
FISCAL AGENCY AGREEMENT

among

GLITNIR BANKI HF.

and

JPMORGAN CHASE BANK, N.A.

and

J.P. MORGAN BANK LUXEMBOURG S.A.

SEPTEMBER 14, 2006

NON-CUMULATIVE UNDATED CAPITAL NOTES

FISCAL AGENCY AGREEMENT, dated as of September 14, 2006 made in New York, New York, in the United States of America, among Glitnir banki hf. (“Glitnir”), JPMorgan Chase Bank, N.A., a banking association organized and existing under the laws of the State of New York, as Fiscal Agent, and J.P. Morgan Bank Luxembourg S.A., as Luxembourg Paying Agent.

1. Fiscal Agent; Paying Agent. Glitnir hereby appoints JPMorgan Chase Bank, N.A. as fiscal agent of, and paying agent for, Glitnir in respect of the Securities (as defined in Section 2 hereof) upon the terms and subject to the conditions herein set forth, and JPMorgan Chase Bank, N.A. hereby accepts such appointment. JPMorgan Chase Bank, N.A. currently has its corporate trust office at 4 New York Plaza, 15th Floor, in the Borough of Manhattan, City and State of New York. JPMorgan Chase Bank, N.A., and any successor or successors as such fiscal agent qualified and appointed in accordance with Section 6 hereof, are herein called the “Fiscal Agent”. The Fiscal Agent shall have the powers and authority granted to and conferred upon it in the Securities and hereby and such further powers and authority to act on behalf of Glitnir as Glitnir may hereafter grant to or confer upon it and as agreed to by the Fiscal Agent. All of the terms and provisions with respect to such powers and authority contained in the Securities are subject to and governed by the terms and provisions thereof.

2. Execution, Authentication and Delivery, Dating and Exchanges of any Global Securities for Definitive Securities.

(a) Glitnir has authorized the issue of \$250,000,000 aggregate principal amount of its Non-Cumulative Undated Capital Notes to be issued in fully registered form (the “Securities”). The Securities initially shall be represented by a Rule 144A Global Security and a Regulation S Global Security (which will be referred to as the Unrestricted Global Security after the expiration of the 40-day period commencing on the date on which the Securities are issued (the “Restricted Period”)) (together the “Global Securities”), each substantially in the form of Exhibit A hereto (with applicable legends). The Global Securities shall be exchangeable for Securities in definitive form as provided in the text of the Global Securities, subject to the restrictive legends contained thereon.

(b) Glitnir shall provide the Fiscal Agent with a certified list of persons authorized to execute documents and take action on its behalf in connection with this Agreement and the Securities immediately and shall notify the Fiscal Agent in writing if any of such persons ceases to be so authorized or if additional authorized persons become so authorized. The Securities shall be executed on behalf of Glitnir by two authorized signatories, whose signatures may be manual or facsimile. Securities bearing the manual or facsimile signature of any person so authorized shall bind Glitnir, notwithstanding that such person has ceased to be the official so authorized to execute the Securities prior to the authentication and delivery of the Securities or was not such official at the date of the Securities.

(c) The Fiscal Agent shall, upon receipt of Securities duly executed on behalf of Glitnir together with a written order or orders to authenticate and deliver Securities in a stated aggregate principal amount, (i) authenticate and register not more than the said aggregate principal amount of Securities and deliver them in accordance with the written order or orders of Glitnir and (ii) thereafter authenticate, register and deliver the Securities in accordance with the

provisions therein or hereinafter set forth. The total amount of the Securities to be issued and outstanding at any time, whether in the form of Global Securities or Securities in definitive registered form issued in exchange for the Global Securities, shall not exceed \$250,000,000 in aggregate principal amount, plus the aggregate principal amount of any additional Securities issued by Glitnir pursuant to any supplement hereto in accordance with Section 7 of this Agreement. All Securities shall be dated September 14, 2006 or if authenticated thereafter, the date of their authentication by the Fiscal Agent.

(d) On or prior to the date of issuance of the Securities, Glitnir shall deliver to the Fiscal Agent: (i) a written order requesting the authentication and setting forth delivery instructions for the Securities; (ii) a copy of each of the purchase agreement and the offering circular applicable to the Securities; and (iii) such other documents as the Fiscal Agent may reasonably request.

3. Payment and Cancellation.

(a) Subject to the following provisions, Glitnir will pay to the Fiscal Agent as paying agent the amounts, in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts, at the times and for the purposes set forth herein and in the text of the Securities, and Glitnir hereby authorizes and directs the Fiscal Agent as paying agent from funds so paid to it to make or cause to be made payment of the principal of and interest on the Securities as set forth herein and in the text of said Securities.

(b) Payment of principal and interest on the Global Securities shall be made by the Fiscal Agent to Cede & Co., as nominee, in accordance with the regular procedures established from time to time by the Depository Trust Company (“DTC”). Payment of principal in respect of Securities in definitive registered form shall be made at the office of the Fiscal Agent in the City of New York. Payment of interest in respect of such Securities will be made by forwarding by mail or otherwise delivering a check to the registered addresses of registered holders of Securities, or, at the option of Glitnir, otherwise transferring funds to the registered holders of the Securities. Such check shall be dated the due date for payment and made payable to the order of the registered holder or, in the case of joint registered holders, to the order of all such joint holders (failing instructions from them to the contrary) and shall be sent to the address of that one of such joint holders whose name stands first in the register as one of such joint holders. The Fiscal Agent shall mail or otherwise deliver such checks to the names and addresses of registered holders of Securities sufficiently in advance of the relevant due date for payment that receipt of such checks by registered holders on or before the due date is reasonably assured. At the request of a registered holder of more than \$1,000,000 principal amount of Securities, payments of principal or interest in respect of such Securities may be made to such holder by wire transfer to an account specified by such registered holder.

(c) Glitnir shall have the right to require a holder of a Security, as a condition of payment of the principal of or interest on such Security, to present (by mail, courier, facsimile or otherwise) at such place as Glitnir shall designate a certificate in such form as Glitnir may reasonably from time to time prescribe, to enable Glitnir to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Glitnir or the Fiscal Agent may be required to deduct or withhold from payments in respect of such Security under

any present or future law of the United States, or any regulation of any taxing authority thereof and (ii) any reporting or other requirements under such laws or regulations. Glitnir shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no certificate shall be presented, on the basis of any presumption created by any such law or regulation and shall be entitled to act in accordance with such determination.

(d) All Securities delivered to the Fiscal Agent for cancellation as herein or in the Securities provided, or surrendered in exchange for other Securities, shall be cancelled and destroyed by the Fiscal Agent or such other person as may be designated by Glitnir, which shall thereupon furnish certificates of such destruction to Glitnir.

(e) JPMorgan Chase Bank, N.A., as calculation agent (the “Calculation Agent”) shall notify (1) each of the Paying Agents of the Floating Interest Rate (as defined in the Securities) for each Floating Interest Period (as defined in the Securities) from but excluding the First Call Date (as defined in the Securities) (each such Interest Period, a “Floating Rate Interest Period”), the date of each Floating Interest Payment Date (as defined in the Securities) and the amount (the “Floating Interest Amount”) payable on each such Interest Payment Date forthwith upon their being determined (and of any adjustment thereto in accordance with the terms of the Securities upon its being made) and (2) the Fiscal Agent and Glitnir if it does not for any reason at any material time determine the Floating Interest Rate or calculate the Floating Interest Amount for any Floating Rate Interest Period.

4. Exchange and Registration of Transfer of Securities.

(a) General. The Fiscal Agent is hereby authorized from time to time in accordance with the provisions of the Securities and of this Section 4 to authenticate and deliver Securities in exchange for or in lieu of the Securities with the same maturity and of like form which become mutilated, destroyed, stolen or lost and as provided in the text of the Securities.

Each Security authenticated and delivered upon any transfer or in exchange for or in lieu of the whole or any part of any Security shall carry all the rights to interest accrued and unpaid and to accrue which were carried by the whole or such part of such Security, and notwithstanding anything to the contrary herein contained, such new Security shall be so dated that neither gain nor loss in interest shall result in such transfer, exchange or substitution.

The Fiscal Agent, as agent of Glitnir, shall maintain at its corporate trust office (the “Specified Office”) in The City of New York, State of New York, United States of America, a register for the Securities for the registration and registration of transfers of Securities. Upon presentation at said office of the Fiscal Agent of any Security, accompanied by a written instrument of transfer in form acceptable to the Fiscal Agent, executed by the registered holder, in person or by attorney thereunto duly authorized, such Security or Securities shall be transferred upon the register for the Securities and a new Security shall be authenticated and issued in the name of the transferee. Transfers and exchanges of Securities shall be subject to such restrictions described in this Agreement and as shall be set forth in the text of the Securities, and such reasonable regulations as may be prescribed by Glitnir.

(b) Charges. No service charge shall be made to any holder for any such registration, registration of transfer or exchange of the Securities unless otherwise provided by the provisions of the Securities, but Glitnir or the Fiscal Agent may require payment of a sum sufficient to cover any stamp or other tax or governmental charge in connection therewith and any additional amounts required to be paid by the provisions of the Securities.

(c) Closed Periods. The Fiscal Agent shall not be required to make registrations of transfer or exchange of Securities during any periods set forth in the provisions of the Securities.

(d) Transfer and Exchange of Global Securities. The transfer and exchange of Global Securities or beneficial interests therein shall be effected through DTC, in accordance with this Agreement (including the restrictions on transfer set forth herein) and the procedures of DTC therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent that the Global Securities are, following the transfer, considered Transfer Restricted Securities (as defined below) pursuant to the Securities Act of 1933, as amended (the “Securities Act”).

For purposes of this Agreement, “Transfer Restricted Securities” means each Security until (i) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with an effective registration statement under the Securities Act, (ii) in the case of a Regulation S Global Security, a date 40 days after the securities are issued or (iii) the date on which such Security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144 (or another substantially similar resale exemption promulgated in the future) under the Securities Act.

Transfers of a beneficial interest in a Rule 144A Global Security may be made to a beneficial interest in a Regulation S Global Security or an Unrestricted Global Security in accordance with procedures set forth in (i) and (ii) below. Transfers of a beneficial interest in a Regulation S Global Security or an Unrestricted Global Security to a beneficial interest in a Rule 144A Global Security may be made in accordance with the Procedures set forth in (iii) below.

(i) Transfer of Interest in a Rule 144A Global Security to a Regulation S Global Security. If the holder of a beneficial interest in the Rule 144A Global Security wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Regulation S Global Security, such transfer may be effected, subject to the rules and procedures of the Fiscal Agent (the “Applicable Procedures”), only in accordance with the provisions of this Section 4(d)(i). Upon receipt by the Fiscal Agent, of (A) written instructions given in accordance with the Applicable Procedures from a DTC member directing the Fiscal Agent to credit or cause to be credited to a specified DTC member’s account a beneficial interest in the Regulation S Global Security in a principal amount equal to that of the beneficial interest in the 144A Global Security to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the DTC member (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the DTC member to be debited for, such

beneficial interest and (C) a certificate in substantially the form set forth in Exhibit B given by or on behalf of the owner of such beneficial interest, the principal amount of the 144A Global Security shall be reduced, and the principal amount of the Regulation S Global Security shall be increased, by the principal amount of the beneficial interest in the Rule 144A Global Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Fiscal Agent, and the Fiscal Agent, shall instruct DTC or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of the person specified in such instructions (which shall be the DTC member for Euroclear or Clearstream or both, as the case may be) a beneficial interest in the Regulations S Global Security having a principal amount equal to the amount so transferred.

