an Event of Default is subsisting in relation to any outstanding Note and no event has occurred which would constitute (after an issue of Notes) an Event of Default thereunder or which with the giving of notice or lapse of time or other condition would (after an issue of Notes) constitute such an Event of Default; and
- (k) **(Information Memorandum)** as at the Preparation Date (as defined in the relevant Information Memorandum) of each Information Memorandum (or in the case of paragraph (iii), as from the date of each Information Memorandum):
 - (i) all information included in the Information Memorandum is, to the best of its knowledge, information and belief after due enquiry, true and accurate (taken as a whole) in all material respects and the information in it is not incomplete by omitting to state any fact necessary to make such information not misleading or incorrect in any material respect at such time;
 - (ii) it is not aware of any material facts or circumstances that have not been disclosed in the Information Memorandum (or any documents incorporated by reference in the Information Memorandum) which it reasonably expects, if disclosed, to have a material adverse effect on the decision of a reasonably prudent investor considering whether or not to subscribe for or purchase Notes or on the decision of a Dealer to enter into and comply with its obligations under the Programme Documents to which it is a party; and
 - (iii) no act, matter or thing has occurred since the date of each Information Memorandum (or, if a supplement has been published, since the date of the supplement) which renders any information contained in that Information Memorandum misleading or incorrect in any material respect or which would give rise to a material omission;
- (l) it is not necessary under the laws of Iceland that any holder of Notes, the Arranger, any Dealer or the Registrar should be licensed, qualified or otherwise entitled to carry on business in Iceland:
 - (i) to enable any of them to enforce their respective rights under the Notes or the Agreements; or
 - (ii) solely by reason of the execution, delivery or performance of the Programme Documents or the issue or delivery of the Notes;

- (m) **(Programme Limit not exceeded)** the outstanding principal amount of all Notes on any Issue Date (as determined under clause 21.4 (“Determination of Programme Limit”)) does not and will not exceed the Programme Limit (as increased from time to time under clause 21.1 (“Variation of Programme Limit”));
- (n) **(no immunity)** it does not have any immunity from the jurisdiction of a court or from legal process;
- (o) **(not a trustee)** it does not enter into any of the Programme Documents as trustee;
- (p) **(no general solicitation)** neither it nor any affiliate under the Securities Act nor any person acting on its or their behalf has engaged, or will engage in connection with the offering of the Notes, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act;
- (q) **(no directed selling efforts)** neither it nor any affiliate under the Securities Act nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as that term is defined in Regulation S under the Securities Act) with respect to the Notes and each of them has complied or will comply with the offering restrictions requirement of Regulation S; and
- (r) **(Iceland withholding tax)** all payments of principal, premium (if any), interest and other amounts in respect of the Notes made to holders of the Notes who are non-residents of Iceland will be made without withholding for or deduction of any taxes or duties imposed or levied by or on behalf of Iceland or any political subdivision or any authority thereof or therein having the power to tax; and
- (s) **(Australian interest withholding tax)** except as disclosed in the Information Memorandum, it:
 - (i) is not a resident of Australia and will not derive income from carrying on business in Australia at or through a permanent establishment in Australia and is not carrying on a business in Australia; and
 - (ii) will not make payments in respect of the Programme Documents in the course of an enterprise carried on in Australia; and
- (t) **(ranking of notes)** all Notes will, upon issue, constitute its direct, unconditional, unsubordinated and unsecured obligations and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all its other unsecured obligations (other than subordinated obligations, if any) from time to time outstanding.

13.2 Repetition of representations and warranties

The representations and warranties in this clause 13 are taken to be also made (by reference to the then current circumstances) on:

- (a) the date of each acceptance of a bid for STNs;

- (b) the date of each Relevant Agreement; and
- (c) each Issue Date.

13.3 Reliance

The Issuer acknowledges that each Dealer has entered into this agreement in reliance on the representations and warranties in this clause 13.

14 Undertakings

The Issuer undertakes:

- (a) **(notification of material developments)** promptly after becoming aware of the occurrence thereof, to notify each Dealer of:
 - (i) any:
 - (A) Event of Default or any condition, event or act which would after an issue of Notes (or would with the giving of notice and/or the lapse of time) constitute an Event of Default; or
 - (B) material breach of the representations and warranties or undertakings contained in the Programme Documents; and
 - (ii) any development affecting it or its business which is material in the context of the Programme or any issue of Notes; and
- (b) **(notification of non-satisfaction of conditions precedent)** that if, following the date of a Subscription Agreement and before the Issue Date of the relevant Notes, it becomes aware that any of the conditions specified in clause 2.2 (“Conditions to each issue”) or, if applicable, clause 2.3 (“Additional conditions precedent for MTNs”) will not be satisfied in relation to that issue, it shall forthwith notify the relevant Dealer to this effect giving full details thereof. In such circumstances and unless otherwise agreed, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the Subscription Agreement; and
- (c) **(other information)** without prejudice to the generality of the foregoing, from time to time to promptly furnish to each Dealer such information relating to it as such Dealer may reasonably request. Each Dealer acknowledges that access to information may be restricted by the Issuer as a result of the listing of its shares on a recognised stock exchange; and
- (d) **(rating)** promptly to notify the Dealers of any change in the ratings given by the Rating Agency of its debt or upon it becoming aware that such ratings are listed on “credit watch” or other similar publication of formal review by the Rating Agency; and
- (e) **(Authorised Officer)** to notify the Dealers promptly if any Authorised Officer ceases to be authorised to take action on its behalf or if any additional person is so authorised together, in the case of an additional

person so authorised with evidence satisfactory to the Permanent Dealers that such person has been so authorised; and

- (f) **(listing)** in relation to any MTNs issued by it, which are to be listed on the Australian Stock Exchange or any other stock exchange:
 - (i) to use its reasonable endeavours to obtain and maintain the listing of those MTNs; and
 - (ii) to comply with the rules and requirements of the Australian Stock Exchange or that other stock exchange in connection with those MTNs (including any undertaking it gives to the Australian Stock Exchange or the other stock exchange in connection with those MTNs); and
- (g) **(Programme Documents)** except with the consent of the Dealers, it will not:
 - (i) terminate any of the Programme Documents or effect or permit to become effective any amendment to any Programme Document which, in the case of an amendment, would or might adversely affect the interests of any Dealer or of any holder of Notes issued before the date of such amendment; or
 - (ii) appoint a different Registrar under the Agency and Registry Services Agreement, and it will promptly notify each of the Dealers of any termination of, or amendment to, any of the Programme Documents and of any change in the Registrar under the Agency and Registry Services Agreement; and
- (h) **(lawful compliance)** it will at all times ensure that all necessary action is taken and all necessary conditions are fulfilled (including, without limitation, the obtaining and, where relevant, maintenance in full force and effect of all necessary permissions, consents or approvals of all relevant governmental authorities) so that it may lawfully comply with its obligations under all Notes and the Programme Documents and, further, so that it may comply with any applicable laws, regulations and guidance from time to time promulgated by any governmental and regulatory authorities relevant in the context of the issue of Notes; and
- (i) **(no other issues)** that during the period commencing on the date of a Subscription Agreement and ending on the Issue Date with respect to any Notes which are to be listed, it will not, without the prior consent of the relevant Dealer(s) issue or agree to issue any other listed notes, bonds or other debt securities of whatsoever nature (other than Notes to be issued to the same Dealer(s)) where such notes, bonds or other debt securities would have the same maturity and currency as the Notes to be issued on the relevant Issue Date; and
- (j) **(information on holders' meetings)** that it will, at the same time as it is despatched, furnish the Dealers with a copy of every notice of a meeting of the holders of the Notes (or any of them) which is despatched at its instigation and will notify the Dealers immediately upon its becoming aware that a meeting of the holders of the Notes (or any of them) has otherwise been convened.

15 Fees

The Issuer agrees to pay the Dealers' fees in respect of Notes that it issues as may be agreed between them from time to time. The agreement must specify whether those fees are inclusive or exclusive of GST and if this is not specified, the fees will be taken to be exclusive of GST.

16 Costs and indemnities

16.1 What the Issuer agrees to pay

Except as may be separately agreed in writing, the Issuer agrees to pay or reimburse:

- (a) **(professional advisers)** the Costs of the legal, accountancy and other professional advisers instructed by the Issuer in connection with the establishment and maintenance of the Programme, the preparation of the Information Memorandum, the issue of the Notes and the compliance by the Issuer with its obligations under each Programme Document; and
- (b) **(printing)** (if required) the Costs of printing the Information Memorandum; and
- (c) **(enforcing rights)** the Costs of each Dealer reasonably and properly incurred in otherwise acting in connection with the Programme Documents, such as exercising, enforcing or preserving rights (or considering doing so), or doing anything in connection with any enquiry by an authority involving the Issuer;
- (d) **(Taxes)** Taxes and fees (including fines and penalties in respect of fees paid) in connection with any Programme Document or the issue of any Note. However, the Issuer need not pay a fine or penalty in connection with Taxes or fees to the extent that it has placed a Dealer in sufficient cleared funds for the Dealer to be able to pay the Taxes or fees by the due date.

The Issuer agrees to pay amounts due under this clause on demand from the relevant Dealer.