(ii) Transfer of an Interest in a Rule 144A Global Security to Unrestricted Global Security. If the holder of a beneficial interest in the Rule 144A Global Security wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Unrestricted Global Security, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 4(d)(ii). Upon receipt by the Fiscal Agent of (A) written instructions given in accordance with the Applicable Procedures from a DTC member directing the Fiscal Agent to credit or cause to be credited to a specified DTC member's account a beneficial interest in the Unrestricted Global Security in a principal amount equal to that of the beneficial interest in the Rule 144A Global Security to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the DTC member (and, if applicable, the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the DTC member to be debited for, such beneficial interest and (C) a certificate in substantially the form set forth in Exhibit B given by or on behalf of the owner of such beneficial interest, the principal amount of the Rule 144A Global Security shall be reduced, and the principal amount of the Unrestricted Global Security shall be increased, by the principal amount of the beneficial interest in the Rule 144A Global Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Fiscal Agent, and the Fiscal Agent shall instruct DTC or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Unrestricted Global Security having a principal amount equal to the amount so transferred.

(iii) Transfer of an Interest in a Regulation S Global Security or an Unrestricted Global Security to 144A Global Security. If the holder of a beneficial interest in the Regulation S Global Security or an Unrestricted Global Security wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the 144A Global Security, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 4(d)(iii). Upon receipt by the Fiscal Agent of (A) written instructions given in accordance with the Applicable Procedures

from a DTC member directing the Fiscal Agent to credit or cause to be credited to a specified DTC member's account a beneficial interest in the 144A Global Security in a principal amount equal to that of the beneficial interest in the Regulation S Global Security or Unrestricted Global Security to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the DTC member to be credited with, and the account of the DTC member (and, if applicable, the Euroclear or Clearstream account, as the case may be) to be debited for, such beneficial interest and (C) with respect to a transfer of a beneficial interest in the Regulation S Global Security (but not the Unrestricted Global Security) a certificate in substantially the form set forth in Exhibit C given by or on behalf of the owner of such beneficial interest, the principal amount of the Regulation S Global Security or Unrestricted Global Security shall be reduced, and the principal amount of the 144A Global Security shall be increased, by the principal amount of the beneficial interest in the Regulation S Global Security or Unrestricted Global Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Fiscal Agent, and the Fiscal Agent, shall instruct the Depository or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the 144A Global Security having a principal amount equal to the amount so transferred.

(e) Transfer of a Beneficial Interest in a Global Security for a Security in Definitive Form.

(i) To the extent that a person having a beneficial interest in a Global Security may exchange such beneficial interest for a Security in definitive form pursuant to this Agreement, then in the case of a Transfer Restricted Security, the following information and documents (all of which may be submitted by facsimile) must be provided to the Fiscal Agent, upon which the Fiscal Agent may conclusively rely:

(1) if such beneficial interest is being transferred to the person designated by DTC as being the beneficial owner, a certification from such person to that effect (in substantially the form of Exhibit D hereto);
or

(2) if such beneficial interest is being transferred (A) to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) who is a "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended and the rules and regulations promulgated thereunder (the "Investment Company Act") in accordance with Rule 144A under the Securities Act or (B) to a "qualified purchaser" pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act (and based upon an opinion of counsel if Glitnir so requests) or (C) to a "qualified purchaser" pursuant to an effective registration statement under the Securities Act, a certification to

that effect from the transferor (in substantially the form of Exhibit D hereto); or

(3) if such beneficial interest is being transferred outside the United States to a person who is neither a U.S. person (as defined in Regulation S under the Securities Act) nor a U.S. resident for purposes of the Investment Company Act pursuant to an exemption from registration in accordance with Rule 903 or 904 under the Securities Act (and based upon an opinion of counsel if Glitnir so requests), certifications to that effect from such transferor (in substantially the form of Exhibits D and E hereto); or

(4) if such beneficial interest is being transferred to a “qualified purchaser” in reliance on another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if Glitnir so requests), a certification to that effect from such transferor (in substantially the form of Exhibit D hereto);

then the Fiscal Agent shall, in accordance with the standing instructions and procedures existing between DTC and the Fiscal Agent, cause the aggregate principal amount of Global Securities to be reduced accordingly and, following such reduction, Glitnir shall execute and the Fiscal Agent shall authenticate and deliver to the transferee a Security in definitive form in the appropriate principal amount.

(ii) Securities in definitive form issued in exchange for a beneficial interest in a Global Security pursuant to this Section 4(e) shall be registered in such names and in such authorized denominations as DTC, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Fiscal Agent. The Fiscal Agent shall deliver such Securities in definitive form to the persons in whose names such Securities are so registered.

(f) Transfer and Exchange of Securities in Definitive Form that are Transfer Restricted Securities. When Securities in definitive form that are Transfer Restricted Securities are presented to the Fiscal Agent with the request (x) to register the transfer of such Securities or (y) to exchange such Securities for an equal principal amount of Securities in definitive form of authorized denominations, then such Securities so presented or surrendered for registration of transfer or exchange shall be accompanied by the following additional information and documents, as applicable, upon which the Fiscal Agent may conclusively rely:

(i) if such Transfer Restricted Securities are being delivered to the Fiscal Agent by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect (in substantially the form of Exhibit D hereto); or

(ii) if such Transfer Restricted Securities are being transferred (A) to a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act)

who is a “qualified purchaser” within the meaning of the Investment Company Act in accordance with Rule 144A under the Securities Act or (B) to a “qualified purchaser” pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act (and based upon an opinion of counsel if Glitnir so requests) or (C) to a “qualified purchaser” pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form of Exhibit D hereto); or

(iii) if such Transfer Restricted Securities are being transferred outside the United States to a person who is neither a U.S. person (as defined in Regulation S under the Securities Act) nor a U.S. resident for purposes of the Investment Company Act pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 under the Securities Act (and based upon an opinion of counsel if Glitnir so requests), certifications to that effect from such Holder (in substantially the form of Exhibits D and E hereto); or

(iv) if such Transfer Restricted Securities are being transferred to a “qualified purchaser” in reliance on another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if Glitnir so requests), a certification to that effect from such Holder (in substantially the form of Exhibit D hereto).

(g) Exchange of Global Security in the Event of Conversion and Utilization. In the event that Glitnir (1) converts the whole or part of the principal amount of the Securities into conditional capital contributions (“Converted Amounts”) pursuant to the terms of the Securities or (b) reinstates any Converted Amounts pursuant to the terms of the Securities, the Fiscal Agent shall record each such conversion or reinstatement, and the aggregate principal amount of the Securities represented by the Unrestricted Global Security immediately following such conversion or reinstatement, in Schedule A of the Unrestricted Global Security. Glitnir will notify the Fiscal Agent, in accordance with Section 16 hereof, of any such conversion or reinstatement 10 Business Days (as defined in the Securities) prior to the date of such conversion or reinstatement.

5. Conditions of Fiscal Agent’s Obligations. The Fiscal Agent accepts its obligations herein set forth, upon the terms and conditions hereof, including the following, to all of which Glitnir agrees and to all of which the rights hereunder of the holders from time to time of the Securities shall be subject:

(a) Compensation and Indemnification. Glitnir agrees promptly to pay the Fiscal Agent the compensation to be agreed upon with Glitnir for all services rendered by the Fiscal Agent and to reimburse the Fiscal Agent for out-of-pocket expenses (including counsel fees) reasonably incurred by the Fiscal Agent in connection with the services rendered hereunder by the Fiscal Agent.

Glitnir also agrees to indemnify the Fiscal Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or willful misconduct on the part of the Fiscal Agent, arising out of or in connection with its acting as such Fiscal Agent hereunder,

as well as the costs and expenses of defending against any claim of liability in the premises. If any action shall be brought against the Fiscal Agent hereunder, the Fiscal Agent shall promptly notify Glitnir and Glitnir shall be entitled at any time thereafter to assume the defense thereof, including the employment of legal advisers subject to payment of all expenses by Glitnir.

The obligations of Glitnir and the Fiscal Agent under this Section 5(a) shall survive the payment of the Securities and the resignation or removal of the Fiscal Agent.

(b) Agent for Glitnir. In acting under this Agreement and in connection with the Securities, the Fiscal Agent is acting solely as agent of Glitnir and does not assume any obligation or relationship of agency or trust for or with any of the owners or holders of the Securities except that all funds held by the Fiscal Agent for payment of the principal of and interest on any outstanding Securities shall be held in trust, but need not be segregated from other funds except as required by law, and shall be applied as set forth herein and in such Securities; provided, however, that any monies held for the payment of the principal of or interest on any Securities remaining unclaimed at the end of two years after such principal or interest shall have become due and payable and shall have been paid to the Fiscal Agent by Glitnir shall be repaid to Glitnir, as provided in the Securities. Upon such repayment, the aforesaid trust shall terminate and all liability of the Fiscal Agent with respect to such monies shall thereupon cease.

(c) Counsel. The Fiscal Agent may consult with counsel satisfactory to it, who may be counsel to Glitnir, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(d) Documents. The Fiscal Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Security or coupon, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been passed or signed by the proper parties.

(e) Certain Transactions. The Fiscal Agent and its officers, directors and employees, may become the owner of, or acquire any interest in, any Securities, with the same rights that it or they would have if it were not the Fiscal Agent hereunder, and it or they may engage or be interested in any financial or other transaction with Glitnir and may act on, or as depository, trustee or agent for, any committee or body of holders of Securities of Glitnir as freely as if it were not the Fiscal Agent hereunder.

(f) No Liability for Interest. Except as otherwise may be agreed by Glitnir and the Fiscal Agent and subject to any liability to which the Fiscal Agent may be subject as a result of a breach of its obligations under this Agreement, the Fiscal Agent shall not be under any liability for interest to any party on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Securities.

(g) No Liability for Invalidity. The Fiscal Agent makes no representations as to the validity or sufficiency of this Agreement or the Securities, provided that the Fiscal Agent shall not be relieved of its duty to authenticate Securities as authorized herein.

(h) No Responsibility for Representations. The Fiscal Agent shall not be responsible for any of the recitals or representations herein or in the Securities (except as to the Fiscal Agent's certificate of authentication thereon), all of which are made solely by Glitnir.

(i) No Implied Obligations. The Fiscal Agent shall be obligated to perform such duties and only such duties as are herein and in the Securities specifically set forth and no implied duties or obligations shall be read into this Agreement or any of the Securities against the Fiscal Agent. The Fiscal Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Fiscal Agent shall not be accountable or under any duty or responsibility for the use by Glitnir of any of the Securities authenticated by the Fiscal Agent and delivered by it to Glitnir pursuant to this Agreement or for the application by Glitnir of the proceeds of any of the Securities. The Fiscal Agent shall have no duty or responsibility in case of any default by Glitnir in the performance of its covenants or agreements contained in any of the Securities or in the case of the receipt of any written demand from a holder of a Security with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to accelerate the maturity of any of the Securities or to initiate or attempt to initiate any proceedings at law or otherwise, or to make any demand for the payment thereof upon Glitnir.