16.2 Indemnity by Issuer

The Issuer indemnifies each Dealer against any liability or loss, arising from, and any Costs incurred in connection with:

- (a) **(failure to issue Notes)** any failure by the Issuer to issue any Note which is the subject of an agreement to purchase by a Dealer (except where the failure is due to the default of the relevant Dealer in circumstances where the Issuer has otherwise fulfilled its obligations in connection with the issue of that Note);
- (b) **(misrepresentation)** any inaccuracy or alleged (other than by that Dealer or the Arranger) inaccuracy of any of the representations or warranties made, or taken to be made, by the Issuer under this agreement;

- (c) **(breach)** any breach or alleged (other than by that Dealer or the Arranger) breach of any undertaking given by the Issuer under this agreement; or
- (d) **(Information Memorandum)** any statement in any Information Memorandum, the Information Memorandum as a whole, or other information authorised by the Issuer under clause 12.4(b) being, or being alleged (other than by that Dealer or the Arranger) to be, misleading or deceptive (or likely to mislead or deceive) whether expressly or by omission; and
- (e) **(acting in good faith)** the Dealer acting in good faith on fax or telephone directions purporting to be given by an Authorised Officer of the Issuer.

No amount is payable under this clause to the extent the liability, loss or Costs are due to the fraud, wilful misconduct or (except in respect of paragraph 16.2(d)) negligence of the Dealer.

The Issuer agrees to pay amounts due under this indemnity on demand from the relevant Dealer.

16.3 Indemnity by Dealers

Each Dealer, on a several and not joint basis, indemnifies the Issuer, against any liability or loss arising from, and any reasonable Costs incurred in connection with, any failure by that Dealer:

- (a) to comply with its obligations under clause 11 (“Dealers’ acknowledgements and obligations”);
- (b) to pay any sum due in respect of the purchase of any Note, or to purchase any Note which the Dealer is obliged to purchase, including any liability or loss arising from, and any Costs incurred by the Issuer in connection with, the raising of funds to cover any short fall in funds as a result of that Dealer’s default, except where such failure is due to matters beyond the reasonable control of that Dealer.

No amount is payable under this clause to the extent the liability, loss or Costs are due to the fraud, wilful misconduct or negligence of the Issuer.

Each Dealer agrees to pay amounts due under this indemnity on demand from the Issuer.

16.4 Payment of third party losses

The Issuer agrees to pay on demand to the relevant Dealer, an amount equal to any liability or loss and any Costs of the kind referred to in clause 16.2 (“Indemnity by Issuer”) suffered or incurred by:

- (a) any director, attorney, employee, officer, contractor or agent of a Dealer; or
- (b) each person who controls that Dealer within the meaning of section 15 of the Securities Act or section 20 of the Securities Exchange Act and

each of their directors, attorneys, employees, officers, contractors or agents,

No amount is payable under this clause to the extent the liability, loss or Costs referred to above are due to the fraud, wilful misconduct or (except in respect of paragraph 16.2(d)) negligence of the relevant person.

No Dealer has any duty or other obligation (whether as fiduciary or trustee or otherwise) to recover any such payment or to account to any other person for any amounts paid to it under this clause 16.4.

16.5 Claims under indemnity

If a person (“**Indemnified Person**”) indemnified by another person (“**Indemnifier**”) under clause 16.2 (“Indemnity by Issuer”) or clause 16.3 (“Indemnity by Dealers”) (as the case may be) becomes aware of a claim, demand or action (each a “**Claim**”) that may result in amounts being payable under that indemnity, the Indemnified Person must promptly notify the Indemnifier in writing (but failure to do so does not relieve the Indemnifier from liability).

16.6 Conduct of claims

The Indemnified Person agrees:

- (a) to consult in good faith with the Indemnifier as to the identity of the legal advisers to be retained to represent the Indemnified Person in relation to any Claim;
- (b) to keep the Indemnifier informed at all times about the status of any Claim and consult in good faith with the Indemnifier about the conduct of the defence of the Claim;
- (c) to conduct the defence of the Claim in the same manner it would if it did not have the benefit of the indemnity under clause 16.2 (“Indemnity by Issuer”) or clause 16.3 (“Indemnity by Dealers”) (as the case may be); and
- (d) not to settle or compromise any Claim without the prior written consent of the Indemnifier (which consent must not be unreasonably withheld or delayed).

16.7 Reasonable details

Any claim made by an Indemnified Person under an indemnity must be accompanied by a statement giving reasonable details of the calculation of the amount in respect of which the indemnity is claimed.

16.8 Consent to settlement

The Indemnifier need not indemnify an Indemnified Person in connection with any Claim which is settled or compromised by the Indemnified Person without the consent of the Indemnifier (unless the Indemnifier has unreasonably withheld or delayed its consent).

16.9 Currency conversion on judgment debt

If a judgment, order or proof of debt for an amount in connection with a Programme Document is expressed in a currency other than that in which the amount is due under the Programme Document, then the Issuer indemnifies each Dealer against:

- (a) any difference arising from converting the other currency if the rate of exchange used by the Dealer for converting currency when it receives a payment in the other currency is less favourable to the Dealer than the rate of exchange used for the purpose of the judgment, order or acceptance of proof of debt; and
- (b) the Costs of conversion.

The Issuer agrees to pay amounts due under this indemnity on demand from the Dealer.

16.10 Currency of payment

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Dealer receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual Costs in connection with the conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the Costs of the conversion.

16.11 GST gross up

If any party:

- (a) reasonably decides that it is liable to pay GST on a supply made in connection with this agreement; and
- (b) certifies to the recipient of the supply that it has not priced the supply to include GST,

then, subject to receipt of a valid tax invoice identifying the GST component of the supply, the recipient of the supply agrees to pay that party an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

Part 6 Dealers and Agents

17 Scope of relationship

17.1 Dealers' relationships

The appointment as a Dealer or Lead Manager does not mean that the Dealer or Lead Manager:

- (a) is a trustee for the benefit of;
- (b) is a partner of; or
- (c) has a fiduciary duty to, or other fiduciary relationship with, any Dealer, the Issuer or any other person.

17.2 Dealers not acting as agent of Issuers

All purchases of Notes by a Dealer are made by it acting as principal. No Dealer is acting as agent of the Issuer under any Programme Document.

17.3 Nature of obligations

Except as expressly provided in this agreement, the obligations of the Issuer and each Dealer under the Programme Documents are several and independent and:

- (a) the failure of one or more of them to comply with their obligations does not relieve the others of their respective obligations;
- (b) no one of them is responsible for the failure of any one or more of the others to comply with their obligations; and
- (c) each of them may separately enforce its rights against the others.

17.4 Nature of obligations under Subscription Agreement

Nothing in clause 17.3 (“Nature of obligations”) prevents one or more Dealers from entering into a Subscription Agreement jointly or individually.

18 Dealer appointment and termination

18.1 Appointment of Dealers

The Issuer may from time to time appoint a reputable financial institution as a Dealer in relation to the Programme or a particular Tranche of Notes. New Dealers have all of the relevant rights and obligations set out in this agreement.

18.2 Maximum number of Permanent Dealers

Unless the Issuer decides otherwise after consultation with the existing Permanent Dealers, the Issuer agrees not to appoint more than eight Permanent Dealers to the Programme in total. The maximum number of Permanent Dealers which may be appointed to the Programme does not include a Dealer appointed for a Tranche or Series.

18.3 When appointment of Dealer takes effect

The appointment of a financial institution as a Dealer takes effect:

- (a) in the case of a Dealer to the Programme, when the Issuer receives a Dealer Accession Letter from that financial institution and the Issuer confirms in writing acceptance of such appointment; or
- (b) in the case of a Dealer in respect of a Tranche, when either:
 - (i) a Subscription Agreement in respect of that Tranche containing appointment provisions is signed; or

- (ii) when the Issuer receives a Dealer Accession Letter from that financial institution and the Issuer confirms in writing acceptance of such appointment.

18.4 Termination of appointment of Permanent Dealer

The Issuer may end the appointment of a Permanent Dealer by giving that Permanent Dealer at least 30 days' notice in writing.

18.5 Resignation of Permanent Dealer

Any Permanent Dealer may resign as a Permanent Dealer by giving the Issuer notice in writing of its intention to do so, specifying the date it proposes the resignation to take effect.

18.6 Obligations and rights of Dealers

Dealers are discharged from any further obligation and, subject to clause 23.10 ("Indemnities"), have no further rights under this agreement:

- (a) in the case of a Permanent Dealer when the appointment of the Permanent Dealer is terminated or that Permanent Dealer resigns; and
- (b) in the case of a Dealer in respect of a Tranche of Notes, when the relevant Notes have been issued.

This discharge does not prejudice any accrued right or obligation.

18.7 Notice to Permanent Dealers

The Issuer agrees to notify the Permanent Dealers of any appointment or resignation of a Permanent Dealer.

19 Calculation Agents

19.1 Appointment of Calculation Agent

The Issuer agrees to appoint a Calculation Agent if it is required by the relevant Conditions.

19.2 Calculation Agency Agreements

The Issuer and each Calculation Agent must execute an agreement substantially in the form of the agreement set out in schedule 9 ("Form of Calculation Agency Agreement").

19.3 Dealer as calculation agent

If a Dealer is to be the calculation agent in respect of an issue of Notes and an agreement set out in schedule 9 ("Form of Calculation Agency Agreement") has not been executed by the Issuer and that Dealer, the Dealer will be taken to have entered into an agreement in that form in relation to those Notes.

Part 7 General

20 Dealing with interests

No party may assign or otherwise deal with its rights under any Programme Document or allow any interest in them to be varied, without the consent of

each other party to that Programme Document. Nothing in this clause affects the rights of Dealers to transfer Notes.

21 Programme Limit

21.1 Variation of Programme Limit

The Issuer may vary the Programme Limit by giving at least 10 days' notice substantially in the form set out in schedule 10 ("Notice of variation of Programme Limit") to each Dealer and the Registrar. The Programme Limit may not be reduced to an amount which is less than the outstanding principal amount of the outstanding Notes.