6. Resignation or Termination and Appointment of Successor.

(a) Glitnir agrees, for the benefit of the holders of the Securities from time to time, that there shall at all times be a Fiscal Agent hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or the State of New York, in good standing and having an established place of business in The City of New York, State of New York, U.S.A., and authorized under such laws to exercise corporate trust powers, until all the Securities authenticated and delivered hereunder (i) shall have been delivered to the Fiscal Agent for cancellation or (ii) become due and payable and monies sufficient to pay the principal thereof and interest due thereon shall have been made available to the Fiscal Agent and either paid to the persons entitled thereto or returned to Glitnir as provided herein and in such Securities (such date being herein referred to as the "Termination Date").

(b) The Fiscal Agent may at any time resign as such agent by giving written notice to Glitnir of such intention on its part, specifying the date on which its desired resignation shall become effective, provided that such date shall not be less than 90 days after the date on which such notice is given unless Glitnir agrees to accept less notice. If Glitnir fails to appoint a successor Fiscal Agent within a reasonable period of time after such resignation (upon such 90 days' written notice), the Fiscal Agent may apply to a court of competent jurisdiction for the purpose of having a successor Fiscal Agent appointed. The Fiscal Agent hereunder may be removed at any time by the filing with it of an instrument in writing signed by or on behalf of Glitnir and specifying such removal and the date when it shall become effective. Any resignation or removal of the Fiscal Agent shall take effect upon the appointment by Glitnir, as hereinafter provided, of a successor Fiscal Agent and the acceptance of such appointment by such successor. Upon its resignation or removal, the Fiscal Agent shall be entitled to the payment by Glitnir of the compensation agreed to under Section 5(a) hereof for, and to the

reimbursement of all out-of-pocket expenses reasonably incurred in connection with, the services rendered hereunder by the Fiscal Agent.

(c) In case at any time the Fiscal Agent shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver or custodian of it or of all or any substantial part of its property shall be appointed, or if any public officer shall have taken charge or control of the Fiscal Agent or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, a successor Fiscal Agent, qualified as aforesaid, shall be appointed by Glitnir by an instrument in writing, filed with the successor Fiscal Agent. Upon the appointment as aforesaid of a successor Fiscal Agent and acceptance of such appointment, the Fiscal Agent so superseded shall cease to be such Fiscal Agent hereunder.

(d) Any successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to Glitnir an instrument accepting such appointment hereunder, and thereupon such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor, with like effect as if originally named as Fiscal Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to transfer, deliver and pay over, and such successor Fiscal Agent shall be entitled to receive, all monies, securities and other property on deposit with or held by such predecessor, as Fiscal Agent hereunder. Glitnir shall give notice thereof to holders of the Securities in accordance with the text of the Securities.

(e) Any corporation or bank into which the Fiscal Agent hereunder may be merged or converted or any corporation or bank with which the Fiscal Agent may be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation or bank to which the Fiscal Agent shall sell or otherwise transfer all or substantially all of the assets of its corporate trust business, provided that it shall be qualified as aforesaid, shall be the successor Fiscal Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

7. Further Issues. Glitnir may from time to time, without notice to or the consent of the registered holders of the Securities, create and issue other Capital Securities (as defined in the Securities) in the future or other obligations constituting or eligible as constituting Tier 1 Capital (as defined in the Securities) of Glitnir, provided, however, that any such obligations may not in the event of voluntary or involuntary liquidation or bankruptcy of Glitnir rank in priority to the Securities, and so that such further securities shall be consolidated and form a single series with the Securities and shall have the same terms as to status, redemption, conversion or otherwise as the Securities. Any further securities shall be issued with the benefit of an agreement supplemental to this Agreement.

8. Payment of Taxes. Glitnir will pay all stamp and other duties, if any, to which, under the laws of the United States of America, the Republic of Iceland, or other applicable law, this Agreement or the issuance of the Securities may be subject.

9. Luxembourg Paying Agent. (a) Glitnir hereby appoints J.P. Morgan Bank Luxembourg S.A. (the “Luxembourg Paying Agent”) as an additional paying agent, resident in Luxembourg, in respect of the Securities in the event of the issuance of Securities in definitive form, and the Paying Agent hereby agrees to abide by the terms and conditions set forth in this Agreement and in the Securities applicable to it as a paying agent. It is understood and agreed that the appointment of the Luxembourg Paying Agent hereunder is not exclusive and that Glitnir may appoint other persons as paying agents for the Securities.

(a) The Luxembourg Paying Agent hereby agrees (i) to hold in trust for the benefit of the persons entitled thereto all funds received by it for the payment of principal of or interest on the Securities; and (ii) to make payments of principal of and interest on the Securities at the times and in the manner provided for in this Agreement and in the Securities.

(b) Prior to each due date of the principal of or interest on the Securities in definitive form, as provided for in this Agreement and in the Securities, Glitnir will deposit (or cause the Fiscal Agent to deposit) with the Luxembourg Paying Agent a sum sufficient to pay the amount of principal or interest due on the Securities.

(c) The Luxembourg Paying Agent may only resign if a successor Luxembourg Paying Agent agrees, effective upon such resignation, in writing reasonably satisfactory to Glitnir, to become a party to this Agreement and assume all of the Luxembourg Paying Agent’s obligations under this Agreement. The Luxembourg Paying Agent may at the option of Glitnir be removed at any time by the filing with it of any instrument in writing duly signed by Glitnir and specifying such removal and the date when it is intended to become effective. In case of the appointment hereunder of a successor Luxembourg Paying Agent with respect to the Securities, every such successor Luxembourg Paying Agent so appointed shall execute, acknowledge and deliver to Glitnir and to the retiring Luxembourg Paying Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Luxembourg Paying Agent shall become effective and such successor Luxembourg Paying Agent, without any further act, deed or conveyance, shall become vested with all the rights and duties of the retiring Luxembourg Paying Agent; but, on the request of Glitnir or the successor Luxembourg Paying Agent, such retiring Luxembourg Paying Agent shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Luxembourg Paying Agent all the rights and duties of the retiring Luxembourg Paying Agent and shall duly assign, transfer and deliver to such successor Luxembourg Paying Agent all property and money held by such retiring Luxembourg Paying Agent hereunder.

10. Legends. Each Security certificate evidencing the Rule 144A Global Securities or the Regulation S Global Securities and the Securities in definitive form (and all Securities issued in exchange therefor or substitution thereof) shall bear the appropriate legend in the form established in Exhibit A.

11. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of New York.

The Securities shall be governed by, and interpreted in accordance with the laws of the State of New York, except for Conditions 2, 3, 4(9) and 9(5) thereof (and the related defined

terms used therein), which shall be governed by, and interpreted in accordance with the laws of the Republic of Iceland.

12. Appointment of Agent for Service. Glitnir has appointed CT Corporation System in The City of New York, with a current address at 111 Eighth Avenue, New York, NY 10011, as its authorized agent (the “Authorized Agent”) upon which process may be served in any action arising out of or based on this Agreement or the Securities which may be instituted in any State or Federal court in The City of New York by the Fiscal Agent or the holder of a Security, and, subject to the last sentence of this Section 12, Glitnir expressly accepts the jurisdiction of any such court in respect of such action. Such appointment shall be irrevocable as long as the Securities remain outstanding unless and until the appointment of a successor as Glitnir’s Authorized Agent and such successor’s acceptance of such appointment shall have occurred. Glitnir will take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Service of process upon the Authorized Agent at the address indicated herein, or at such other address in The City of New York, State of New York, U.S.A., as may be the office of the Authorized Agent at the time of such service, and written notice of such service to Glitnir (mailed or delivered to Glitnir at its address set forth in Section 15 hereof) shall be deemed, in every respect, effective service of process upon Glitnir. Upon receipt of such service of process, the Authorized Agent shall advise Glitnir promptly by two day Federal Express delivery of its receipt thereof but the failure to so advise shall not effect the validity or timeliness of service effected as set forth in the preceding sentence. Glitnir hereby waives irrevocably any immunity from jurisdiction (except for immunity from execution prior to final judgment) to which it might otherwise be entitled in any action arising out of or based on this Agreement or the Securities which may be instituted as provided in this Section 12 in any State or Federal court in The City of New York.

Notwithstanding anything in this Agreement or in the Securities to the contrary, such appointment of an authorized agent for service of process and such waiver of immunity shall not be interpreted to include actions brought under the United States Federal securities laws.

13. Amendment and Modification. This Agreement may be modified or amended by the parties hereto, without the consent of the holder of any Security, but with the prior approval of the Financial Supervisory Authority of Iceland (the “FSA”), for the purpose of modifying or amending the Agreement in a manner which could not reasonably be expected to be prejudicial to the interests of such holders, including, but not limited to, for the purpose of adding to the covenants of Glitnir for the benefit of such holders, surrendering any right or power conferred upon Glitnir, securing the Securities pursuant to the requirements of the Securities or otherwise, effecting the issue of further Securities as described in Section 7, curing any ambiguity, correcting or supplementing any defective provision contained herein, or in regard to matters or questions arising under this Agreement as Glitnir in its written opinion to the Fiscal Agent may deem necessary or desirable, provided such action shall not adversely affect in any material respect the interests of the holders of the Securities at the time outstanding.

Glitnir may modify any of the terms or provisions contained in the Securities in any way by the passing of an extraordinary resolution for the modification of the Securities, provided, however, that no such modification shall be made without the prior approval of the FSA. Such a

meeting may be convened by Glitnir and shall be convened by Glitnir if required in writing by the holders of not less than five percent in principal amount of the Securities for the time being remaining outstanding. Any extraordinary resolution presented at a meeting the business of which includes (1) any modification of the ranking of the Securities, (2) any modification of any date for payment of interest on the Securities, (3) any reduction or cancellation of the amount of principal payable in respect of the Securities, (4) any reduction or cancellation of the amount rate of interest payable in respect of the Securities, or (5) any alteration of the currency of payment of the Securities, shall require the affirmative vote of one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing not less than one-third, of the principal amount of the Securities for the time being outstanding. An extraordinary resolution passed at any meeting of the holders of the Securities shall be binding on all such holders, whether or not they are present at the meeting.

14. Quorum. The quorum at any meeting for passing an extraordinary resolution will be one or more persons present holding or representing not less than 50 percent in principal amount of the Securities for the time being outstanding, or at any adjourned meeting, one or more persons present being or representing holders whatever the principal amount of the Securities so held or represented, except that at any meeting, the business of which includes the modifications of certain provisions of the Securities (as further described in Section 13), the quorum for passing an extraordinary resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing not less than one-third, of the principal amount of the Securities for the time being outstanding.

15. Forwarding of Notices. If the Fiscal Agent shall receive any notice or demand addressed to Glitnir by the holder of a Security pursuant to the provisions of the Securities, the Fiscal Agent (or, as the case may be, the Luxembourg Paying Agent) shall promptly forward such notice or demand to Glitnir.

16. Notice. Any notice given pursuant to this Agreement shall be deemed to have been given when deposited in the mail as first-class registered or certified air mail, postage prepaid, or when hand delivered or sent by telecopy (a) if to Glitnir, to Glitnir banki hf., Kirkjusundur 2, 155 Reykjavík, Iceland, Attention: International Funding, (b) if to the Fiscal Agent, to JPMorgan Chase Bank, N.A., 4 New York Plaza, 15th Floor, New York, New York 10004, Attention: Corporate Trust Administration; or (c) if to the Luxembourg Paying Agent, to J.P. Morgan Bank Luxembourg S.A. at 5 rue Plaetis, L-2338 Luxembourg, Facsimile No.: 352-4626-85380, Attn: Manager, Corporate Trust Operations; or at such other address of which a party hereto shall have notified the others in writing.

Any notice to be given by Glitnir to holders of the Securities shall be in accordance with the text of the Securities.

17. Counterparts. This Agreement may be executed in separate counterparts, and by each party separately on a separate counterpart, each such counterpart, when so executed and delivered, to be an original. Such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agency Agreement as of the date first above written.

GLITNIR BANKI hf.

By: _____
Name:
Title:

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Fiscal Agent

By: _____
Name:
Title:

J.P. MORGAN BANK LUXEMBOURG S.A.,
as Luxembourg Paying Agent

By: _____
Name:
Title:

EXHIBIT A

[Form of Security]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO GLITNIR BANKI HF. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]*

[THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER (“RULE 144A”).

THE ISSUER OF THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE “INVESTMENT COMPANY ACT”). THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) WHO IS A “QUALIFIED PURCHASER” WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT (A “QUALIFIED PURCHASER”) AND (B) AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS SECURITY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) TO THE ISSUER, (2) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND IS A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE “INVESTMENT COMPANY

* Include if a Global Security

ACT”) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A PERSON WHO IS NEITHER A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) NOR A U.S. RESIDENT FOR PURPOSES OF THE INVESTMENT COMPANY ACT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (4) TO A QUALIFIED PURCHASER PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (5) TO A QUALIFIED PURCHASER PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (1) (3) AND (4) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.]**

[“THE ISSUER OF THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE “INVESTMENT COMPANY ACT”). THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A WHO IS A “QUALIFIED PURCHASER” WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT AND (B) AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS SECURITY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A AND A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT (A “QUALIFIED PURCHASER”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A SUCH PERSON WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) OUTSIDE THE UNITED STATES TO A PERSON WHO IS NEITHER A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) NOR A U.S. RESIDENT FOR PURPOSES OF THE INVESTMENT COMPANY ACT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT (3) TO A QUALIFIED PURCHASER PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) TO A QUALIFIED PURCHASER PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (1), (3) AND (4) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. AS USED HEREIN, THE TERMS “OFFSHORE

** Include if the Security is a Rule 144A Security (as defined in the Fiscal Agency Agreement).

TRANSACTION”, “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT”.]*

* Include if the Security is a Regulation S Security (as defined in the Fiscal Agency Agreement).

CUSIP NO. _____
ISIN NO. _____

No. _____

GLITNIR BANKI HF.

Non-Cumulative Undated Capital Notes

GLITNIR BANKI hf. (“Glitnir”), for value received, hereby promises to pay to [Cede & Co.], or registered assigns, the principal sum of _____ DOLLARS (\$_____,_____,_____), and to pay interest on said principal sum on each Interest Payment Date (as defined below) at the Fixed Interest Rate (as defined below), up to and including September 14, 2016 (the “First Call Date”) and at the Floating Rate of Interest (as defined below) thereafter. This [Global] Security is [a permanent global security evidencing] [one of] a duly authorized issue of Securities of Glitnir of the aggregate principal amount of \$250,000,000 known as its “Non-Cumulative Undated Capital Notes” (the “Securities”). Glitnir has, for the benefit of the Holders from time to time of the Securities, entered into a Fiscal Agency Agreement, dated as of September 14, 2006 (the “Fiscal Agency Agreement”), with JPMorgan Chase Bank, N.A., as Fiscal Agent, and a calculation agency agreement, dated as of September 14, 2006, (the “Calculation Agency Agreement”) between Glitnir and JPMorgan Chase Bank, N.A., as calculation agent (the “Calculation Agent”) copies of which are on file and available for inspection during normal business hours at the corporate trust office of the Fiscal Agent in the City of New York. JPMorgan Chase Bank, N.A. and its respective successors as Fiscal Agent are herein called “Fiscal Agent”.

This [Global] Security is issued subject to, and with the benefit of, the Terms and Conditions, attached hereto as Annex 1, and the Fiscal Agency Agreement.

This [Global] Security shall not become valid or obligatory for any purpose until the certificate of authentication hereon shall have been duly signed by or on behalf of the Fiscal Agent acting in accordance with the Fiscal Agency Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Glitnir has caused this [Global] Security to be duly executed on its behalf.

GLITNIR BANKI HF.

By: _____

By: _____

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Securities referred to in the within-mentioned Fiscal Agency Agreement.

JPMORGAN CHASE BANK, N.A., as Fiscal Agent

By: _____
Name:
Title:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto
(name and address including zip code and taxpayer I.D. or Social Security Number of assignee)

the within Security and does hereby irrevocably constitute and appoint

to transfer such Security on the books kept for registration thereof with full power of substitution
in the premises.

Dated: _____ *

Signature Guaranteed:

* NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Security in every particular, without alteration, enlargement or any change whatsoever.

ANNEX 1

TERMS AND CONDITIONS

The following are (other than the paragraphs in italics) the terms and conditions of the notes which, subject to completion and amendment, will be incorporated by reference into the Global Notes (as defined below) and which will be endorsed on each Note in definitive form (if issued).

The U.S.\$250,000,000 aggregate principal amount 7.451% non-cumulative undated capital notes (the “notes”, which expression includes any additional non-cumulative capital contribution securities issued as described under Condition 2(4) below and forming a single series therewith) of Glitnir banki (the “Bank”) are the subject of a fiscal agency agreement, dated as of September 14, 2006 (as amended or supplemented from time to time, the “Fiscal Agency Agreement”) between the Bank and JPMorgan Chase Bank, N.A., as fiscal agent (the “Fiscal Agent”, which includes any successor fiscal agent appointed from time to time in connection with the Securities), and a calculation agency agreement, dated as of September 14, 2006 (as amended and supplemented from time to time, the “Calculation Agency Agreement”) between the Bank and JPMorgan Chase Bank, N.A., as calculation agent (the “Calculation Agent”, which includes any successor calculation agent appointed from time to time in connection with the notes). Certain terms and conditions described below are summaries of the Fiscal Agency Agreement and Calculation Agency Agreement and subject to their detailed provisions. The holders of the notes (the “noteholders”) are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement and the Calculation Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement and Calculation Agency Agreement are available for inspection by noteholders during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement) of the Fiscal Agent. Unless the context otherwise requires, capitalized terms used in these Terms and Conditions shall have the respective meanings ascribed thereto in Condition 16.

1. Form, Denomination and Title

(1) Form

The notes will be offered and sold in minimum denominations of U.S.\$100,000 and in integral multiples of U.S.\$1,000 in excess thereof and will be transferable in denominations of U.S.\$100,000 and in integral multiples of U.S.\$1,000 in excess thereof.

Notes which initially are offered and sold in reliance on Regulation S will be evidenced by one or more Regulation S Global Notes in fully registered form. Notes which initially are offered and sold in reliance on Rule 144A will be evidenced by one or more Rule 144A Global Notes in fully registered form. The Global Notes will be deposited upon issuance with the Fiscal Agent as custodian for DTC and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC.

(2) Principal Amount

Whenever there is any adjustment to the principal amount of any note pursuant to these Terms and Conditions, upon presentation of such note to the Fiscal Agent at its specified office, a record of such adjustment shall be endorsed by it on such note provided that any failure to so present or record shall not in any way affect the decrease or increase pursuant to Condition 3.

2. Status and Subordination

(1) Status

For corporate and commercial law purposes, the notes constitute and will constitute unsecured, subordinated debt obligations of the Bank.

(2) Subordination

In the event of the voluntary or involuntary liquidation or bankruptcy of the Bank, the rights of:

(a) the noteholders to payments of the principal amount of the notes and any other amounts including interest due in respect of the notes; and

(b) where the whole or any part of the principal amount of the notes has been converted into conditional capital contributions as described in Condition 3 below and such conditional capital contributions have not been reconverted and reinstated as provided in Condition 3 below, the providers of such conditional capital contributions, in respect of such conditional capital contributions, shall rank:

(i) *pari passu* without any preference among the noteholders and such providers;

(ii) at least *pari passu* with the rights of the holders of the Existing Tier 1 Securities and any other outstanding Capital Securities from time to time, whether or not such Existing Tier 1 Securities or Capital Securities have been converted in the manner described below and at least *pari passu* with the rights of the holders of, or persons otherwise entitled to the benefit of, any other obligations of the Bank constituting or eligible (“eligible” to be construed, *mutatis mutandis*, as provided in the definition of Capital Event) as constituting Tier 1 Capital of the Bank, in each case in relation to their rights as such holders and to payments in respect thereof and at least *pari passu* with the rights of the beneficiaries of any Tier 1 Guarantee;

(iii) in priority to the rights of holders of all classes of Junior Securities; and

(iv) junior in right of payment to the present or future claims of (a) depositors, (b) other unsubordinated creditors and (c) subordinated creditors in respect of Subordinated Indebtedness.

(3) No Set-Off

No noteholder or provider of any conditional capital contribution who shall in the event of the liquidation or bankruptcy of the Bank be indebted to the Bank shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Bank in respect of the notes or conditional capital contributions held or provided by such noteholder or provider, as the case may be.

(4) Further Issues

The Bank reserves the right to issue other Capital Securities in the future or other obligations constituting or eligible as constituting Tier 1 Capital of the Bank, provided, however, that any such obligations may not in the event of voluntary or involuntary liquidation or bankruptcy of the Bank rank in priority to the notes.

3. Utilization and Conversion

(1) Conversion

To the extent that at any time either (a) the Bank is not meeting the requirements with respect to minimum own funds (“Minimum Own Funds”) applicable to it as set out in the Act on Financial Undertaking (161/2002), as amended (the “Act”) or (b) it is required to avoid the Bank no longer meeting such requirements, the Board of Directors of the Bank, by resolution passed at a board meeting, may decide that the principal amount (or part thereof, as the case may be) of each note will be utilized by writing down the principal amount of such note outstanding at such time by an amount up to that which is required, after taking into account compliance with Condition 3(2), to achieve or maintain compliance by the Bank with the required Minimum Own Funds and converting such aggregate amount (the “Converted Amount”) into a conditional capital contribution. The rights of the noteholders in respect of the Converted Amount will thereupon be converted into rights of providers of conditional capital contributions as set out herein.