21.2 When variation takes effect

The variation to the Programme Limit takes effect on the date specified in the notice given under clause 21.1 ("Variation of Programme Limit") unless a Dealer notifies the Issuer that the documents listed in the notice are not in form and substance reasonably satisfactory to it within 10 days after the date of the notice.

If this occurs, the variation takes effect when the Issuer has received confirmation from each Dealer that the documents listed in the notice are in form and substance reasonably satisfactory to it.

21.3 References to the varied Programme Limit

On and from the date the variation to the Programme Limit takes effect, all references in the Programme Documents to the Programme Limit or the amount of the Programme are taken to be references to the varied amount.

21.4 Determination of Programme Limit

For the purposes of determining whether any issue of Notes falls within the Programme Limit, the outstanding principal amount of any Note denominated in a currency other than Australian dollars is the Australian Dollar Equivalent of that principal amount as at the date of the agreement for the issue of that Note.

22 Notices

22.1 Form

Unless expressly stated otherwise in the Programme Document, all notices, certificates, consents, approvals, waivers and other communications in connection with that Programme Document must be in writing, signed by an Authorised Officer of the sender and marked for attention as set out or referred to in the Details or in schedule 1 ("Dealers") or, if the recipient has notified otherwise, marked for attention in the way last notified.

22.2 Delivery

They may be:

- (a) left at the address set out or referred to in the Details or in schedule 1 ("Dealers");
- (b) sent by prepaid post (airmail, if appropriate) to the address set out or referred to in the Details or in schedule 1 ("Dealers"); or

- (c) sent by fax to the fax number set out or referred to in the Details or in schedule 1 (“Dealers”).

However, if the intended recipient has notified a changed postal address or changed fax number, then the communication must be to that address or number.

22.3 When effective

They take effect from the time they are taken to be received unless a later time is specified in them.

22.4 Receipt - postal

If sent by post, they are taken to be received three days after posting (or ten days after posting if sent to or from a place outside Australia).

22.5 Deemed receipt - fax

If sent by fax, they are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

22.6 Deemed receipt - general

Despite clauses 22.4 (“Deemed receipt - postal”) and 22.5 (“Deemed receipt - fax”), if they are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

22.7 Waiver of notice period

The Permanent Dealers may waive a period of notice required to be given by the Issuer under this agreement.

23 General

23.1 Application to Programme Documents

If anything in this clause 23 (“General”) is inconsistent with a provision in another Programme Document, then the provision in the other Programme Document prevails for the purposes of that Programme Document.

23.2 Prompt performance

Subject to clause 23.14 (“Time of the essence”):

- (a) if this agreement or a Relevant Agreement specifies when a party agrees to perform an obligation, the party agrees to perform it by the time specified; and
- (b) each party agrees to perform all other obligations promptly.

23.3 Consents

Each party agrees that if it relies on a consent given by another party in connection with this agreement or a Relevant Agreement, it will comply with all conditions in that consent.

23.4 Certificates

A Lead Manager or a Dealer may give the Issuer a certificate about an amount payable in connection with this agreement or a Relevant Agreement. The certificate is sufficient evidence of the amount, unless it is proved to be incorrect.

23.5 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent under this agreement or a Relevant Agreement in any way it considers appropriate (including by imposing conditions) unless this agreement expressly provides otherwise.

23.6 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time under this agreement or a Relevant Agreement the party may still exercise it later.

23.7 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under this agreement or a Relevant Agreement.

23.8 Conflict of interest

Each of the Dealer's rights and remedies under this agreement or a Relevant Agreement may be exercised even if this involves a conflict of duty or the Dealer has a personal interest in their exercise.

23.9 Remedies cumulative

The rights and remedies of a party under this agreement or a Relevant Agreement are in addition to other rights and remedies given by law independently of this agreement or a Relevant Agreement.

23.10 Indemnities

Any indemnity in this agreement or a Relevant Agreement is a continuing obligation, independent of a party's other obligations under this agreement or a Relevant Agreement and continues after the agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement or that Relevant Agreement.

23.11 Rights and obligations are unaffected

Rights given to a party under this agreement or a Relevant Agreement and the Issuer's liabilities under it are not affected by anything which might otherwise affect them at law.

23.12 Inconsistent law

To the extent permitted by law, this agreement or a Relevant Agreement prevails to the extent it is inconsistent with any law.

23.13 Supervening legislation

Any present or future legislation which operates to vary the obligations of the Issuer in connection with this agreement or a Relevant Agreement with the result that the Dealer's rights, powers or remedies are adversely affected

(including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

23.14 Time of the essence

Time is of the essence in any agreement or a Relevant Agreement in respect of an obligation of a party to pay money.

23.15 Variation and waiver

A provision of this agreement or a Relevant Agreement, or right created under it, may not be waived or varied except in writing signed by the party or parties to be bound.

23.16 Confidentiality

Each party agrees not to disclose information provided by any other party that is not publicly available (including the existence of or contents of any Programme Document) except:

- (a) to any person in connection with an exercise of rights or a dealing with rights or obligations under a Programme Document;
- (b) to officers, employees, legal and other advisers and auditors of the Issuer or a Dealer;
- (c) to any party to this agreement or any Related Entity of any party to this agreement, provided the recipient agrees to act consistently with this clause 23.16;
- (d) with the consent of the party who provided the information (such consent not to be unreasonably withheld); or
- (e) as required by any law, a regulator or stock exchange.

Each party consents to disclosures made in accordance with this clause 23.16.

23.17 Counterparts

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one document.

23.18 Governing law

This agreement is governed by the law in force in the place specified in the Details, and the parties submit to the non-exclusive jurisdiction of the courts of that place.

23.19 Serving documents

Without preventing any other method of service, any document in a court action may be served on a party by being delivered to or left at that party's address for service of notices under clause 22 ("Notices").

23.20 Agent for service of process

The Issuer appoints Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) of Level 53, Governor Phillip Tower, 1 Farrer Place, Sydney

NSW 2000, as its agent to receive any document referred to in clause 23.19. If for any reason that person ceases to be able to act as such, the Issuer will immediately appoint another person with an office located in New South Wales to receive any such document and promptly notify the Dealers of such appointment.

24 Interpretation

24.1 Definitions

These meanings apply unless the contrary intention appears:

Accounting Standards means applicable Iceland accounting principles and practices.

Agency Agreement means:

- (a) the agreement titled “Agency and Registry Services Agreement” dated on or about the date of this agreement between the Issuer and the Registrar in relation to the MTNs
- (b) any other agreement between the Issuer and the Registrar specified in any applicable STN Supplement or the relevant Pricing Supplement; or
- (c) any other agency agreement entered into by the Issuer in relation to an issue of MTNs.

Arranger means the person so described in the Details.

Austraclear means Austraclear Limited (ABN 94 002 060 773).

Austraclear Regulations means the regulations known as “Austraclear System Regulations” established by Austraclear to govern the use of the Austraclear System.

Austraclear System means the system operated by Austraclear for holding securities and electronic recording and settling of transactions in those securities between members of the system.

Australian Dollar Equivalent means on any day:

- (a) in relation to any Note denominated in Australian dollars, the principal amount of that Note; and
- (b) in relation to any Note denominated in any other currency, the amount in Australian dollars which would be required to purchase the principal amount of that Note as expressed in that other currency at the spot rate of exchange for the purchase of that other currency with Australian dollars quoted by Calculation Agent or the Purchasing Dealer at or about 11.00am on that day.

Australian Stock Exchange means the Australian Stock Exchange Limited (ABN 98 009 624 691).

Authorised Officer means:

- (a) in the case of a Dealer or a Lead Manager, a director or secretary of the Dealer or Lead Manager as the case may be or an officer of that party whose title contains the word “director”, “chief”, “head”, “president”, “manager” or “dealer”, or a person performing the functions of any of them, or any other person appointed by that party as an Authorised Officer for the purposes of the Programme Documents; and
- (b) in the case of the Issuer, a person appointed by the Issuer as an Authorised Officer for the purposes of the Programme Documents whose specimen signature has been given to each Permanent Dealer.

Bank Bill Rate means, for an interest or other specified period, the average mid rate for Bills having a tenor closest to that period as displayed on the “BBSW” page of the Reuters Monitor System on the first day of that period.

However, if the average mid rate is not displayed by 10:30 am on that day, or if it is displayed but the relevant Issuer or the relevant Dealer determines that there is an obvious error in that rate, **Bank Bill Rate** means the rate agreed by the relevant Issuer and the relevant Dealer in good faith at approximately 10:30 am on that day, having regard, to the extent possible, to the mid rate of the rates otherwise bid and offered for Bills of that tenor at or around that time.

The rate must be expressed as a percentage rate per annum.

Bid Rate means:

- (a) the margin over Bank Bill Rate (or any other reference rate or option specified by the Issuer); or
- (b) the set yield (expressed as a percentage rate per annum yield to maturity to two decimal places) nominated by the Issuer or a Dealer.

Bill has the meaning it has in the Bills of Exchange Act 1909 of Australia and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

Business Day means a day on which banks are open for general banking business in Sydney and in each (if any) Relevant Financial Centre specified in the Pricing Supplement (not being a Saturday, Sunday or public holiday in that place) and if a Note is to be issued or a payment made in respect of a Note, a day on which each Clearing System for the relevant Note is operating.

Calculation Agent means the Registrar or any other person specified in the Pricing Supplement as the party responsible for calculating the interest rate and other amounts required to be calculated under the MTN Conditions or specified in the relevant Pricing Supplement.

Clearing System means:

- (a) the Austraclear System; or
- (b) any other clearing system specified in the Pricing Supplement.