(2) Utilization

Upon utilization of the Converted Amount as provided above, the Bank shall give notice thereof to the noteholders in accordance with Condition 11, which notice shall specify the relevant Converted Amount and the relevant Conversion Date. Utilization of the Converted Amount for the purpose of achieving or maintaining compliance with the required Minimum Own Funds applicable to the Bank shall be made prior to the utilization for the same purpose of outstanding perpetual/undated subordinated debt issued by the Bank (other than other Capital Securities) and shall be made following the utilization for the same purpose of the aggregate principal amount of Capital Securities and any other securities ranking junior to the notes and outstanding at the time of such utilization and *pro rata* to the principal amount of Capital Securities ranking *pari passu* with the notes and outstanding at the time of such utilization. Utilization as described above of some or all of the principal amount of the notes shall not constitute an Event of Default under Condition 9. For the purposes hereof, the date of any conversion and utilization shall be deemed to be the date upon which the Conditions set out in Condition 3(4) are first satisfied (the "Conversion Date").

(3) Writing Down in Part

Where, pursuant to this Condition 3, writing down and conversion applies to part only of the principal amount of the notes, the part of the principal amount of each note to be subject to such writing down and conversion shall bear the same proportion to the total amount of the principal amount in respect of such note as the aggregate amount of the principal amount of all the notes to be subject to such writing down and conversion bears to the aggregate outstanding principal amount of all the notes respectively. Any reconversion and reinstatement as provided below will be made on the same basis. For the avoidance of doubt, the principal amount of the notes may be subject to conversion, utilization, reconversion and reinstatement in whole or in part in accordance with this Condition 3 on either one or more occasions.

(4) Conditions to Utilization

Utilization of the Converted Amount as aforesaid may only be made provided that the Fiscal Agent has received prior to such utilization a certificate signed by two Directors of the Bank confirming that a resolution of the Board of Directors of the Bank of the type referred to in Condition 3(1) approving such conversion and utilization has been duly passed and that, following such conversion to a Converted Amount, (i) the rights of the providers thereof in respect of such amounts will rank as provided in Condition 2 (copies of such certificate will be available for inspection at the specified office of the Fiscal Agent) and (ii) such amount will be a conditional capital contribution and will be accounted for as such in the balance sheet of the Bank.

(5) Junior Payments

The Bank covenants that until an amount equal to the aggregate Converted Amount in respect of all notes outstanding has been reinstated as an obligation evidenced by the notes (as opposed to a conditional capital contribution) in full in the balance sheet of the Bank, or such amount has been redeemed (such redemption having been approved by the FSA):

- (i) the Board of Directors of the Bank shall not propose to its general meeting of shareholders to declare, pay or distribute, a dividend or any other amount on, or in respect of, any of its ordinary share capital;
- (ii) it shall not declare, pay or distribute interest, a dividend or any other amount on, or in respect of, any of its preference share capital, any Other Tier 1 Securities, any Junior Securities or make any payment on a Tier 1 Guarantee (except, in the case of Capital Securities ranking *pari passu* with the notes, any payments made on a *pro rata* basis as contemplated above);
- (iii) it shall not redeem, purchase or otherwise acquire any of its ordinary shares, its preference shares, any Other Tier 1 Securities or Junior Securities or purchase or otherwise acquire any security or obligation (however named or designated) benefiting from a Tier 1 Guarantee (save where those shares, securities or obligations being redeemed, purchased or acquired are replaced contemporaneously by an issue of

shares, securities or obligations of the same aggregate principal amount and the same ranking in a voluntary or involuntary liquidation or bankruptcy of the Bank to those shares, securities or obligations being redeemed, purchased or acquired); and

- (iv) it will procure that no payment is made, or any redemption, purchase or acquisition is effected, by any Subsidiary on any security or obligation (however named or designated) benefiting from a Tier 1 Guarantee.

Condition 3(5)(i) prohibits, in certain specified circumstances, the Board of Directors of the Bank from proposing to its general meeting of shareholders the declaration, payment or distribution of a dividend or any other amount on, or in respect of, any of its ordinary share capital. However, under Icelandic company laws, shareholders may in certain circumstances require the payment of a dividend on such shares. Condition 3(5)(i) does not in any way limit or circumvent such powers of shareholders under Icelandic company laws.

(6) Reinstatement

If at any time the Bank's own funds exceed the Minimum Own Funds required at such time allowing for reconversion and reinstatement (in whole or in part) as an obligation evidenced by the notes (as opposed to a conditional capital contribution) of amounts converted in respect of subordinated indebtedness in the form of Capital Securities and/or perpetual/undated subordinated securities and/or any other securities, the Board of Directors of the Bank shall subsequently decide that such reconversion and reinstatement shall be made with due observance taken to the ranking prescribed in Condition 3(2) between the relevant instruments to the extent such replenishment does not result in the Bank's own funds falling below the required Minimum Own Funds. Accordingly, reconversion and reinstatement shall first be made in respect of perpetual/undated subordinated debt (other than Capital Securities) issued by the Bank that may have been converted into conditional capital contributions.

Reconversion and reinstatement as an obligation evidenced by the notes (as opposed to a conditional capital contribution) of the Converted Amount shall be made *pro rata* with any amounts converted in respect of other Capital Securities of the Bank ranking *pari passu* with the notes. For the avoidance of doubt, amounts converted in respect of Capital Securities and any other securities expressed to rank junior to the notes shall be reconverted and reinstated as an obligation evidenced by the notes (as opposed to a conditional capital contribution) only after the Converted Amount (and any other amounts converted in respect of other Capital Securities of the Bank expressed to rank *pari passu* with the notes) has (or have) been so reconverted and reinstated. If and to the extent that any Converted Amount has been reconverted and reinstated as an obligation evidenced by the notes (as opposed to a conditional capital contribution) in the balance sheet of the Bank, such amount shall be reinstated as principal and shall be added to the principal amount of such note for all purposes thereafter (and references to "principal" and "principal amount" shall be construed accordingly) and interest shall start to accrue on such amount and become payable in accordance with the terms of the notes as from the date of such reinstatement, being the date referred to as such in the notice referred to below (the "Reinstatement Date").

Reconversion and reinstatement (in whole or in part) as debt of the Converted Amount may only be made out of Unallocated Distributable Profits of the Bank and subject to a resolution of the Board of Directors of the Bank. Upon reconversion and reinstatement as debt of the Converted Amount as described above the Bank shall give notice thereof to noteholders in accordance with Condition 11 which notice shall specify the amount so reinstated and the relevant Reinstatement Date.

4. Interest

(1) Interest Rate

The notes will bear interest from and including the Issue Date in accordance with the provisions of this Condition 4. Subject as provided in these Terms and Conditions, interest shall be payable semi-annually in arrear on March 14 and September 14 of each year (each, a "Fixed Interest Payment Date") commencing March 14, 2007, up to and including the First Call Date, to the person in whose name the note (or any predecessor note) is registered at the close of business on the last day of the calendar month immediately preceding the relevant Fixed Interest

Payment Date. Thereafter, the notes will bear interest payable quarterly in arrear on March 14, June 14, September 14 and December 14 in each year, subject to adjustment as described herein (each, a “Floating Interest Payment Date” and, together with the Fixed Interest Payment Date, each an “Interest Payment Date”) beginning on December 14, 2016 to the person in whose name the note (or any predecessor note) is registered at the close of business on the last day of the calendar month immediately preceding the relevant Floating Interest Payment Date. The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date preceding the First Call Date is called a “Fixed Interest Period”. The period beginning on (and including) the First Call Date and ending on (but excluding) the first Interest Payment Date thereafter and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called a “Floating Interest Period”. Each Fixed Interest Period and each Floating Interest Period are referred to as an “Interest Period”.

(2) Interest Accrual

The notes will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 6 unless, upon due presentation, payment and performance of all amounts and obligations due in respect of the notes is not properly and duly made, in which event interest shall continue to accrue, and shall be payable, as provided in these Terms and Conditions up to (but excluding) the Relevant Date. The amount of interest payable on a note in respect of an Interest Period shall be calculated by reference to the principal amount of such note (after taking into account any adjustment in respect of any Converted Amount attributable to such note and taking into account any adjustment to such amount during such Interest Period, in each case by reference to the relevant Conversion Date and Reinstatement Date).

Prior to (and including) the First Call Date, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the required payment of interest shall be made on the next succeeding Business Day, with the same force and effect as if made on such Interest Payment Date, and no further interest shall accrue as a result of the delay. Following the First Call Date, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day and the amount of interest payable shall be adjusted accordingly. Interest on the notes to be calculated in respect of a period less than a full Fixed Interest Period will be calculated on the basis of a 360-day year of twelve 30-day months. From (and including) the First Call Date, the interest on the notes will be calculated on the basis of the actual number of days in the Fixed Interest Period or a Floating Interest Period, as the case may be, concerned divided by 360.

During any period(s) in which part of the principal amount of the notes (together with Accrued Interest has been utilized and converted as aforesaid, interest shall accrue on the remaining balance of the original principal amount of then outstanding notes at the appropriate rate of interest but no interest shall accrue in respect of the part of the principal amount so utilized and converted.

(3) Fixed Interest Rate

For each Fixed Rate Interest Period, the notes will bear interest at the rate of 7.451% per annum (the “Fixed Interest Rate”).

(4) Floating Interest Rate

From (and including) the First Call Date, the notes will bear interest at a floating rate of interest (the “Floating Interest Rate”). The Floating Interest Rate in respect of each Floating Interest Period will be determined by the Calculation Agent on the relevant Interest Determination Date and shall be equal to three-month LIBOR plus the Margin.

(5) Determination of Floating Interest Rate and Calculation of Floating Interest Amounts

The rate of interest payable in respect of each Floating Interest Period (the “Rate of Interest”) will be determined by the Calculation Agent in accordance with the following provisions, on each Interest Determination Date:

- (i) The Calculation Agent will ascertain the offered rate for three-month U.S. dollar deposits in the London interbank market which appears on LIBOR Moneyline Telerate (as defined below) as of 11:00 a.m. (London time) on each Interest Determination Date. The Rate of Interest for the relevant Floating Interest Period shall be the rate per annum equal to the sum of the rate so determined by the Calculation Agent and the Margin;
- (ii) If for any reason such offered rate does not appear on LIBOR Moneyline Telerate, or if the LIBOR Moneyline Telerate is unavailable, the Calculation Agent will request the principal London office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a rate per annum) for three-month U.S. dollar deposits to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on the relevant Interest Determination Date and in an amount that is representative for a single transaction in such market at such time. The Rate of Interest for such Floating Interest Period shall be the rate per annum equal to the sum of (x) the arithmetic mean (rounded to four decimal places with 0.00005 being rounded upwards if necessary) of such offered quotations, as determined by the Calculation Agent, and (y) the Margin;
- (iii) If on any Interest Determination Date two or more but not all of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for the relevant Floating Interest Period shall be determined in accordance with sub-paragraph (2) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (iv) If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such offered quotations, the Rate of Interest for the relevant Floating Interest Period shall be the rate per annum which the Calculation Agent determines to be the sum of the arithmetic mean (rounded to four decimal places with 0.00005 being rounded upwards if necessary) of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately 11:00 a.m. (New York time) on the first day of the relevant Floating Interest Period for loans in U.S. dollars to leading European banks for a period of three months and in an amount that is representative for a single transaction in such market at such time.

If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date or, if none, 7.451% per annum.

(6) Publication of Floating Interest Rate and Floating Interest Amounts

The Bank shall cause notice of the Floating Interest Rate determined in accordance with this Condition 4 in respect of each relevant Interest Period and of the Floating Interest Amounts and the relevant Interest Payment Date to be given to the Fiscal Agent, the other Paying Agents and, in accordance with Condition 11, the noteholders, in each case as soon as practicable after their determination but in any event not later than the fourth Business Day thereafter.

(7) Calculation Agent

So long as any notes remain outstanding, the Bank will maintain a Calculation Agent. The name of the initial Calculation Agent is set out at the end of these Terms and Conditions. The Bank may from time to time replace the Calculation Agent with another leading investment, merchant or commercial bank in New York. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails duly to determine the Floating Interest Rate in respect of any Interest Period as provided in Condition 4(4), the Bank shall forthwith appoint another leading investment, merchant or commercial bank in New York to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(8) *Determinations of Calculation Agent Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent, shall (in the absence of willful default, bad faith or manifest or proven error) be binding on the Bank, the Calculation Agent, the Paying Agents and all noteholders and (in the absence as aforesaid) no liability to the noteholder or the Bank shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions in relation to the notes or the Fiscal Agency Agreement.

(9) *Sufficiency of Available Distributable Funds*

- (i) Payments of interest on any Interest Payment Date may not, when aggregated with all payments previously made in that fiscal year in respect of the notes, other Capital Securities ranking *pari passu* with the notes, Other Tier 1 Securities and Tier 1 Guarantees, exceed the Available Distributable Funds. Accordingly, to the extent that, on any Interest Payment Date, Available Distributable Funds (taking into account all payments previously made in that fiscal year as aforesaid) are insufficient to pay, or provide for payment in full of, all accrued but unpaid interest under the notes, other Capital Securities ranking *pari passu* with the notes, Other Tier 1 Securities and Tier 1 Guarantees (in each case falling due on that Interest Payment Date), the Bank will make partial payment of all accrued but unpaid interest under the notes, such other Capital Securities ranking *pari passu* with the notes, Other Tier 1 Securities and Tier 1 Guarantees *pro rata* to the extent of such Available Distributable Funds. If, and to the extent that Available Distributable Funds are insufficient or non-existent and the Bank makes partial payment of, or does not pay, accrued but unpaid interest, the right of the noteholders to receive accrued but unpaid interest in respect of the relevant Interest Period will be deferred until the Deferral End Date. At the Deferral End Date, the Bank will, subject as provided in the next paragraph, make full or partial payment of all deferred but unpaid interest under the notes, such other Capital Securities, Other Tier 1 Securities and Tier 1 Guarantees *pro rata* to the extent the Bank has accrued any Unallocated Distributable Profits, as determined by the Board of Directors of the Bank after consultation with the Bank's auditors, in such fiscal year. If, and to the extent that, any deferred payments remain unpaid after the applicable Deferral End Date, the right of the noteholders to receive such deferred payments will be lost. The Bank will have no obligation to make such payments of unpaid deferred interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid deferred interest will not be deemed to have "accrued" or been earned for any purpose.
- (ii) Notwithstanding anything to the contrary herein, the Bank will not make any payments of interest otherwise due (including on a Deferral End Date in accordance with these Terms and Conditions) if the Bank does not, or to the extent that the Bank, following payment of such interest, would no longer, meet the requirements with respect to Minimum Own Funds applicable to it, in which case the right of the noteholders to receive to such extent such payment of interest will be lost. The Bank will have no obligation to make such payments of unpaid interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose.
- (iii) The Bank covenants that, so long as any note is outstanding, if the most recent scheduled payments on the notes have not been made in full:
 - (a) the Board of Directors of the Bank shall not propose to its general meeting of shareholders to declare, pay or distribute, a dividend or any other amount on, or in respect of, any of its ordinary share capital;
 - (b) it shall not declare, pay or distribute interest, a dividend or any other amount on, or in respect of, any of its preference share capital, any Other Tier 1 Securities, any Junior Securities or make any payment on a Tier 1 Guarantee (except, in the case of Capital Securities ranking *pari passu* with the notes, any payments made on a *pro rata* basis as contemplated above);

- (c) it shall not redeem, purchase or otherwise acquire any of its ordinary shares (except in connection with transactions effected by or for the account of customers of the Bank or in connection with the distribution, trading or market-making in respect of such shares), its preference shares, any Other Tier 1 Securities or Junior Securities or purchase or otherwise acquire any security or obligation (however named or designated) benefiting from a Tier 1 Guarantee (save where those shares, securities or obligations being redeemed, purchased or acquired are replaced contemporaneously by an issue of shares, securities or obligations of the same aggregate principal amount and the same ranking in a voluntary or involuntary liquidation or bankruptcy of the Bank to those shares, securities or obligations being redeemed, purchased or acquired); and
- (d) it will procure that no payment is made, or any redemption, purchase or acquisition is effected, by any Subsidiary on any security or obligation (however named or designated) benefiting from a Tier 1 Guarantee,

in each case until, if all such scheduled payments are paid on the Deferral End Date applicable to such payment, such Deferral End Date or otherwise for a period of 12 months following the applicable Interest Payment Date.

Condition 4(9)(ii)(a) prohibits, in certain specified circumstances, the Board of Directors of the Bank from proposing to its general meeting of shareholders the declaration, payment or distribution of a dividend or any other amount on, or in respect of, any of its ordinary share capital. However, under Icelandic company laws, shareholders may in certain circumstances require the payment of a dividend on such shares. Condition 4(9)(ii)(a) does not in any way limit or circumvent such powers of shareholders under Icelandic company laws.

If the Bank deems that it does not have sufficient Available Distributable Funds to pay accrued interest on the notes on the next Interest Payment Date, the Bank shall, if reasonably practicable and if so permitted by the applicable regulations of any stock exchange upon which the Bank's equity or debt is then listed, give not more than 14 nor less than five days' prior notice thereof to the noteholders in accordance with Condition 11. The Bank shall also give not more than 14 nor less than five days' prior notice to the noteholders in accordance with Condition 11 in case of a deferred payment of interest out of Unallocated Distributable Profits. The Bank is responsible for determining whether it has Available Distributable Funds or Unallocated Distributable Profits and, on any occasion when it determines it has insufficient Available Distributable Funds to pay accrued interest on the next Interest Payment Date or Unallocated Distributable Profits to make a full or partial payment of accrued interest on any deferred Interest Payment Date prior to the Deferral End Date, it will procure that its auditors certify this to be the case and a copy of such certificate will be available for inspection at the specified office of each Paying Agent.

5. Payments

(1) Method of payment

Payments of the principal of, and interest on, each Global Note will be to or to the order of DTC's nominee as the registered owner of such Global Note. The Bank expects that DTC or its nominee, as the case may be, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of DTC or the nominee. The Bank also expects that payments by DTC participants to owners of beneficial interests in such Global Note held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Bank, the Fiscal Agent or any of their agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

(2) Payments subject to Fiscal Laws

Without prejudice to the terms of Condition 7, all payments made in accordance with these Terms and Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the noteholders in respect of such payments.

(3) Payments on Business Days

If the date for payment of any amount in respect of any note, or any later date on which any note is presented for payment, is not a Business Day, then the holder thereof shall not be entitled to payment at the place of payment of the amount payable until the next following business day at that place of payment and shall not be entitled to any further interest or other payment in respect of any such delay.

(4) Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Terms and Conditions. The Bank reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (i) there will at all times be a Fiscal Agent; and
- (ii) so long as the notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

6. Redemption and Purchase

(1) Bank Call Option

Subject to Condition 6(6) below, on the First Call Date or on any Interest Payment Date thereafter the Bank may, subject to prior approval of the FSA and having given not less than ten Business Days' notice to the noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all (but not some only) of the notes at an amount equal to the principal amount thereof together with any interest accrued to the date of redemption.

(2) Redemption due to Tax Event

Subject to Condition 6(6) below, if:

- (i) as a result of any change in, or amendment to, the laws or regulations of Iceland or any political subdivision of, or any authority in, or of, Iceland having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after September 14, 2006, on the occasion of the next payment due in respect of the notes the Bank would be required to pay additional amounts as provided or referred to in Condition 7; and
- (ii) the requirement cannot be avoided by the Bank taking reasonable measures available to it, the Bank may, subject to the prior approval of the FSA (provided that such approval is at such time required to be given in accordance with applicable rules, regulations and policies of the FSA), and after having given not less than 30 nor more than 60 days' notice to the noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all (but not some only) of the notes at an amount equal to the principal amount thereof together with any interest accrued to the date of redemption, such redemption to occur at any time prior to the First Call Date or, thereafter, only on an Interest Payment Date, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Bank would be required to pay the additional amounts were a payment in respect of the notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Bank shall deliver to the Fiscal Agent a certificate signed by two Directors of the Bank stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of

the notes and cannot be avoided by the Bank taking reasonable measures available to it and (b) an opinion of an independent Icelandic law firm of recognized standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of the change or amendment.

(3) Redemption due to Capital Event

Subject as provided in Condition 6(6) below, upon the occurrence of a Capital Event, the Bank may, subject to the prior approval of the FSA (provided that such approval is at such time required to be given in accordance with applicable rules, regulations and policies of the FSA), at its option, having given not less than 30 days' nor more than 60 days' notice to the noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all (but not some only) of the notes at any time prior to the First Call Date or, thereafter, only on any Interest Payment Date at an amount equal to the principal amount thereof together with any interest accrued to the date of redemption.

(4) Purchases

The Bank or any of its Subsidiaries may (subject to the prior approval of the FSA) at any time purchase notes in any manner and at any price. Notes purchased by the Bank or any of its Subsidiaries shall be cancelled.

(5) Cancellation

All notes which are redeemed will forthwith be cancelled and accordingly may not be reissued or resold.

(6) No Redemption until Reconversion of Converted Amounts

Save as provided in Condition 9, where any principal amount has been converted into a conditional capital contribution as described in Condition 3, the Bank shall not redeem the notes until (a) all Converted Amounts have been reconverted and reinstated as debt in full in accordance with Condition 3(6) and (b) after the Reinstatement Date.

7. Taxation

All payments of principal and interest in respect of the notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or government charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any note:

- (i) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note;
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date;
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant note to another Paying Agent in a Member State of the European Union.

8. Prescription

Claims against the Bank in respect of notes will become void unless presented for payment within a period of ten years (in the case of principal) and four years (in the case of interest) after the Relevant Date therefor.

9. Events of Default

(1) Events of Default

The following events or circumstances (each an “Event of Default”) shall be an event of default in relation to the notes:

- (i) the Bank shall default in the payment of principal for a period of three days in respect of any note which has become due and payable in accordance with these Terms and Conditions; or
- (ii) the Bank shall, to the extent that it is obliged to pay interest under Condition 4(9), default for a period of seven days in the payment of interest due on any note in accordance with these Terms and Conditions; or
- (iii) a court or agency or supervisory authority in Iceland (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Bank or all or substantially all of its property and such proceedings, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 20 days; or
- (iv) the Bank shall file a petition to take advantage of any insolvency statute or shall voluntarily suspend payment of its obligations.