Conditions means:

- (a) in relation to STNs, the STN Conditions; and
- (b) in relation to MTNs, the MTN Conditions.

Corporations Act means the Corporations Act 2001 of Australia.

Costs includes costs, charges and expenses, including those incurred in connection with advisers.

Dealer means subject to clause 1.2 (“Appointment of Dealers”), each Dealer set out in schedule 1 (“Dealers”) and each new Dealer appointed in accordance with clause 18.3 (“When appointment of Dealer takes effect”), other than a Dealer who has resigned or whose appointment has expired or been terminated under clause 18 (“Dealer appointment and termination”).

Dealer Accession Letter means a letter substantially in the form of schedule 3 (“Form of Dealer Accession Letter”), or another document approved by the Issuer for the purpose of clause 18.3 (“When appointment of Dealer takes effect”).

Denomination means the notional face value of a Note.

Details means the section of this agreement headed “Details”.

Event of Default has the meaning given to it in the MTN Conditions.

Financial Statements means:

- (a) a profit and loss statement; and
- (b) a balance sheet; and
- (c) a statement of cash flows,

together with any notes to those documents and a directors’ declaration as required under the Corporations Act and any other information necessary to give a true and fair view.

GST means a goods and services or similar tax imposed in Australia.

Information Memorandum means any information memorandum (and any supplements to it) prepared on behalf of, and approved by, the Issuer in connection with the issue of Notes and includes:

- (a) all documents incorporated by reference in it;
- (b) any other information (including a Pricing Supplement) approved by the Issuer from time to time; and
- (c) (for the avoidance of doubt) the draft Information Memorandum dated 8 April 2005 approved for distribution by the Issuer.

Issue Date means, in relation to a Tranche, the date on which a Note is, or is to be, issued.

Issuer means the person so described in the Details.

Lead Manager means, in relation to any Tranche, a Dealer who is specified in the relevant Pricing Supplement and related Subscription Agreement as the “Lead Manager” or a “Joint Lead Manager” for that Tranche. A reference to “Lead Manager” is a reference to the Lead Manager or the Joint Lead Managers of a Tranche (as the case may be).

Market Disaster means a change in national or international financial, political or economic conditions that, in the reasonable opinion of the Lead Manager or (if none) the relevant Purchasing Dealer has, or is likely to have, a material adverse effect on the offering, placement, distribution or sale of the MTNs or dealings in the MTNs in the secondary market.

Material Adverse Effect means a material adverse effect on the Issuer’s ability to comply with its obligations under the Notes.

Maturity Date means:

- (a) in relation to STNs, the date on which an STN matures as recorded in the Register; or
- (a) in relation to MTNs, the date so specified in, or determined in accordance with, the Pricing Supplement as the date for redemption of that MTN.

MTN means a medium term debt obligation issued or to be issued by the Issuer under this agreement and which is constituted by, and owing under, the Note Deed Poll, the details of which are recorded in, and evidenced by, entry in the Register.

MTN Conditions means, in relation to an MTN, the terms and conditions applicable to that MTN set out in the Note Deed Poll as supplemented, amended or replaced by the relevant Pricing Supplement.

New Dealer means any financial institution appointed as a Dealer in accordance with clause 18.3 (“When appointment of Dealer takes effect”).

Note means an STN, an MTN or both as the context requires.

Note Deed Poll means the deed poll so entitled executed by the Issuer on or about the date of this agreement.

Permanent Dealer means a Dealer appointed in accordance with this agreement to act as a dealer to the Programme (other than a Dealer appointed only in relation to a Tranche of Notes).

Potential Event of Default means an event which, with the giving of notice, lapse of time or fulfilment of any condition, would be likely to become an Event of Default.

Pricing Supplement means, in respect of a Tranche, a pricing supplement based on the form of schedule 5 (“Form of Pricing Supplement”) duly completed and signed by the Issuer.

Private Issue means an issue of MTNs as so described in clause 8.1 (“Issue of MTNs to Dealers”).

Procedures Memorandum means any memorandum setting out the procedures for the issue of STNs and MTNs agreed by the Issuer, the Registrar and the Permanent Dealers from time to time.

Programme means the uncommitted revolving programme for the issue of Notes as described in this agreement and the Information Memorandum.

Programme Documents means the documents described as such in the Details and any document which the Issuer acknowledges in writing to be a Programme Document.

Programme Limit means the amount set out as such in the Details as varied in accordance with clause 21 (“Programme Limit”).

Purchase Price means:

- (a) in relation to STNs, the amount determined in accordance with the following formula (unless the Issuer and the Purchasing Dealers otherwise agree):

$$\text{Purchase Price} = \frac{\text{FV} \times 36500}{36500 + (\text{Y} \times \text{T})}$$

where:

FV = the face value of the STNs;

Y= the Bid Rate offered by the Purchasing Dealer or set by the Issuer;

T = the Tenor of the STNs; and

- (b) in relation to MTNs being issued to a Purchasing Dealer, the price payable by the Purchasing Dealer to the Issuer under the Subscription Agreement executed in respect of those MTNs. This amount may, without limitation, be calculated by reference to the Reserve Bank of Australia “Tender Stock Method” formula and may include any accrued interest and take account of any agreed commission, concessions or other agreed deductibles.

Purchasing Dealer means the Dealer:

- (a) purchasing STNs under this agreement; or
- (b) purchasing MTNs in accordance with a Subscription Agreement entered into under this agreement.

Rating Agency means Moody’s Investors Service Limited.

Register means a register, including any branch register, of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement.

Registrar means the person so described in the Details or any other person appointed by the Issuer under an Agency Agreement to establish and maintain the Register on the Issuer's behalf from time to time.

Related Entity has the meaning it has in the Corporations Act.

Relevant Agreement means an agreement (whether oral or in writing) between the Issuer and any Dealer for the sale by the Issuer and the purchase by that Dealer of any Notes and includes each Subscription Agreement.

Securities Act means the United States Securities Act of 1933.

Securities Exchange Act means the United States Securities Exchange Act of 1934.

Series means an issue of Notes made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Date (in the case of MTNs) and the Interest Commencement Date (as specified in the Pricing Supplement) may be different in respect of a different Tranche of a Series.

Specified Currency means any currency as may be agreed between the Issuer and the Purchasing Dealers that satisfies the requirements of clause 1.6 ("Currencies") and, in relation to MTNs, is specified in the relevant Pricing Supplement.

STN means a short term debt obligation issued or to be issued by the Issuer under this agreement and constituted by, and owing under, the Note Deed Poll, the details of which are recorded in, and evidenced by, entry in the Register.

STN Supplement means any supplement to the Information Memorandum or the STN Conditions which has been approved by the Issuer.

STN Conditions means, in relation to an STN, the terms and conditions applicable to that STN set out in the Note Deed Poll, as supplemented, amended or replaced by any applicable STN Supplement.

Subscription Agreement means an agreement between the Issuer and one or more Dealers for the issue by the Issuer, and the subscription by those Dealers, of any MTNs and includes any agreement substantially in the form of schedule 4 ("Form of Subscription Agreement").

Syndicated Issue means an issue of MTNs as so described in clause 8.1 ("Issue of MTNs to Dealers").

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Dealer.

Tenor of a Note means the number of days from and including its Issue Date, but excluding, its Maturity Date.

Tranche means an issue of Notes specified as such in the relevant Pricing Supplement issued on the same Issue Date and on the same Conditions.

24.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually, but an agreement, representation or warranty by a Dealer binds the Dealer, individually only;
- (d) anything (including an amount) is a reference to the whole and each part of it;
- (e) a document (including this agreement) includes any variation or replacement of it;
- (f) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include federal or state laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (g) a directive includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (h) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (i) Australian dollars or A\$ is a reference to the lawful currency of Australia;
- (j) a time of day is a reference to Sydney time;
- (k) the word “person” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (l) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (m) the words “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

24.3 References to principal

Unless the contrary intention appears, in this agreement:

- (a) any reference to “principal” is taken to include the Redemption Amount (as defined in the Conditions), any additional amounts in respect of

principal which may be payable under the Conditions, any premium payable in respect of a Note and any other amount in the nature of principal payable in respect of the Notes under the Conditions;

- (b) the principal amount of an MTN issued at a discount is to be taken as at any time to equal the lesser of:
 - (i) its Denomination; and
 - (ii) if specified in the relevant Pricing Supplement, its Amortised Face Amount (as defined in the Conditions) at that time;
- (c) the principal amount of an MTN which is to vary by reference to a schedule or formula (where such determination has been previously made in accordance with the Conditions) is to be taken as at any time to equal its varied amount;
- (d) the principal amount of a Partly Paid MTN is to be taken to equal its paid up principal amount; and
- (e) the principal amount of an Instalment MTN at any time is to be taken to be its Denomination less the total instalments repaid to the extent that such instalments relate to a repayment of principal.

24.4 Number

The singular includes the plural and vice versa.