(2) Notes Due and Payable

If any Event of Default shall have occurred and shall be continuing, any noteholder may give notice to the Bank that the note is, and it shall accordingly, subject to this Condition 9, forthwith become, immediately due and repayable, whether or not the whole or any part of any Converted Amount has been reconverted and reinstated as an obligation evidenced by the notes (as opposed to a conditional capital contribution), at an amount equal to the principal amount (construed as aforesaid) of the notes, together with interest (if any) on the principal amount accrued to, but excluding, the due date for redemption (provided that the Bank is obliged to make such payment of interest in accordance with Condition 4(9) or would be so obliged were the due date for repayment an Interest Payment Date).

(3) Remedies

If a note has been declared due and payable under this Condition 9, the noteholder may claim payment in respect of the notes only in the bankruptcy or liquidation of the Bank and may therefore institute such steps, including the obtaining of a judgment against the Bank for any amount due in respect of the notes, as it thinks desirable with a view to having the Bank declared bankrupt or put into liquidation.

(4) Other Remedies

A noteholder may institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under the notes (other than, without prejudice to Conditions

9(2) and (3) above, any obligation for the payment of any principal or interest in respect of the notes) provided that the Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(5) Providers of Converted Amounts

A provider of any Converted Amount may institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under Condition 2 or 3 provided that the Bank shall not by virtue of the institution of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it under these Conditions.

(6) Remedies Limited

No remedy against the Bank, other than as provided in sub-paragraphs (2), (3), (4) and (5) above, or proving or claiming in the liquidation or bankruptcy of the Bank in Iceland or elsewhere, shall be available to the noteholders, whether for the recovery of amounts owing in respect of the notes or in respect of any breach by the Bank of any of its obligations or undertakings with respect to the notes.

10. Replacement of Notes

Should any note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank may reasonably require. Mutilated or defaced notes must be surrendered before replacements will be issued.

11. Notices

(1) Notices given by the Bank

All notices will be delivered by us in writing to the holders of the notes. Any notices pursuant to, or communications with respect to, the notes, shall be deemed to have been given when delivered in person or when deposited in the mail by first class registered or certified airmail, postage prepaid to the holder of such notes at its address as indicated in the register of securities maintained by the Fiscal Agent pursuant to the Fiscal Agency Agreement. While any Global Note is held on behalf of DTC, notices to holders of notes represented by a beneficial interest in a Global Note may be given by delivery of the relevant notice to DTC and shall be deemed to have been given three days after delivery to DTC.

(2) Notices given by Noteholders

Notices to be given by any noteholder shall be in writing and given by lodging the same, together with the relative note or notes, with the Fiscal Agent.

12. Meetings of Noteholders and Modification

(1) Procedure

The Fiscal Agency Agreement contains provisions for convening meetings of the noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the notes or any of the provisions of the Fiscal Agency Agreement although any modification cannot be made without the prior approval of the FSA. Such a meeting may be convened by the Bank and shall be convened by the Bank if required in writing by noteholders holding not less than 5% in principal amount of the notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in principal amount of the notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing noteholders whatever the principal amount of the notes so held or represented, except that at any meeting the business of which includes the modifications of

certain provisions of the notes (including modifying the ranking of the notes or modifying any date for payment of interest on the notes, reducing or canceling the amount of principal or the rate of interest payable in respect of the notes or altering the currency of payment of the notes), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount of the notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the noteholders shall be binding on all the noteholders, whether or not they are present at the meeting.

(2) Modifications

The Fiscal Agent and the Bank may agree, without the consent of the noteholders but with the prior approval of the FSA, to:

- (i) any modification (except as mentioned in the parenthesis in Condition 12(1)) of the notes or the Fiscal Agency Agreement which could not reasonably be expected to be prejudicial to the interests of the noteholders; or
- (ii) any modification of the notes or the Fiscal Agency Agreement for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the noteholders and any such modification shall be notified to the noteholders in accordance with Condition 11 as soon as practicable thereafter.

13. Further Issues

The Bank shall be at liberty from time to time without the consent of the noteholders to create and issue further notes having terms and conditions the same as the notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding notes.

14. Governing Law and Submission to Jurisdiction

(1) Governing Law

The Fiscal Agency Agreement, the notes and all matters arising from or connected with the notes are governed by, and shall be construed in accordance with, the laws of the State of New York applicable to agreements made and performed in said State, except that the provisions of Conditions 2, 3, 4(9) and 9(5) shall be governed by, and shall be construed in accordance with, the laws of the Republic of Iceland.

(2) Jurisdiction

For the benefit of the noteholders, the Bank shall irrevocably agree that the Federal and State courts located in the Borough of Manhattan, The City of New York, are to have jurisdiction to hear and determine any suit, action or proceeding (together, "Proceedings") and to settle any disputes that may arise out of or in connection with the notes and that accordingly any Proceedings so arising may be brought in such courts. The Bank shall irrevocably waive any objection that it may now or in the future have to the laying of the venue of any Proceedings in such courts and any claim that such Proceedings have been brought in any inconvenient forum and further shall irrevocably agree that a judgment in any Proceedings brought in such courts shall be conclusive and binding upon the Bank and may be enforced in the courts of any other jurisdiction to the extent permitted by applicable law. Nothing contained in the Fiscal Agency Agreement shall limit the right of the noteholders to take Proceedings in any other court of competent jurisdiction; nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

To the extent that the Bank may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Bank or its assets or revenues, the Bank agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

(3) Appointment of Process Agent

The Bank shall agree that the process by which any Proceedings in The City of New York are begun may be served on the Bank by being delivered to CT Corporation System.

(4) Fiscal Agency Agreement

The Bank has in the Fiscal Agency Agreement submitted to the jurisdiction of New York courts, appointed an agent for service of process in terms substantially similar to those set out above.

15. Rights of Providers of Conditional Capital Contributions in a Bankruptcy or Liquidation

The following is a summary of advice received by the Bank from its legal advisers. It should be noted, however, that there is no established Icelandic law on certain matters relating to the ranking of claims of holders of conditional capital contributions in a bankruptcy or liquidation. The following summary therefore does not purport to be definitive and is qualified in its entirety by the terms and conditions of the notes.

“Under Icelandic law, there are no established rules on certain matters relating to the ranking of claims by the noteholders or providers of conditional capital contributions in a bankruptcy or liquidation. In the absence of such rules, the ranking of claims by the noteholders or the providers of conditional capital contributions is governed by the terms and conditions of the notes. Providers of conditional capital contributions are neither creditors nor shareholders of the Bank. They are conditional capital contributors who may be repaid if there are distributable funds available for such purposes in connection with the bankruptcy or liquidation of the Bank. In any such bankruptcy or liquidation, the rights of the providers of conditional capital contributions will be as set out in the terms of the notes. In the event of bankruptcy or liquidation, the providers of conditional capital contributions will be paid amounts represented by their conditional capital contributions ahead of ordinary shareholders, as the Bank, may neither distribute dividends “nor otherwise make payments” to its shareholders unless the converted amounts have been “reconverted and reinstated in full as principal of the notes in the balance sheet of the Bank or such amounts have been repaid”.

16. Definitions

For the purposes of these Terms and Conditions:

“Act” means the Icelandic Act on Financial Undertakings No. 161/2002, as amended from time to time.

“Available Distributable Funds” means, in respect of each fiscal year of the Bank, the aggregate amount, as calculated as at the end of the immediately preceding fiscal year in the individual financial statements of the Bank, of accumulated retained earnings and any other reserves and surpluses capable under Icelandic law of being available for distribution to holders of Bank Share Capital, but before deduction of the amount of any dividend or other distribution declared in respect of such prior fiscal year on Bank Share Capital.

“Bank Share Capital” means the ordinary shares of the Bank, together with all other securities of the Bank, ranking *pari passu* with the ordinary shares of the Bank as to participation in a liquidation surplus.

“Business Day” means a day upon which banks and foreign exchange markets are open for general business in London, Reykjavik and New York, New York.

“Calculation Agent” means JPMorgan Chase Bank, N.A. or any successor appointed under the Fiscal Agency Agreement.

“Capital Event” means the determination by the Bank (such determination to be evidenced by a certificate signed by two Directors of the Bank and to be binding on the noteholders without further investigation (copies of such certificate to be available for inspection at the specified office of the Fiscal Agent)), having received confirmation or similar proof thereof from the FSA, that the notes are no longer eligible for inclusion in Tier 1 Capital (*Eiginfjárháttur A*) of the Bank and for these purposes the notes shall be deemed to be so “eligible” notwithstanding that any limits in respect of obligations which can be included in determining such eligibility would be exceeded by including in such determination all or any part of the notes and accordingly for these purposes any such limits shall be disregarded.

“Capital Securities” means any subordinated and undated debt instruments of the Bank including Existing Tier 1 Securities which are recognized as “*Eiginfjárháttur A*” from time to time by the FSA and including, where the context so requires, the notes.

“Conversion Date” has the meaning given in Condition 3(2).

“Converted Amount” has the meaning given in Condition 3(1).

“Deferral End Date” means, in respect of an interest payment, the earlier of (i) the date on which the Bank accrues enough Unallocated Distributable Profits during the fiscal year of the Bank in which such interest payment was otherwise due, as determined by the Board of Directors of the Bank after consultation with the Bank’s auditors, to pay the entire deferred payment due under the notes and under other Capital Securities ranking *pari passu* with the notes and Other Tier 1 Securities, and makes such payments or (ii) December 31 of the fiscal year of the Bank in which such interest payment was otherwise due.

“Existing Tier 1 Securities” means the Bank’s €150,000,000 Non-cumulative Undated Subordinated Capital Notes, issued June 13, 2005, ¥5,000,000,000 Non-cumulative Undated Step-up Capital Notes, issued June 25, 2001 and ISK 1,000,000,000 Non-cumulative Undated Step-up Capital Notes, issued in December 2000.

“First Call Date” means September 14, 2016.

“Fiscal Agent” means JPMorgan Chase Bank, N.A. or any successor appointed under the Fiscal Agency Agreement.

“Fixed Interest Rate” has the meaning given in Condition 4(3).

“Fixed Rate Interest Period” means the period from (and including) the Issue Date to and including the First Call Date.

“Floating Interest Amounts” means the amount of interest payable in respect of a note on an Interest Payment Date for the relevant Interest Period.

“Floating Interest Rate” has the meaning given in Condition 4(4).

“FSA” means Financial Supervisory Authority of Iceland (*Fjármálaeftirlitid*) or any successor.

“Issue Date” means September 14, 2006.

“Interest Determination Date” means the second London Banking Day prior to the commencement of each Floating Interest Period.

“Junior Securities” means (i) Bank Share Capital, (ii) each class of preference shares of the Bank ranking junior to the notes, if any, and any other instrument of the Bank ranking junior to the notes, and (iii) preference

shares or any other instrument of any Subsidiary of the Bank subject to any guarantee or support agreement of the Bank ranking junior to the obligations of the Bank under the notes.

“LIBOR Moneyline Telerate” means the display designated as page 3750 of Moneyline Telerate (or a replacement or successor page on that service or a successor service for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

“London Banking Day” means a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

“Margin” means 3.117% per annum.

“Minimum Own Funds” has the meaning given in Condition 3(1).

“Other Tier 1 Securities” means any securities or obligations (however named or designated) which are eligible (as such term is construed in the definition of “Capital Event” above) to count as Tier 1 Capital of the Bank and which rank on a voluntary or involuntary liquidation or bankruptcy of the Bank *pari passu* with the notes and which will thus currently include the Existing Tier 1 Securities.