24.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

EXECUTED as an agreement

Dealer Agreement

Schedule 1 - Dealers

Part 1 : Dealers for all types of Notes

Name	Address and contact details
ABN AMRO Bank N.V., Australian Branch (ABN 84 079 478 612 and AFSL No. 238266) (MTN Dealer only)	Level 5 88–94 Phillip Street Sydney NSW 2000 Telephone: (61 2) 8259 5172 Facsimile: (61 2) 8259 5433 Attention: Debt Capital Markets
Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 and AFSL No. 240992)	Level 26 Citigroup Centre 2 Park Street Sydney NSW 2000 Telephone: (61 2) 8225 6029 Facsimile: (61 2) 8225 5407 Attention: Head of Capital Markets
Commonwealth Bank of Australia (ABN 48 123 123 124 and AFSL No. 234945)	Level 4 120 Pitt Street Sydney NSW 1155 Telephone: (61 2) 9312 0755 Facsimile: (61 2) 9312 0213 Attention: Senior Manager, Securities Origination
Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162 and AFSL No. 238153)	Level 18, Grosvenor Place 225 George Street Sydney NSW 2000 Telephone: (61 2) 9258 2657 Facsimile: (61 2) 9258 1401 Attention: Director, Debt Capital Markets
National Australia Bank Limited (ABN 12 004 044 937 and AFSL No. 230686)	Level 27, 255 George Street Sydney NSW 2000 Telephone: (61 2) 9237 1558 Facsimile: (61 2) 9237 1660 Attention: Head of Capital Markets

UBS AG, Australia
Branch
(ABN 47 088 129 613
and AFSL No. 231087)

Level 25
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Telephone: (61 2) 9324 3999
Facsimile: (61 2) 9324 3832
Attention: Head of Debt Capital Markets

Dealer Agreement

Schedule 2 - Conditions precedent (clause 2.1)

Conditions to first issue

- Each item must be in English (or accompanied by an English translation) and in form and substance satisfactory to the Permanent Dealers.
- Certification is to be by an authorised signatory of the Issuer or any Authorised Officer of the Issuer that the item is true and complete as at a date no earlier than the date of this agreement.

	Item	Form	Required for
1	Articles of Association of the Issuer	Certified copy	Issuer
2	Certificate of registration (or equivalent) of the Issuer	Certified copy	Issuer
3	Extract of minutes of a meeting of the Issuer's board of directors (or equivalent) which evidences the resolutions: (a) authorising the signing and delivery of the Programme Documents and the observance of obligations under those documents; and (b) appointing Authorised Officers.	Certified copy	Issuer
4	Each document which evidences any other necessary corporate or other action of the Issuer in connection with the Programme Documents to which it is a party.	Certified copy	Issuer
5	Each authorisation of the Issuer necessary to enter into the Programme Documents to which it is a party and to comply with obligations under those documents and enforce those documents.	Certified copy	Issuer
6	Specimen signatures of:	Certified copy	Issuer

- (a) each Authorised Officer; and
 - (b) each other person who is authorised to sign a Programme Document for the Issuer.
- 7 This agreement: Original
- (a) fully signed;
 - (b) evidence of stamping (if required).
- 8 The Note Deed Poll: Certified copy
- (a) fully signed;
 - (b) evidence of stamping (if required).
- 9 The Registry Services Agreement: Certified copy
- (a) fully signed;
 - (b) evidence of stamping (if required).
- 10 Copies of the initial Information Memorandum (including any other documents to be read with it) for each Dealer. Copy
- 11 Evidence that the Programme has been, or will be, assigned a credit rating by a Ratings Agency. Copy
- 12 Evidence that the Issuer has validly appointed an agent for service of process in accordance with clause 23.20 Copy
- 13 Legal opinions addressed to, and in form and substance satisfactory to, the Permanent Dealers dated on or after the date of this agreement from: Original
- (a) Mallesons Stephen Jaques, as legal advisers to the Issuer as to the laws of New South Wales and the Commonwealth of Australia; and
 - (b) Logos Legal Services, as legal advisers to the Issuer as to the laws of Iceland.

Dealer Agreement

Schedule 3 - Dealer Accession Letter (clause 18.3)

To: Íslandsbanki hf.

And: The Permanent Dealers under the Dealer Agreement (as defined below)

Dear Sirs,

**Íslandsbanki hf. (“Issuer”) A\$1,500,000,000 Australian Debt Issuance Programme
Dealer Accession Letter - Dealer Agreement dated [insert date] between the Issuer, UBS AG, Australia Branch and the Dealers party to it (“Dealer Agreement”)**

We refer to the Dealer Agreement, a copy of which we have read and understood.

Under clause 18 (“Dealer appointment and termination”) of the Dealer Agreement and at the request of Íslandsbanki hf., we request our appointment as [a Dealer to the Programme] [a Dealer in respect of [*specify brief details of a Tranche of Notes*]]¹.

We acknowledge that, with effect from the date of your acknowledgment of this letter, we will:

- (c) be taken to be a party to the Dealer Agreement as a Dealer and will be bound by its terms; and
- (d) have rights against, and obligations towards, each of the other parties to the Dealer Agreement identical to those which we would have had if we had been an original party to the Dealer Agreement as a Dealer.

Our contact details for the purposes of clause 22 (“Notices”) of the Dealer Agreement are:

[*specify address, telephone and facsimile numbers and contact name/position*]

The “Interpretation” clause of the Dealer Agreement applies to this notice as if it was fully set out in this notice.

This letter is governed by the law in force in New South Wales.

Yours faithfully

For and on behalf of
[NEW DEALER]

By:

Name:

Position:

Date:

We confirm that appointment referred to above.

For and on behalf of
Íslandsbanki hf.

By:

Name:

Position:

Date:

Instructions for completion

- 1 This Dealer Accession Letter should not be required when appointing a Dealer to a Tranche of MTNs as the Subscription Agreement should be sufficient. If a Dealer is appointed in respect of a Tranche of STNs, the Dealer Accession Letter should be provided.

Dealer Agreement

Schedule 4 - Form of Subscription Agreement

Subscription Agreement

Details

Interpretation - Definitions are at the end of this agreement before the schedules.

Parties	Issuer and Dealers as described below or in the Dealer Agreement described below.	
Issuer	Name	Íslandsbanki hf
	Address	Kirkjusandur 2155 Reykjavík Iceland
	Fax	+354-440 4000
	Telephone	+354-440 4660
	Attention	Treasury
Dealers	Name:	[]
	ABN/ACN/ARBN:	[]
Dealer Agreement	Dealer Agreement dated [<i>insert date</i>]between Íslandsbanki hf., UBS AG, Australia Branch and the Dealers party to it.	
Governing law	New South Wales	
Notes to be subscribed for	Medium term notes (MTNs)	
Date of Subscription Agreement	See Signing page	

General terms

Interpretation - Definitions are at the end of this agreement before the schedules.

[Include the following clause 1 if a financial institution is to be appointed as a Dealer in respect of a Tranche]

1 Appointment of Dealer

In accordance with clause 18 (“Dealer appointment and termination”) of the Dealer Agreement, the Issuer appoints *[insert name of non-Dealer financial institution]* to act as a Dealer in respect of the Notes on the terms set out in the Dealer Agreement.

2 Acknowledgments by Dealer

Each Dealer acknowledges that it has received:

- (a) a copy of the Dealer Agreement;
- (b) copies of the Information Memorandum for the Notes; and
- (c) confirmation from the Lead Manager (or if there is no Lead Manager, the Arranger) to the Programme that the documents referred to in clauses 2.1 (“Conditions to first issue”) of the Dealer Agreement have been received in form and substance satisfactory to them.

3 Subscription

3.1 Subscription

On the *[insert date]* or any other date no later than *[insert date]* as is agreed between the Issuer and each of the Dealers (“**Issue Date**”):

- (a) the Issuer agrees to issue and sell the Notes in accordance with this agreement and the Dealer Agreement; and

[Include this clause if the Dealers are subscribing for Notes jointly]

- (b) the Dealers jointly and severally agree to subscribe for the Notes specified below by paying the aggregate Purchase Price of \$*[insert amount]* in *[immediately available funds/accordance with this agreement and the Dealer Agreement]*. *[NB: amend as appropriate]*

[Include this clause if each Dealer is subscribing for Notes individually]

- (c) each Dealer severally agrees to subscribe for the Notes specified below by paying the Purchase Price for those Notes in *[immediately available funds/accordance with this agreement and the Dealer Agreement]*. *[NB: Amend as appropriate]*

Column 1

Column 2

Column 3

Name of Dealer

Principal Amount
of Notes to be
subscribed

Purchase Price

3.2 Pricing Supplement

The Issuer confirms that it has signed a pricing supplement (“**Pricing Supplement**”) dated [insert date] in connection with the issue of the Notes.

3.3 Authority to distribute

The Issuer authorises the Dealers to distribute copies of the following documents in connection with the offering and sale of the Notes in accordance with the Dealer Agreement:

- (a) the Information Memorandum for the Notes; and
- (b) the Pricing Supplement; and
- (c) any other documents prepared in connection with the Programme and the issue of the Notes.

3.4 Obligations - individual and independent

Except as expressly provided in this agreement, the obligations of the Issuer and each Dealer under this agreement are individual and independent and:

- (a) the failure of one or more of them to comply with their obligations under this agreement does not relieve the others of any of their respective obligations; and
- (b) no one of them is responsible for the failure of one or more of the others to comply with their obligations under this agreement; and
- (c) each of them may separately enforce its rights against the others.

[NB: amend as appropriate]

3.5 Payment

Despite clause 3.1 (“Subscription”) and clause 3.4 (“Obligations - individual and independent”), [each Dealer/ the Dealers and the Lead Manager] agree [among themselves] that settlement takes place on the following basis:

- (a) [insert name of one Dealer] (“[x]”) agrees to pay the aggregate Purchase Price for the Notes to the account nominated by the Issuer in the manner agreed between them;
- (b) the Issuer agrees to issue the Notes to [x]; and
- (c) [x] agrees to deliver the Notes to [the other Dealers/Lead Manager] in the amounts specified in column 2 of the schedule in clause 3.1 (“Subscription”) against payment to [x] of an amount equal to their respective settlement amounts through the Austraclear System or in any other manner agreed between them.

Nothing in this clause 3.5 relieves the Issuer from the obligation to sell the Notes or [the Dealers/Lead Manager] from their obligations to purchase the Notes in accordance with the other provisions of this agreement.

[x] is not responsible to any other party if the Issuer or [the Dealers/Lead Manager] do not comply with their obligations under this agreement.

[NB: Clause 3.5 is only to be inserted if this is agreed before the Issue Date]

4 Dealer Agreement

For the purposes of the Dealer Agreement:

- (a) the Notes are MTNs as defined in the Dealer Agreement; and
- (b) this agreement is a Subscription Agreement; and
- (c) each Dealer is a Dealer on the terms set out in the Dealer Agreement; and
- (d) [the Lead Manager/each Joint Lead Manager] accepts its appointment as [Lead Manager/Joint Lead Manager] on the terms set out in the Dealer Agreement.

5 Secondary market

Each Dealer acknowledges that the issue of Notes under this agreement is a [Private Issue]/[Syndicated Issue] of Notes, and that clause 8 (“Procedures for offer and acceptance of MTNs”) of the Dealer Agreement relating to [Private Issue]/[Syndicated Issue] applies to Notes issued under this agreement.

6 Conditions precedent

6.1 Acknowledgment

The Issuer acknowledges that the Dealers' obligations to subscribe and pay for the Notes on the Issue Date are subject to the satisfaction of the conditions precedent set out in clause 2 (“Conditions precedent”) of the Dealer Agreement.

6.2 Additional conditions precedent

The Dealers' obligations to subscribe and pay for the Notes on the Issue Date is subject to the satisfaction of the following additional conditions precedent:

[NB: set out a list of additional conditions precedent (if any) required by the Dealers under clause 2.3(c) of the Dealer Agreement]

6.3 Termination

If any of the conditions in clause 2 (“Conditions precedent”) of the Dealer Agreement or this clause 6 are not satisfied or waived by the Issue Date, each Dealer may terminate this agreement and the Dealers are released from their respective obligations under it.

This does not prejudice any accrued right or obligation of the Issuer [in respect of Costs of the Dealers incurred before or in conjunction with the termination].

7 Fees

The Issuer agrees to pay to each Dealer on the Issue Date a dealer fee of [] per cent of the Dealer's proportionate share of Aggregate Principal Amount (as defined in the Pricing Supplement for the Notes). The obligation of the Issuer under this clause is subject to this agreement not having been terminated under clause 6.2 ("Termination").

[NB: Amend as appropriate]

8 Costs

Unless otherwise agreed, each party agrees to pay its own Costs in connection with the negotiation, preparation and execution of this agreement.

[Include the following clause 9 if the selling restrictions in the Dealer Agreement are to be changed]

9 Selling restrictions

The Issuer and each of the Dealers agree that the selling restrictions set out in the Dealer Agreement are changed for the purposes of clause 11.4 ("Change to selling restrictions") of the Dealer Agreement as follows:

[Insert modification/supplement of amended as appropriate]

10 Notices

Clause 22 ("Notices") of the Dealer Agreement applies to this agreement.

However, if the Notes are issued by way of Syndicated Issue, any communication to a Dealer must be sent to the address or fax number of the Lead Manager as set out or referred to in the Details. The Lead Manager must give a copy of any notice it receives under this clause to the Dealer.

11 Counterparts

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one document.

12 Governing law

This agreement is governed by the law in force in the place specified in the Details and the parties submit to the non-exclusive jurisdiction of the courts of that place.

13 Interpretation

13.1 Interpretation and definitions

The "Interpretation" clause of the Dealer Agreement applies to this agreement as if it was fully set out in this agreement except these meanings apply unless the contrary intention appears:

Dealer means each person so described in the Details.

Details means the section of this agreement headed “Details”.

Dealer Agreement means the agreement so described in the Details.

Note means the notes to be subscribed for under this agreement as set out in the Details.

Purchase Price means, in respect of a Note, the purchase price of that Note set out in clause 3.1 (“Subscription”).

13.2 Inconsistency with Dealer Agreement

This agreement prevails to the extent it is inconsistent with the Dealer Agreement.

EXECUTED as an agreement

[Include execution clauses for Issuer and Dealers]

Dealer Agreement

Schedule 5 - Form of Pricing Supplement

The Pricing Supplement that will be issued in respect of each Tranche will be substantially in the form set out below.

Series No.: []

Tranche No.: []



ÍSLANDBANKI

Íslandsbanki hf.

(Incorporated in Iceland as a public limited company)

A\$1,500,000,000 Debt Issuance Programme

Issue of

***[Aggregate Principal Amount of Tranche]
[Title of MTNs] ("MTNs")***

The date of this Pricing Supplement is [].

This Pricing Supplement (as referred to in the Information Memorandum dated [●] April 2005 in relation to the above Programme) relates to the Tranche of MTNs referred to above. It is supplementary to, and should be read in conjunction with the MTN Deed Poll executed by the Issuer dated [●] April 2005.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the MTNs or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The MTNs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). MTNs may not be offered, sold or delivered within the United States or to or for the account of U.S. persons unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. tax law requirements are satisfied. For a description of certain restrictions on offers and sales of MTNs and on distribution of this Pricing Supplement and the Information

Memorandum, see the section headed "Subscription and Sale" in the Information Memorandum.

Íslandsbanki hf. is not a bank which is authorised under the Banking Act 1959 of Australia. The MTNs are not the obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia.

The particulars to be specified in relation to the Tranche of MTNs referred to above are as follows:

- | | | | |
|-----------|--|---|---|
| 1 | Issuer | : | Íslandsbanki hf. |
| 2 | Type of MTNs | : | [Fixed Rate / Floating Rate / Zero Coupon / Index Linked / Instalment / other] |
| 3 | If to form a single Series with an existing Series, specify the existing Series and the date on which all MTNs of the Series become fungible, if not the Issue Date | : | [Specify] |
| 4 | Method of distribution | : | [Private / Syndicated Issue] |
| 5 | Lead Manager | : | [Name(s)] |
| 6 | Purchasing Dealer[s] | : | [Name] |
| 7 | Principal amount of Tranche | : | [Specify] |
| 8 | Issue Date | : | [Specify] |
| 9 | Purchase Price | : | [Specify] |
| 10 | Currency and denomination | : | [Specify currency and amount] |
| 11 | Maturity Date | : | [Specify] [In the case of an amortising MTNs, insert the date on which the last instalment of principal is payable]. |
| 11 | Status of the MTNs | | [Unsubordinated/subordinated. If nothing is specified, MTNs will be unsubordinated. If subordinated, specify provisions of such subordination (Condition 3.3).] |
| 12 | If the MTNs are Fixed Rate MTNs | : | Condition 6 applies: [Yes / No] |
| | Fixed Coupon Amount | : | [Specify] |
| | Interest Rate | : | [Specify] |

	Interest Commencement Date, if not Issue Date	:	[Specify]
	Interest Payment Dates	:	[Specify]
	Business Day Convention	:	[Following Business Day Convention / Preceding Business Day Convention / No Adjustment / other]
	Day Count Fraction	:	[Specify]
13	If the MTNs are Floating Rate MTNs	:	Condition 7 applies: [Yes / No]
	Interest Commencement Date, if not Issue Date	:	[Specify / Not applicable]
	Interest Rate	:	[Specify method of calculation]
	Interest Payment Dates	:	[Specify dates or the Specified Period]
	Business Day Convention	:	[Floating Rate Convention (specify interest period) / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment / other]
	Margin	:	[Specify] (state if positive or negative)
	Day Count Fraction	:	[Specify]
	Fallback Interest Rate	:	[Specify / Not applicable]
	Interest Rate Determination	:	[ISDA Determination / Screen Rate Determination / Bank Bill Rate Determination]
	[If ISDA Determination applies, specify]		
	Floating Rate Option	:	[Specify]
	Designated Maturity	:	[Specify]
	Reset Date	:	[Specify]
	[If Screen Rate Determination applies, specify]		
	Relevant Screen Page	:	[Specify]
	Relevant Time	:	[Specify]
	Reference Rate	:	[Specify]

- Reference Banks** : [Specify]
- Interest Determination Date** : [Specify]
- [If Bank Bill Rate Determination applies, specify]
- Bank Bill Rate** : [Yes / No] [Set out any variation to the Conditions]
- 14 Relevant Financial Centre** : [Applicable (specify) / Not applicable]
- 15 Linear Interpolation** : [Applicable / Not applicable] [If applicable, provide details]
- 16 If MTNs are Structured MTNs** : Condition 8 applies: [Yes / No]
[Specify full interest determination provisions, including Interest Commencement Date, rate or calculation basis for interest or actual amounts of interest payable, amount and dates for payment, minimum / maximum rates / late payment default]
- 17 Amortisation Yield** : [Specify] [In the case of Zero Coupon MTNs, specify the Reference Price]
- 18 If MTNs are Instalment MTNs** : [Specify details of Instalments including Instalment Amount and Instalment Dates]
- 19 If MTNs are Partly Paid MTNs** : [Specify details]
- 20 Business Day Convention** : [Specify]
- 21 Redemption Amount** : [Specify any variations to the Redemption Amount as defined in the Conditions]
- 22 Early Redemption Amount (Tax)**
- If Early Redemption Amount (Tax) is not the Redemption Amount plus interest accrued on each MTN to (but excluding) the redemption date insert amount or full calculation provisions** : [Specify]

- 23 **Early Redemption Amount (Default)** : [Specify]
- If Early Redemption Amount (Default) is not the Redemption Amount plus interest accrued on each MTN to (but excluding) the redemption date insert amount or full calculation provisions**
- 24 **[Events of Default]** : [Specify any additional (or modifications to) Events of Default]
- 25 **[Additional or alternate newspapers]** : [Specify any additional or alternate newspapers for the purposes of Condition 20.1(b)]
- 26 **[Taxation]** : [Specify any additional circumstances in which an exception to the gross up obligation are to apply pursuant to Condition 13.3(e)]
- 27 **Other relevant terms and conditions** : [Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]
- 28 **Registrar** : [Name and address]
- [If required, specify details of Agency Agreement]
- [If required, specify any other Agents]
- 29 **[Calculation Agent]** : [Name and address]
- [If required, specify details of Agency Agreement]
- 30 **Clearing System(s)** : [Austraclear / Specify others]
- 31 **ISIN** : [Specify]
- 32 **[Common Code]** : [Specify]
- 33 **[Selling restrictions]** : [Specify any variation to the selling restrictions (clause 11.3 of the Dealer Agreement)]
- 34 **Listing** : [Unlisted / Specify]
- 35 **[Other amendments]** : [Specify]

CONFIRMED

**For and on behalf of
Íslandsbanki hf.**

By:

Name:

Title:

Date:

Dealer Agreement

Schedule 6 - Selling restrictions (clause 11.3)

1 General

No action has been taken in any jurisdiction that would permit a public offering of the Notes or possession or distribution of the Information Memorandum or other offering material in any jurisdiction where action for that purpose is required.

Persons into whose hands the Information Memorandum comes are required by the Issuer and Dealers to comply with any applicable law and directive in each jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation required by them for the purchase, offer, sale or delivery by them of any Notes under any applicable law or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Dealer has responsibility for such matters.

In these selling restrictions, “directive” includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

2 Australia

No prospectus or other disclosure document in relation to the Programme or any Notes has been or will be lodged with the Australian Securities and Investments Commission (“ASIC”). Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that, unless the relevant Pricing Supplement (or another supplement to any Information Memorandum) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any Information Memorandum or other offering material or advertisement relating to any Notes in Australia,

unless (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act 2001 of Australia, (ii) such action complies with applicable laws and directives and (iii) such action does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with the directive

issued by the Assistant Treasurer of the Commonwealth of Australia dated 23rd September, 1996 as contained in Banking (Exemption) Order No. 82 which requires all offers and transfers to be for a consideration of at least A\$500,000. Banking (Exemption) Order No. 82 does not apply to transfers which occur outside Australia.

3 Iceland

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer Notes to the public in Iceland, except in compliance with the Icelandic Securities Transaction Law and any other applicable laws or regulations of Iceland.

4 The United Kingdom

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **(no offer to public)** it has not offered or sold and will not offer or sell those Notes to persons in the United Kingdom before the expiry of a period of six months from the issue date of those Notes, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (b) **(general compliance)** it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (c) **(investment advertisements)** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

5 The United States of America

Securities Act

The Notes have not been and will not be registered under the Securities Act of 1933 (“**Securities Act**”).

Terms used in the following five paragraphs have the meanings given to them by Regulation S under the Securities Act.

The Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. Persons except in accordance with Regulation S or in transactions exempt from the registration requirements of the Securities Act.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the Lead Manager,

within the United States of America or to, or for the account or benefit of, U.S. Persons.

Each Dealer who has purchased Notes must determine and certify to the Issuer and, in the case of an issue of Notes on a syndicated basis, the Lead Manager, when it has completed the distribution of those Notes. In the case of an issue of Notes on a syndicated basis, the Lead Manager must certify when the distribution of all the Notes has been completed.

Each Dealer has further represented and agreed and each further Dealer appointed under the Programme will be required to further represent and agree that it will have sent to each distributor to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States of America or to, or for the account or benefit of, U.S. Persons.

Until 40 days after the completion of the distribution of all Notes of the Tranche of which those Notes are a part, an offer or sale of Notes within the United States by any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Indexed Notes and Dual Currency Notes

Each issue of Indexed Notes and Dual Currency Notes will be subject to additional U.S. selling restrictions agreed between the Issuer and the relevant Dealer as a term of the issue and purchase of such Notes which are set out in the relevant Pricing Supplement. Each relevant Dealer will be required to agree that it will offer, sell or deliver those Notes only in compliance with those additional U.S. selling restrictions.

6 Hong Kong

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) or (ii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) (the "CO"), or (iii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the

"SFO") and any rules made under the SFO, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the CO; and

- (iii) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

7 Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (“**Securities and Exchange Law**”) and, accordingly, each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to a Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan. For the purposes of this paragraph, “Japanese Person” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

8 New Zealand

The Issuer does not intend that the Notes be offered for sale or subscription to the public in New Zealand in terms of the Securities Act 1978 of New Zealand. Accordingly, no person may subscribe for, offer, sell or deliver any Notes or distribute any Information Memorandum, advertisement or offering material relating to the Notes in breach of the Securities Act 1978 of New Zealand and, in particular, no person may sell or offer for sale Notes to any member of the public in New Zealand in breach of the Securities Act 1978 of New Zealand.

9 Singapore

No term sheet, prospectus or other issue documentation relating to the Notes has been registered as a prospectus with the Monetary Authority of Singapore (“**MAS**”) under the Securities and Futures Act (Cap. 289) of Singapore (“**SFA**”). Accordingly, the Notes have not been, and will not be, offered or sold or made the subject of an invitation for subscription or purchase nor may the term sheets, global securities or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than:

- (a) to an institutional investor or other person falling within section 274 of the SFA; or

- (b) to a sophisticated investor (as defined in section 275 of the SFA) and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Dealer Agreement

Schedule 7 - Form of STN Bid Request (clause 5.2)

To: [Names and address of Dealers]

Íslandsbanki hf. (“Issuer”) A\$1,500,000,000 Australian Debt Issuance Programme - Dealer Agreement dated [insert date] between the Issuer, UBS AG, Australia Branch and others (“Dealer Agreement”)

We invite Dealers to tender for all or any of the following STNs which we propose to issue on [insert date], on the terms and conditions of the Dealer Agreement.

Tenor	Aggregate principal amount	Maturity Date
.....
.....
.....

Tenders must be made [by reference to a margin over the Bank Bill Rate] / [at a set yield of [insert number]% per annum] / [at [insert number]% rate of discount (expressed as a per cent per annum yield to maturity)] for which you are prepared to subscribe for the STNs. *(Delete whichever is inappropriate).*

Tenders for this issue of STNs must be received by us not later than [insert time] on [insert date].

Payment of the Purchase Price for any STNs in respect of which your tender is successful must be made in accordance with the Dealer Agreement.

We represent and warrant that the representations and warranties in the Dealer Agreement are correct and not misleading on the date of this notice and that each will be correct and not misleading on the Issue Date of the STNs unless we notify you otherwise in writing before the Issue Date.

The “Interpretation” clause of the Dealer Agreement applies to this notice as if it was fully set out in this notice.

For and on behalf of:

Íslandsbanki hf.

By:

Name:

Position:

Date:

Dealer Agreement

Schedule 8 - Form of Confirmation of Acceptance (clause 5.5 and clause 6.3)

To: [Name and address of Dealer]

Íslandsbanki hf. (“Issuer”) A\$1,500,000,000 Australian Debt Issuance Programme - Dealer Agreement dated [insert date] between the Issuer, UBS AG, Australia Branch and others (“Dealer Agreement”)

In response to your [tender]/[unsolicited offer] on [insert date] in respect of STNs proposed to be issued on [insert date] we confirm our acceptance of your [tender]/[unsolicited offer]:

- (a) for \$[insert amount] principal amount of [insert Tenor of STNs] day STNs with a Maturity Date of [insert date];
- (b) [at the rate of [insert number]% per annum]/[at [insert number]% margin over the Bank Bill Rate]/[at [insert number]% rate of discount per cent per annum yield to maturity] (*Delete whichever is inappropriate*);

[Repeat (a) and (b) for each Tenor of STNs in respect of which a tender or unsolicited offer is accepted]

The aggregate purchase price for the STNs is A\$ [insert amount] and payment for those STNs must be made in accordance with the Dealer Agreement.

The “Interpretation” clause of the Dealer Agreement applies to this notice as if it was fully set out in this notice.

For and on behalf of:

Íslandsbanki hf.

By:

Name:

Position:

Date:

Dealer Agreement

Schedule 9 - Form of Calculation Agency Agreement (clause 19)

Calculation Agency Agreement

Details

Interpretation - Definitions are at the end of this agreement before the schedules.

Parties	Issuer and Calculation Agent as described below or in the Dealer Agreement described below.	
Issuer	Name	Íslandsbanki hf.
	Address	Kirkjusandur 2155 Reykjavík Iceland
	Fax	+354-440 46600
	Telephone	+354-440 4000
	Attention	Treasury
Calculation Agent	Name:	[]
	ABN/ACN/ARBN:	[]
Dealer Agreement	Dealer Agreement dated [<i>insert date</i>] between Íslandsbanki hf., UBS AG, Australia Branch, and the Dealers party to it.	
Governing law	New South Wales	
Notes to be subscribed for	[<i>insert details</i>]	
Date of Calculation Agency Agreement	See Signing page	

Interpretation – Definitions are at the end of this agreement before the schedules.

1 Appointment of Calculation Agent

1.1 Appointment

The Issuer appoints the Calculation Agent described in the Details to act as its calculation agent in connection with the Notes.

1.2 Extent of authority and obligations

The Issuer authorises the Calculation Agent to calculate the redemption amount, and, if applicable, the amount of interest, in respect of the Notes in accordance with this agreement, the Conditions and the Procedures Memorandum.

The Issuer acknowledges that the Calculation Agent has no obligations except those expressly set out in this agreement, the Conditions and the Procedures Memorandum.

1.3 Acceptance of appointment

The Calculation Agent agrees to act as the agent of the Issuer in accordance with this agreement, the Conditions and all provisions of the Procedures Memorandum which apply to it.

2 Conditions of appointment

2.1 Excluded roles and duties

In acting under this agreement, the Calculation Agent acts as an independent expert. The appointment as calculation agent does not mean that the Calculation Agent:

- (a) is a trustee for the benefit of; or
- (b) is a partner of; or
- (c) has a fiduciary duty to, or other fiduciary relationship with,

the Issuer, a holder of Notes or any other person, except as expressly set out in this agreement.

2.2 Calculation Agent in capacity of a holder of Notes

If the Calculation Agent is also a holder of Notes, then in its capacity as a holder of Notes it:

- (a) has the same rights and obligations under the Notes as the other holders of Notes; and
- (b) may exercise those rights and agrees to comply with those obligations independently from its role as Calculation Agent as if it were not the Calculation Agent.

2.3 Agent may rely on communications and opinions

The Calculation Agent may rely:

- (a) on any communication or document they believe to be genuine and correct and to have been signed or sent by the appropriate person; and
- (b) as to legal, accounting, taxation or other professional matters, on opinions and statements of any legal, accounting, taxation or professional advisers used by them.

2.4 Calculations are binding

All calculations and determinations made by the Calculation Agent under this agreement are (except in the case of manifest error) binding on the Issuer, the Calculation Agent and the holders of the Notes.

2.5 No liability

The Calculation Agent is not responsible or liable to any holder of Notes in connection with the exercise by the Calculation Agent of its powers, duties or discretion in accordance with this agreement.

3 Change of Calculation Agent

3.1 Termination

The Issuer may end the appointment of a Calculation Agent by giving the Calculation Agent notice of its intention to do so, specifying the date it proposes the termination to take effect.

3.2 Resignation

The Calculation Agent may resign by giving the Issuer notice of its intention to do so, specifying the date it proposes the resignation to take effect.

3.3 When retirement or removal of Calculation Agent takes effect

The retirement or removal of the Calculation Agent takes effect only when a successor Calculation Agent has been appointed.

3.4 Permitted successors

The successor Calculation Agent may be a reputable and experienced bank or financial institution (or a Related Entity of either of them) nominated (in the case of retirement) by the retiring Calculation Agent or (in the case of removal) by the Issuer.

3.5 Obligations of retiring and successor Calculation Agent

When a successor Calculation Agent is appointed, the retiring Calculation Agent is discharged from any further obligation under this agreement. (This discharge does not prejudice any accrued right or obligation). The new Calculation Agent and each other party to this agreement have the same rights and obligations among themselves as they would have had if the new Calculation Agent had been a party to this agreement at the date of this agreement.

3.6 Notice of retirement or removal

The Issuer agrees to notify the holder of Notes of any retirement or removal of the Calculation Agent, and the appointment of a successor Calculation

Agent as soon as possible after the retirement removal, or appointment takes effect.

3.7 Calculation Agent must deliver records

On the date any retirement or removal of the Calculation Agent takes effect, the retiring or removed Calculation Agent agrees to deliver to the Issuer (or as it directs) all records maintained by it under this agreement.

4 Fees

The Issuer agrees to pay the Calculation Agent's fees as may be agreed between them from time to time.

5 Costs and indemnities

5.1 What the Issuer agrees to pay

The Issuer agrees to pay or reimburse the Calculation Agent on demand for:

- (a) the Calculation Agent's Costs in making, enforcing and doing anything in connection with this agreement including legal, printing, postage, tax and advertising expenses which have been previously agreed with the Issuer; and
- (b) all duties, fees, Taxes and charges which are payable in connection with this agreement or a payment or receipt or other transaction contemplated by it together with any related interest, penalties, fines and expenses in connection with them.

5.2 Indemnity by Issuer

The Issuer indemnifies the Calculation Agent against any liability or loss arising from, and any Costs incurred in connection with the Calculation Agent exercising its powers and duties under this agreement except to the extent that they are due to the fraud, wilful misconduct or negligence of the Calculation Agent or the breach by the Calculation Agent of this agreement.

The Issuer agrees to pay amounts due under this indemnity on demand from the Calculation Agent.

5.3 Indemnity by Calculation Agent

The Calculation Agent indemnifies the Issuer against any liability or loss arising from, and any Costs incurred in connection with the fraud, wilful misconduct or negligence of the Calculation Agent or the breach by the Calculation Agent of this agreement.

The Calculation Agent agrees to pay amounts due under this indemnity on demand from the Issuer.

6 Notices

The "Notices" clause of the Dealer Agreement described above applies to this agreement as if it was fully set out in this agreement.

7 Counterparts

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one document.

8 Governing law

This agreement is governed by the law in force in the place specified in the Details and the parties submit to the non-exclusive jurisdiction of the courts of that place.

9 Interpretation

9.9 Interpretation and definitions

The “Interpretation” clause of the Dealer Agreement applies to this agreement as if it was fully set out in this agreement except these meanings apply unless the contrary intention appears:

Calculation Agent means the person so described in the Details.

Details means the section of this agreement headed “Details”.

Dealer Agreement means the agreement so described in the Details.

Notes means such Notes in respect of which the Calculation Agent is appointed.

9.10 Inconsistency with Dealer Agreement

This agreement prevails to the extent it is inconsistent with the Dealer Agreement.

EXECUTED as an agreement

[Include execution clauses for Issuer and Calculation Agent]

Dealer Agreement

Schedule 10 - Notice of variation of Programme Limit (clause 21.1)

[Letterhead of Issuer]

[Date]

To: [Names and addresses of Dealer]
[Name and address of Registrar]

Attention: [insert]

Notice of variation of Programme Limit to Íslandsbanki hf. Debt Issuance Programme (“Programme”) - Dealer agreement dated [insert date] between the Issuer, UBS AG, Australia Branch and the Dealers party to it (“Dealer Agreement”)

In accordance with clause 21.1 (“Programme Limit”) of the Dealer Agreement, we give notice as follows.

The Programme Limit of the Programme is to be varied from \$[insert amount] to \$[insert amount].

This variation is to take effect from [insert date]¹, subject to delivery of the following documents:

- (a) certified copies of all documents evidencing the internal authorisations and approvals required to be granted by the Issuer for the variation;
- (b) certified copies of [specify any governmental or other consents required by the Issuer for the increase];
- (c) a legal opinion from [Malleons Stephen Jaques] relating to the variation; and
- (d) a list of the names, titles and specimen signatures of the persons authorised to sign on behalf of the Issuer all notices and other documents to be delivered in connection with the variation.

You must notify us within 10 days from the date of this notice if you consider (in your reasonable opinion) these documents or confirmations to be unsatisfactory. If we do not receive a notice from you within that time, you will be taken to consider those documents and confirmations to be satisfactory [and any further conditions precedent to be satisfied].

From the date on which the variations to the Programme Limit takes effect, all references in the Dealer Agreement [and the other Programme Documents] to the

Programme Limit or the amount of the Programme are to be taken as references to the varied Programme Limit specified above.

The “Interpretation” clause of the Dealer Agreement applies to this notice as if it was fully set out in this notice.

Yours faithfully

.....
for and on behalf of
Íslandsbanki hf.

Instructions for completion

- 1 The date specified must be at least 10 days after the date of the notice (see clause 21.1 (“Variation of Programme Limit”)).

Dealer Agreement

Signing page

DATED: April 2005

ISSUER

SIGNED by)
as authorised representative for)
ÍSLANDBANKI hf. in the presence)
of:)

.....)
)
)
.....)
Signature of witness)

.....)
Name of witness (block letters))

ARRANGER AND DEALER

SIGNED by)
and)
as authorised signatories for **UBS**)
AG, AUSTRALIA BRANCH in the)
presence of:)

.....)
)
.....)
Signature of witness)

.....)
Name of witness (block letters))

DEALERS

SIGNED by)
as attorney for **ABN AMRO BANK**)
N.V., AUSTRALIAN BRANCH)
under power of attorney dated)

in the presence of:)
)
)

.....)
Signature of witness)

.....)
Name of witness (block letters))

.....
By executing this agreement the
attorney states that the attorney has
received no notice of revocation of
the power of attorney

SIGNED by)
as attorney for **CITIGROUP**)
GLOBAL MARKETS)
AUSTRALIA PTY LIMITED)
under power of attorney dated)

in the presence of:)
)
)

.....)
Signature of witness)

.....)
Name of witness (block letters))

.....
By executing this agreement the
attorney states that the attorney has
received no notice of revocation of
the power of attorney

SIGNED by)
as attorney for)
COMMONWEALTH BANK OF)
AUSTRALIA under power of)
attorney dated)
in the presence of:)
)
)

.....)
Signature of witness)

.....)
Name of witness (block letters))

.....
By executing this agreement the
attorney states that the attorney has
received no notice of revocation of
the power of attorney

SIGNED by)
)
as attorneys for **DEUTSCHE BANK**)
A.G., SYDNEY BRANCH under)
power of attorney dated)
in the presence of:)
)
)
.....)
Signature of witness)
)
.....)
Name of witness (block letters))

.....

.....

By executing this agreement the attorney states that the attorney has received no notice of revocation of the power of attorney

SIGNED by)
as attorney for **NATIONAL**)
AUSTRALIA BANK LIMITED)
under power of attorney dated)
)
in the presence of:)
)
)
.....)
Signature of witness)
)
.....)
Name of witness (block letters))

.....

By executing this agreement the attorney states that the attorney has received no notice of revocation of the power of attorney