“Paying Agent” means JPMorgan Chase Bank, N.A. and J.P. Morgan Bank Luxembourg S.A. or any successor appointed under the Fiscal Agency Agreement.

“Presentation Date” means a day which (subject to Condition 8):

(a) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and London; and

(b) is a Business Day.

“Reference Banks” means each of four major banks in the London interbank market selected by the Calculation Agent.

“Reinstatement Date” has the meaning given in Condition 3(6).

“Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11.

“Special Event” means a Capital Event or a Tax Event.

“Subordinated Indebtedness” means any obligation, whether dated or undated, of the Bank which by its terms is, or is expressed to be, subordinated in the event of liquidation or bankruptcy of the Bank to the claims of depositors and all other unsubordinated creditors of the Bank other than obligations which rank *pari passu* with the notes, the Existing Tier 1 Securities and Other Tier 1 Securities and, for the avoidance of doubt, shall include obligations of the Bank which are subordinated in accordance with, and for the purposes of, Chapter X; Liquid Assets and Own Funds; Article 84 of the Act (or any other legislative provisions which modifies or replaces those positions).

“Subsidiary” means, in relation to the Bank, any company (i) in which the Bank holds a majority of the voting rights or (ii) of which the Bank is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Bank is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Bank.

“Tax Jurisdiction” means Iceland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Bank becomes subject in respect of payments made by it of principal and/or interest on the notes.

“Tier 1 Capital” means capital which is eligible (construed as aforesaid) to be treated as issued Tier 1 capital by the FSA either on a solo or on a consolidated basis.

“Tier 1 Guarantee” means any guarantee, indemnity or other contractual support arrangement entered into by the Bank in respect of securities or obligations (however named or designated) issued by a Subsidiary which constitutes Tier 1 Capital of the Bank.

“Unallocated Distributable Profits” means, in respect of each fiscal year of the Bank, the aggregate amount, as calculated during the course of such fiscal year in the individual financial statements of the Bank, of accumulated retained earnings and any other reserves, surpluses, including current operating profits, capable under Icelandic law of being available for distribution as cash dividends to holders of Bank Share Capital in the following fiscal year.

Reference in these Terms and Conditions to statutory or other legislative or regulatory provisions, shall be to such provisions as amended or replaced from time to time.

SCHEDULE A

Original Face Amount

Conversion Amount

Total Amount Outstanding

EXHIBIT B

CERTIFICATE FOR TRANSFERS TO A REGULATION S GLOBAL SECURITY
OR AN UNRESTRICTED GLOBAL SECURITY

(For transfers pursuant to § 4(d)(i) and (ii) of the Fiscal Agency Agreement)

JPMorgan Chase Bank, N.A., as Fiscal Agent
Attention: Corporate Trust Department
4 New York Plaza, 15th floor
New York, New York 10004
U.S.A.

Re: Non-Cumulative Undated Capital Notes of Glitnir banki hf.

Reference is made to the Fiscal Agency Agreement, dated as of September 14, 2006 (the “Fiscal Agency Agreement”), among Glitnir banki hf. (“Glitnir”), JPMorgan Chase Bank, N.A., as Fiscal Agent and J.P. Morgan Bank Luxembourg S.A., as Luxembourg Paying Agent. Terms used herein and defined in the Fiscal Agency Agreement or in Regulation S or Rule 144 under the U.S. Securities Act of 1933, as amended (the “Securities Act”), are used herein as so defined.

This certificate relates to U.S. \$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the “Specified Securities”):

CUSIP No(s). _____

CERTIFICATE No(s). _____

The Owner has requested that the Specified Securities be transferred to a person (the “Transferee”) who will take delivery in the form of a Regulation S Global Security (if the transfer is during the Restricted Period) or an Unrestricted Global Security.

The person in whose name this certificate is executed below (the “Undersigned”) hereby certifies that (i) it is the sole beneficial owner of the Specified Securities, (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so or (iii) it is the Holder of a Global Security and has received a certification to the effect set forth below. Such beneficial owner or owners are referred to herein collectively as the “Owner”. If the Specified Securities are represented by a Global Security, they are held through DTC or a DTC member in the name of the Undersigned, as or on behalf of the Owner.

In connection with such transfer, the Owner hereby certifies or has certified that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 904 of Regulation S or Rule 144 under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies or has certified as follows:

1. *Rule 904 Transfers.* If the transfer is being effected in accordance with Rule 904 of Regulation S:

(a) the Owner is not a distributor of the Securities, an affiliate of the Company or any such distributor or a person acting on behalf of any of the foregoing;

(b) the offer of the Specified Securities was not made to a person in the United States or for the account or benefit of a U.S. Person (as defined in Regulation S) or a U.S. resident for purposes of the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”);

(c) either:

(i) at the time the buy order was originated, the Transferee was outside the United States or the Owner and any person acting on its behalf reasonably believed that the Transferee was outside the United States and was not a U.S. person (as defined in Regulation S) or a U.S. resident for purposes of the Investment Company Act, or

(ii) the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the International Securities Market Association or another designated offshore securities market and neither the Owner nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;

(d) no directed selling efforts have been made in the United States by or on behalf of the Owner or any affiliate thereof;

(e) if the Owner is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(c)(1) have been satisfied; and

(f) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

2. *Rule 144 Transfers.* If the transfer is being effected pursuant to Rule 144:

the transfer is being made to a Qualified Purchaser (as defined in Section 2(a)(51)(A) of the Investment Company Act) and is occurring after a holding period of at least two years (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from Glitnir or from an affiliate of Glitnir, whichever is later.

This certificate and the statements contained herein are made for your benefit and the benefit of Glitnir.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By: _____

Name:

Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

EXHIBIT C

CERTIFICATE FOR TRANSFERS TO A 144A GLOBAL SECURITY

(For transfers pursuant to § (4(d)(iii) of the Fiscal Agency Agreement)

JPMorgan Chase Bank, N.A., as Fiscal Agent
Attention: Corporate Trust Department
4 New York Plaza, 15th floor
New York, New York 10004
U.S.A.

Re: Non-Cumulative Undated Capital Notes of Glitnir banki hf.

Reference is made to the Fiscal Agency Agreement, dated as of September 14, 2006 (the “Fiscal Agency Agreement”), among Glitnir banki hf. (“Glitnir”), as Issuer, JPMorgan Chase Bank, N.A., as Fiscal Agent and J.P. Morgan Bank Luxembourg S.A. as Luxembourg Paying Agent. Terms used but not defined herein and defined in Regulation S or in the Fiscal Agency Agreement shall have the meanings given to them in Regulation S or the Fiscal Agency Agreement, as the case may be.

This certificate relates to U.S. \$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the “Specified Securities”):

CUSIP No(s). _____
ISIN No. _____
CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the “Undersigned”) hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the “Owner”. If the Specified Securities are held through the DTC or a DTC member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the “Transferee”) who will take delivery in the form of an interest in the 144A Global Security. In connection with such transfer, the Owner hereby certifies that such transfer is being effected in accordance with Rule 144A under the Securities Act and all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

1. The Specified Securities are being transferred to a person that the Owner and any person acting on its behalf reasonably believe is a “qualified institutional buyer” within the meaning of Rule 144A who is a “qualified purchaser” within the meaning of Section 2(a)(51)(A) of the Investment Company Act, acquiring for its own account or for the account of such a person in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; and

2. The Owner and any person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Owner may be relying on Rule 144A in connection with the transfer.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the underwriters or initial purchasers, if any, of the initial offering of such Securities being transferred.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By: _____

Name:

Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

EXHIBIT D

FORM OF CERTIFICATE TO BE DELIVERED UPON
EXCHANGE OR REGISTRATION OF TRANSFER OF
INTERESTS TO A DEFINITIVE OF SECURITY

JPMorgan Chase Bank, N.A., as Fiscal Agent
Attention: Corporate Trust Department
4 New York Plaza, 15th floor
New York, New York 10004
U.S.A.

Re: Non-Cumulative Undated Capital Notes of Glitnir banki hf. (“Glitnir”)

This Certificate relates to \$ _____ principal amount of Securities held in * _____
book-entry or * _____ definitive form by _____ (the “Transferor”).

The Transferor*:

has requested the Fiscal Agent by written order to deliver in exchange for its beneficial interest in the Global Securities held by DTC a Security or Securities in definitive form equal to its beneficial interest in such Global Securities (or the portion thereof indicated above); or

has requested the Fiscal Agent by written order to exchange or register the transfer of a Security or Securities in definitive form.

In connection with such request and in respect of each such Security, the Transferor does hereby certify that the Transferor is familiar with the Fiscal Agency Agreement relative to the above captioned Securities and that the transfer of this Security complies with any applicable blue sky securities laws of any state of the United States and does not require registration under the Securities Act of 1933, as amended (the “Securities Act”) and will not cause Glitnir to be required to register under the Investment Company Act of 1940, as amended (the “Investment Company Act”) because:*

Such Security is being acquired for the Transferor’s own account without transfer.

Such Security is being transferred (i) to a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act) who is a “qualified purchaser” within the meaning of Section 2(a)(51)(A) of the Investment Company Act (a “Qualified Purchaser”), in reliance on Rule 144A under the Securities Act or (ii) outside the United States to a person who is neither a U.S. person (as defined in Regulation S under the Securities Act) nor a U.S. resident for purposes of the Investment Company Act pursuant to an exemption from registration in accordance with Rule 903 or 904 under the Securities Act (and in the case of clause (ii), based on an opinion of counsel if Glitnir so requests and together with a certification in substantially the form of Exhibit C to the Fiscal Agency Agreement).

Such Security is being transferred to a Qualified Purchaser (i) in accordance with Rule 144 under the Securities Act (and based on an opinion of counsel if Glitnir so requests) or (ii) pursuant to an effective registration statement under the Securities Act.

Such Security is being transferred to a Qualified Purchaser in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based on an opinion of counsel if Glitnir so requests).

[INSERT NAME OF TRANSFEROR]

By: _____
Name:
Title:
Address:

Date: _____

*Check applicable blank or box.

EXHIBIT E

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH
TRANSFERS UNDER REGULATION S PURSUANT TO SECTIONS 4(e)(i)(C) AND 4(f)(iii)

_____, 20__

JPMorgan Chase Bank, N.A., as Fiscal Agent
Attention: Corporate Trust Department
4 New York Plaza, 15th floor
New York, New York 10004
U.S.A.

Ladies and Gentlemen:

In connection with our proposed sale of certain Non-Cumulative Undated Capital Notes (the “Securities”) of Glitnir banki hf. (“Glitnir”), we represent that:

- (i) the offer of the Securities was not made to a person in the United States;
- (ii) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States and is neither a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”) nor a U.S. resident for purposes of the U.S. Investment Company Act of 1940, as amended;
- (iii) no directed selling efforts have been made by us in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, as applicable; and
- (iv) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

You and Glitnir are entitled to rely upon the acknowledgments, representations and agreements set forth in this letter and you are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S under the U.S. Securities Act of 1933, as amended.

Very truly yours,

[Name]

By: _____

Name:

Title:

Address: