

AMENDED AND RESTATED AGENCY AGREEMENT

23RD JUNE, 2008

GLITNIR BANKI hf.

€15,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

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AMENDED AND RESTATED AGENCY AGREEMENT

in respect of a

€15,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

THIS AGREEMENT is made on 23rd June, 2008

BETWEEN:

- (1) **GLITNIR BANKI HF.** (formerly Íslandsbanki hf.) (the **Issuer**);
- (2) **THE BANK OF NEW YORK** acting through its specified office in London (the **Principal Paying Agent**, which expression shall include any successor principal paying agent appointed in accordance with Clause 24);
- (3) **THE BANK OF NEW YORK** acting through its specified office in London (the **Registrar**, which expression shall include any successor registrar appointed under Clause 24);
- (4) **THE BANK OF NEW YORK (LUXEMBOURG), S.A.** and **THE BANK OF NEW YORK** acting through its specified office in London (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agent appointed in accordance with Clause 24 and **Paying Agent** shall mean any of the Paying Agents); and
- (5) **THE BANK OF NEW YORK (LUXEMBOURG), S.A.** and **THE BANK OF NEW YORK** acting through its specified office in London (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agent appointed under Clause 24 and Transfer Agent shall mean any of the Transfer Agents).

WHEREAS:

- A. The Issuer and the other parties named therein entered into an amended and restated agency agreement dated 5th July 2007 (the **Original Agency Agreement**).
- B. The Issuer has entered into an amended and restated programme agreement dated 23rd June, 2008 (the **Programme Agreement**) with the dealers named therein pursuant to which the Issuer may issue Notes up to a maximum aggregate principal amount of €15,000,000,000.
- C. The parties hereto have agreed to make certain modifications to the Original Agency Agreement.
- D. The Original Agency Agreement is hereby amended and restated.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Terms and expressions defined in the Programme Agreement or the Notes or used in the applicable Final Terms shall have the same meanings in this Agreement, except where the context requires otherwise or unless otherwise stated.

1.2 Without prejudice to the foregoing:

Agent means each of the Paying Agents and the Transfer Agents;

Auditors means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of this Agreement and/or the Conditions, such other independent firm of accountants as may be selected by the Issuer;

Bearer Notes means those of the Notes which are in bearer form;

Calculation Agency Agreement in relation to any Series of Notes means an agreement in or substantially in the form of Schedule 1;

Calculation Agent means, in relation to the Notes of any Series, the person appointed as calculation agent in relation to such Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of such Notes;

CGN means a Temporary Bearer Global Note in the form set out in Part 1 of Schedule 6 or a Permanent Bearer Global Note in the form set out in Part 2 of Schedule 6, in either case where the applicable Final Terms specifies that the Notes are not NGNs;

Clearstream, Luxembourg means Clearstream Banking, société anonyme;

Conditions means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting such Series, such terms and conditions being in or substantially in the form set out in Schedule 2 or in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer as modified and supplemented by the applicable Final Terms;

Coupon means an interest coupon appertaining to a Definitive Bearer Note (other than a Zero Coupon Note), such coupon being:

- (a) if appertaining to a Fixed Rate Note, in the form or substantially in the form set out in Part 6, Part A of Schedule 6 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer; or

- (b) if appertaining to a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note, in the form or substantially in the form set out in Part 6, Part B of Schedule 6 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer; or
- (c) if appertaining to a Definitive Bearer Note which is neither a Fixed Rate Note, a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note, in such form as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer,

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 11;

Couponholders means the several persons who are for the time being holders of the Coupons and shall, unless the context otherwise requires, include the holders of Talons;

Deed Poll means the deed poll dated 28 July 2005, substantially in the form set out in Schedule 7, executed as a deed by the Issuer in favour of the holders of the Rule 144A Global Notes or any beneficial interest in them or any prospective purchasers of the Rule 144A Global Notes designated by any holder or beneficial owner of the Rule 144A Global Notes;

Deed of Covenant means the deed of covenant dated the date of this Agreement, substantially in the form set out in Schedule 3, executed as a deed by the Issuer in favour of certain accountholders with Euroclear and Clearstream, Luxembourg and any other agreed clearing system;

Definitive Bearer Note means a Bearer Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer in exchange for a Global Note in bearer form or part thereof, such Definitive Bearer Note being in or substantially in the form set out in Part 5 of Schedule 6 with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer and having the Conditions endorsed thereon or, if permitted by the relevant authority or authorities and agreed by the Issuer and the relevant Dealer, incorporated therein by reference and having the applicable Final Terms (or the relevant provisions thereof) either incorporated therein or endorsed thereon and (except in the case of a Zero Coupon Note) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue;

Definitive Notes means Definitive Bearer Notes and/or, as the context may require, Definitive Registered Notes;

Definitive Registered Note means a Registered Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer in exchange for all or part of a Rule 144A Global Note or Regulation S Global

Note, the Registered Note in definitive form being in or substantially in the form set out in Part 9 of Schedule 6 or Part 10 of Schedule 6 respectively with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer and having the Conditions endorsed on it or attached to it or, if permitted by the relevant authority or authorities and agreed by the Issuer and the relevant Dealer, incorporated in it by reference and having the applicable Final Terms (or the relevant provisions of the applicable Final Terms) either incorporated in it or endorsed on it or attached to it;

Distribution Compliance Period has the meaning given to such term in Regulation S under the Securities Act;

DTC means The Depository Trust Company;

Dual Currency Interest Note means a Note in respect of which payments of interest are made or to be made in such different currencies, and at rates of exchange calculated upon such basis or bases, as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms;

Dual Currency Note means a Dual Currency Interest Note and/or a Dual Currency Redemption Note, as applicable;

Dual Currency Redemption Note means a Note in respect of which payments of principal are made or to be made in such different currencies and at rates of exchange calculated upon such basis or bases, as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms;

Euroclear means Euroclear Bank S.A./N.V.;

Eurosystem-eligible NGN means a NGN which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms;

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

Floating Rate Note means a Note on which interest is calculated at a floating rate, payable on an Interest Payment Date or Interest Payment Dates as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

Global Note means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note and/or a Regulation S Global Note and/or a Rule 144A Global Note, as the context may require;

Index Linked Interest Note means a Note in respect of which the amount of interest payable is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms;

Index Linked Note means an Index Linked Interest Note and/or an Index Linked Redemption Note, as applicable;

Index Linked Redemption Note means a Note in respect of which the amount of principal payable is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms;

Interest Commencement Date means, in the case of interest bearing Notes, the date specified in the applicable Final Terms from and including which such Notes bear interest, which may or may not be the Issue Date;

Issue Date means, in respect of any Note, the date of issue and purchase of such Note pursuant to Clause 2 of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer being, in the case of any Definitive Note represented initially by a Global Note, the same date as the date of issue of the Global Note which initially represented such Note;

Issue Price means the price, generally expressed as a percentage of the nominal amount of the Notes, at which the Notes will be issued;

NGN means a Temporary Bearer Global Note in the form set out in Part 1 of Schedule 6 or a Permanent Bearer Global Note in the form set out in Part 2 of Schedule 6 in either case where the applicable Final Terms specifies that the Notes are NGNs;

Note means a note issued or to be issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Noteholders means the several persons who are for the time being the bearers of Bearer Notes and the registered holders of Registered Notes save that, in respect of the Notes of any Series, (i) for so long as such Notes or any part thereof are represented by a Bearer Global Note held on behalf of Euroclear and Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes of such Series (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the relevant Bearer Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer or registered holder of the relevant Bearer Global Note shall be treated by the Issuer and any Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Bearer Global Note and (ii) so long as DTC or its nominee is the registered owner or holder of a Rule 144A Global Note or a Regulation S Global Note, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note or Regulation S Global Note, as the case may be, for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with

DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants and, in each case, the expressions **Noteholder**, **holder of Notes** and related expressions shall be construed accordingly;

outstanding means, in relation to the Notes of any Series, all the Notes issued other than:

- (a) those Notes which have been redeemed and cancelled pursuant to the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Conditions after such date) have been duly paid to or to the order of the Principal Paying Agent in the manner provided herein (and where appropriate notice to that effect has been given to the relative Noteholders in accordance with the Conditions and remain available for payment against presentation of the relevant Notes and/or Receipts and/or Coupons;
- (c) those Notes which have been purchased and cancelled in accordance with the Conditions;
- (d) those Notes in respect of which claims have become prescribed under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to the Conditions;
- (f) (for the purpose only of ascertaining the nominal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to the Conditions;
- (g) any Temporary Bearer Global Note to the extent that it shall have been exchanged for Definitive Bearer Notes or a Permanent Bearer Global Note and any Permanent Bearer Global Note to the extent that it shall have been exchanged for Definitive Notes in each case pursuant to its provisions; and
- (h) any Rule 144A Global Note or Regulation S Global Note to the extent that it has been exchanged for Definitive Registered Notes.

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders of the Series; and
- (ii) the determination of how many and which Notes of the Series are for the time being outstanding for the purposes of Condition 15 and paragraphs 2, 5 and 6 of Schedule 5,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer or any Subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

Permanent Bearer Global Note means a global note in the form or substantially in the form set out in Part 2 of Schedule 6 together with the copy of the applicable Final Terms attached thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer, comprising some or all of the Bearer Notes of the same Series issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Principal Subsidiary of the Issuer means at any time a Subsidiary of the Issuer:

- (a) whose gross revenues attributable to the Issuer (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 5 per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:
 - (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Auditors of the Issuer; and
 - (ii) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated gross revenues attributable to the Issuer and consolidated total assets shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared and audited for this purpose by the Auditors of the Issuer or the auditors for the time being of the relevant Subsidiary; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a

Principal Subsidiary of the Issuer, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary of the Issuer and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or before, on or at any time after such date by virtue of the provisions of this subparagraph (b) or subparagraph (c) below; or

- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and its Subsidiaries relate, generate gross revenues attributable to the Issuer equal to) not less than five per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than five per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary of the Issuer) shall upon such transfer forthwith cease to be a Principal Subsidiary of the Issuer unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate gross revenues attributable to the Issuer equal to) not less than five per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than five per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or before, on or at any time after such date by virtue of the provisions of this subparagraph (c) or subparagraph (b) above.

For the purposes of this definition if there shall at any time not be any relevant audited consolidated accounts of the Issuer and its Subsidiaries, references thereto herein shall be deemed to refer to a consolidation by the Auditors of the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries.

A certificate by two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a

Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties, provided that in giving such certificate the Directors must act reasonably and in good faith, and on the basis of the latest audited, and, in the case of the Issuer, consolidated, financial statements for the entities concerned.

Put Notice means a notice in the form set out in Schedule 4;

Receipt means a receipt attached on issue to a Definitive Bearer Note redeemable in instalments for the payment of an instalment of principal, such receipt being in or substantially in the form set out in Part 6 of Schedule 6 or in such other form as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer and includes any replacements for Receipts issued pursuant to Condition 11;

Receiptholders means the several persons who are for the time being holders of the Receipts;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent or as specified in the applicable Final Terms;

Registered Notes means those of the Notes which are in registered form;

Regulation S Global Note means a Registered Global Note in or substantially in the form set out in Part 9 of Schedule 6 together with the copy of the applicable Final Terms attached to it with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer, comprising some or all of the Registered Notes of the same series issued by the Issuer outside the United States in reliance on Regulation S under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer.

Rule 144A Global Note means a Rule 144A Global Note in or substantially in the form set out in Part 3 of Schedule 6 together with the copy of the applicable Final Terms attached to it with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer, comprising some or all of the Registered Notes of the same series issued by the Issuer to QIBs who are also Qualified Purchasers in reliance on Rule 144A under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Securities Act means the United States Securities Act of 1933, as amended;

Series means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Notes of the relevant Series** and **holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

Specified Time means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR);

Specified Office in relation to any Agent means its office specified in the Procedures Memorandum;

Subsidiary means an entity from time to time of which the Issuer (a) has direct or indirect control or (b) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership; **control** for this purpose means the power to direct the management and the policies of the entity, whether through the ownership of voting capital, by contract or otherwise;

Talon means a talon attached on issue to a Definitive Bearer Note (other than a Zero Coupon Note) which is exchangeable in accordance with the provisions therein contained for further Coupons appertaining to such Note, such talon being in or substantially in the form set out in Part 7 of Schedule 6 or in such other form as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer and includes any replacements for Talons issued pursuant to Condition 11;

Temporary Bearer Global Note means a global note in the form or substantially in the form set out in Part 1 of Schedule 6 together with the copy of the applicable Final Terms attached thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer, comprising some or all of the Bearer Notes of the same Series issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Tranche means Notes which are identical in all respects (including as to listing);

Transfer Certificate means a certificate in the form set out in Part A of Schedule 8 in relation to Rule 144A Global Notes and Part B of Schedule 8 in relation to Regulation S Global Notes; and

Zero Coupon Note means a Note on which no interest is payable.

- 1.3 Words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other gender and words denoting persons only shall include firms and corporations and *vice versa*.
- 1.4 All references in this Agreement to the **records** of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes.
- 1.5 All references in this Agreement to costs or charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof.
- 1.6 Any references to Notes shall, unless the context otherwise requires, include any Global Note representing such Notes.

- 1.7 For the purposes of this Agreement, the Notes of each Series shall form a separate series of Notes and the provisions of this Agreement shall apply mutatis mutandis separately and independently to the Notes of each Series and in this Agreement the expressions **Notes, Noteholders, Receipts, Receiptholders, Coupons, Couponholders, Talons** and related expressions shall be construed accordingly.
- 1.8 All references in this Agreement to principal and/or interest or both in respect of the Notes or to any moneys payable by the Issuer under this Agreement shall be construed in accordance with Condition 6.
- 1.9 All references in this Agreement to the **relevant currency** shall be construed as references to the currency or composite currency in which the relevant Notes and/or Coupons are denominated (or payable in the case of Dual Currency Notes).
- 1.10 In this Agreement, clause headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Agreement. All references in this Agreement to the provisions of any statute shall be deemed to be references to that statute as from time to time modified, extended, amended or re-enacted or to any statutory instrument, order or regulation made thereunder or under such re-enactment.
- 1.11 All references in this Agreement to an agreement, instrument or other document (including, without limitation, this Agreement, the Programme Agreement, the Deed of Covenant, the Deed Poll, the Procedures Memorandum, the Notes and any Conditions appertaining thereto, the Receipts and the Coupons) shall be construed as a reference to that agreement, instrument or document as the same may be amended, modified, varied or supplemented from time to time.
- 1.12 Any references herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Principal Paying Agent or, as the case may be, the Registrar.
- 1.13 All references in this Agreement to a Directive include any relevant implementing measure of each Member State of the EEA which has implemented such Directive.
- 1.14 As used herein, in relation to any Notes which are to have a “listing” or be “listed” (i) on the London Stock Exchange, **listing** and **listed** shall be construed to mean that such Notes have been admitted to the Official List and admitted to trading on the London Stock Exchange’s Regulated Market and (ii) on any other Stock Exchange within the EEA, **listing** and **listed** shall be construed to mean that Notes have been admitted to trading on a market within that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EL).

2. APPOINTMENT OF AGENTS

- 2.1 The Principal Paying Agent is hereby appointed, and the Principal Paying Agent hereby agrees to act, as agent of the Issuer, upon the terms and subject to the conditions set out below, for the purposes of, *inter alia*:

- (a) completing, authenticating and delivering Temporary Bearer Global Notes and Permanent Bearer Global Notes and (if required) authenticating and delivering Definitive Bearer Notes;
- (b) giving effectuation instructions in respect of each Global Note which is an Eurosystem-eligible NGN;
- (c) exchanging Temporary Bearer Global Notes for Permanent Bearer Global Notes or Definitive Bearer Notes, as the case may be, in accordance with the terms of Temporary Bearer Global Notes and, in respect of any such exchange, (i) making all notations on Global Notes in bearer form which are CGNs as required by their terms and (ii) instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Global Notes in bearer form which are NGNs;
- (d) exchanging Permanent Bearer Global Notes for Definitive Bearer Notes in accordance with the terms of Permanent Bearer Global Notes and, in respect of any such exchange, (i) making all notations on Permanent Bearer Global Notes which are CGNs required by their terms and (ii) instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Permanent Bearer Global Notes which are NGNs;
- (e) paying sums due on Global Notes in bearer form, Definitive Notes, Receipts and Coupons and instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Global Notes in bearer form which are NGNs;
- (f) exchanging Talons for Coupons in accordance with the Conditions;
- (g) determining the end of the Distribution Compliance Period applicable to each Tranche in accordance with Clause 5 below;
- (h) unless otherwise specified in the applicable Final Terms, determining the interest and/or other amounts payable in respect of the Notes in accordance with the Conditions;
- (i) arranging on behalf of and at the expense of the Issuer for notices to be communicated to the Noteholders in accordance with the Conditions;
- (j) ensuring that, as directed by the Issuer, all necessary action is taken to comply with any reporting requirements of any competent authority in respect of any relevant currency as may be in force from time to time with respect to the Notes to be issued under the Programme;
- (k) subject to the Procedures Memorandum, submitting to the relevant authority or authorities such number of copies of each Final Terms which relates to Notes which are to be listed as the relevant authority or authorities may reasonably require;

- (l) acting as Calculation Agent in respect of Notes where named as such in the applicable Final Terms; and
 - (m) performing all other obligations and duties imposed upon it by the Conditions, this Agreement and the Procedures Memorandum.
- 2.2 Each Paying Agent is hereby appointed, and each Paying Agent hereby agrees to act, as paying agent of the Issuer, upon the terms and subject to the conditions set out below, for the purposes of paying sums due on any Notes, Receipts and Coupons and performing all other obligations and duties imposed upon it by the Conditions and this Agreement.
- 2.3 Each Transfer Agent is appointed, and each Transfer Agent agrees to act, as transfer agent of the Issuer, upon the terms and subject to the conditions set out below for the purposes of effecting transfers of Definitive Registered Notes and performing all the other obligations and duties imposed upon it by the Conditions and this Agreement.
- 2.4 The Registrar is appointed, and the Registrar agrees to act, as registrar of the Issuer, upon the terms and subject to the conditions set out below, for the following purposes:
- (a) completing, authenticating and delivering Rule 144A Global Notes and Regulation S Global Notes and authenticating and delivering Definitive Registered Notes;
 - (b) paying sums due on Registered Notes; and
 - (c) performing all the other obligations and duties imposed upon it by the Conditions, this Agreement and the Procedures Memorandum, including, without limitation, those set out in Clause 10.

The Registrar may from time to time, subject to the prior written consent of the Issuer, delegate certain of its functions and duties set out in this Agreement to the Principal Paying Agent.

- 2.5 In relation to each issue of Eurosystem-eligible NGNs, the Issuer hereby authorises and instructs the Principal Paying Agent to elect Euroclear as common safekeeper. From time to time, the Issuer and the Principal Paying Agent may agree to vary this election. The Issuer acknowledges that any such election is subject to the right of Euroclear and Clearstream, Luxembourg to jointly determine that the other shall act as common safekeeper in relation to any such issue and agrees that no liability shall attach to the Principal Paying Agent in respect of such election made by it.

3. ISSUE OF GLOBAL NOTES

- 3.1 Subject to subclause 3.2 below, following receipt of a faxed copy of a Final Terms signed by the Issuer, the Issuer hereby authorises the Principal Paying Agent and the Registrar, and the Principal Paying Agent and the Registrar hereby agree, to take the steps required of them in the Procedures Memorandum. For this purpose the Principal Paying Agent or, as the case may be, the Registrar will, *inter alia*, on behalf of the Issuer:

- (a) (in the case of the Principal Paying Agent) prepare a Temporary Bearer Global Note and/or (if so specified in the applicable Final Terms) a Permanent Bearer Global Note or (in the case of the Registrar) (if so specified in the applicable Final Terms) a Rule 144A Global Note or a Regulation S Global Note, by attaching a copy of the applicable Final Terms to a copy of the signed master Global Note;
- (b) in the case of the first Tranche of any Series of Notes authenticate (or procure the authentication of) the relevant Global Note;
- (c) (in the case of the Principal Paying Agent) deliver such Temporary Bearer Global Note and/or Permanent Bearer Global Note to the specified common depository (if the Temporary Bearer Global Note and/or Permanent Bearer Global Note is a CGN) or specified common safekeeper (if the Temporary Bearer Global Note and/or Permanent Bearer Global Note is a NGN) of Euroclear and Clearstream, Luxembourg and, in the case of a Temporary Bearer Global Note and/or Permanent Bearer Global Note which is a Eurosystem-eligible NGN, to instruct the common safekeeper to effectuate the same;
- (d) (in the case of the Principal Paying Agent) if the Temporary Bearer Global Note and/or Permanent Bearer Global Note is a NGN, instruct Euroclear and Clearstream, Luxembourg to make the appropriate entries in their records to reflect the initial outstanding aggregate principal amount of the relevant Tranche of Notes;
- (e) (in the case of the Registrar) deliver in the case of a Rule 144A Global Note or a Regulation S Global Note registered in the name of a nominee for DTC, the Rule 144A Global Note or Regulation S Global Note to a custodian for DTC against receipt from DTC of confirmation that (i) in the case of Notes issued on a non-syndicated basis, that Notes represented by the Rule 144A Global Note or the Regulation S Global Note have been credited to the relevant Dealer's participant account (or the participant account of the DTC participant through which the relevant Dealer is acting) and (ii) in the case of Notes issued on a syndicated basis, that Notes represented by the Rule 144A Global Note or the Regulation S Global Note are held to the Issuer's order; and
- (f) ensure that the Notes of each Tranche are assigned, as applicable, security numbers (including, but not limited to, CUSIP numbers, CINS numbers, common codes and ISINs) which are different from the security numbers assigned to Notes of any other Tranche of the same Series until at least expiry of the applicable Distribution Compliance Period in respect of the Tranche.

3.2 Each of the Principal Paying Agent and the Registrar shall only be required to perform its obligations under subclause 3.1 above if it holds (as applicable)

- (a) a master Temporary Bearer Global Note and a master Permanent Bearer Global Note, each duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Principal Paying Agent

for the purpose of preparing Temporary Bearer Global Notes and Permanent Bearer Global Notes, respectively, in accordance with subclause 3.1(a) and Clause 4;

- (b) a master Rule 144A Global Note and a master Regulation S Global Note each duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Registrar for the purpose of preparing Rule 144A Global Notes or Regulation S Global Notes in accordance with subclause 3.1(a); and
 - (c) signed copies of the applicable Final Terms.
- 3.3 The Issuer undertakes to ensure that the Principal Paying Agent receives copies of each document specified in subclause 3.2 above in a timely manner.
- 3.4 Where the Principal Paying Agent delivers any authenticated Global Notes to a common safe keeper for effectuation using electronic means, it is authorised and instructed to destroy the Global Note retained by it following its receipt of confirmation from the common safekeeper that the relevant Global Note has been effectuated.

4. EXCHANGE OF GLOBAL NOTES

- 4.1 The Principal Paying Agent shall determine the Exchange Date for each Temporary Bearer Global Note in accordance with the terms thereof. Forthwith upon determining any Exchange Date, the Principal Paying Agent shall notify such determination to the Issuer, the other Agents, the relevant Dealer, Euroclear and Clearstream, Luxembourg.
- 4.2 Where a Temporary Bearer Global Note is to be exchanged for a Permanent Bearer Global Note, the Principal Paying Agent is hereby authorised by the Issuer and instructed:
- (a) in the case of the first Tranche of any Series of Bearer Notes, to prepare and complete a Permanent Bearer Global Note in accordance with the terms of the Temporary Bearer Global Note applicable to such Tranche by attaching a copy of the applicable Final Terms to a copy of the master Permanent Bearer Global Note;
 - (b) in the case of the first Tranche of any Series of Bearer Notes, to authenticate such Permanent Bearer Global Note;
 - (c) in the case of the first Tranche of any Series of Bearer Notes if the Permanent Bearer Global Note is a CGN, to deliver such Permanent Bearer Global Note to the common depositary which is holding the Temporary Bearer Global Note applicable to such Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg to hold on behalf of the Issuer pending its exchange for the Temporary Bearer Global Note;
 - (d) in the case of the first Tranche of any Series of Notes if the Permanent Bearer Global Note is a NGN, to deliver the Permanent Bearer Global Note to the

common safekeeper which is holding the Temporary Bearer Global Note representing the Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg to effectuate (in the case of a Permanent Bearer Global Note which is a Eurosystem-eligible NGN) and to hold on behalf of the Issuer pending its exchange for the Temporary Bearer Global Note;

- (e) in the case of a subsequent Tranche of any Series of Notes if the Permanent Bearer Global Note is a CGN, to attach a copy of the applicable Final Terms to the Permanent Bearer Global Note applicable to the relevant Series and to enter details of any exchange in whole or part; and
- (f) in the case of a subsequent Tranche of any Series of Notes if the Permanent Bearer Global Note is a NGN, to deliver the applicable Final Terms to the specified common safekeeper for attachment to the Permanent Bearer Global Note applicable to the relevant Series.

4.3 Where a Global Note is to be exchanged for Definitive Notes in accordance with its terms, the Principal Paying Agent or, as the case may be, the Registrar is hereby authorised by the Issuer and instructed:

- (a) to authenticate such Definitive Note(s) in accordance with the provisions of this Agreement; and
- (b) to deliver such Definitive Note(s) (in the case of Definitive Bearer Notes) to or to the order of Euroclear and/or Clearstream, Luxembourg and in the case of Definitive Registered Notes) as the Registrar may be directed by the holder of the Definitive Registered Notes.

4.4 Upon any exchange of all or a portion of an interest in a Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or upon any exchange of all of an interest in a Temporary Bearer Global Note or a Permanent Bearer Global Note for Definitive Bearer Notes, the Principal Paying Agent shall (i) procure that the relevant Global Note shall, if it is a CGN, be endorsed by or on behalf of the Principal Paying Agent to reflect the reduction of its nominal amount by the aggregate nominal amount so exchanged and, where applicable, the Permanent Bearer Global Note shall be endorsed by the Principal Paying Agent or on its behalf to reflect the increase in its nominal amount as a result of any exchange for an interest in the Temporary Bearer Global Note or (ii) in the case of any Global Note in bearer form which is a NGN, instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such exchange. Until exchanged in full, the holder of an interest in any Bearer Global Note shall in all respects be entitled to the same benefits under this Agreement as the holder of Definitive Bearer Notes, Receipts and Coupons authenticated and delivered hereunder, subject as set out in the Conditions. The Principal Paying Agent is hereby authorised on behalf of the Issuer (a) in the case of any Global Note in bearer form which is a CGN, to endorse or to arrange for the endorsement of the relevant Bearer Global Note to reflect the reduction in the nominal amount represented thereby by the amount so exchanged and, if appropriate, to endorse the Permanent Bearer Global Note to reflect any increase

in the nominal amount represented thereby and, in either case, to sign in the relevant space on the relevant Bearer Global Note recording such exchange and reduction or increase, (b) in the case of any Global Note which is a NGN, to instruct Euroclear and Clearstream to make appropriate entries in their records to reflect such exchange and (c) in the case of a total exchange, to cancel or arrange for the cancellation of the relevant Bearer Global Note.

- 4.5 Upon any exchange of all or part of an interest in a Rule 144A Global Note or a Regulation S Global Note for Definitive Registered Notes, the relevant Rule 144A Global Note or Regulation S Global Note shall be presented to the Registrar and endorsed to reflect the reduction in its normal amount by the Registrar or on its behalf. The Registrar is authorised on behalf of the Issuer (a) to endorse or to arrange for the endorsement of the relevant Rule 144A Global Note or Regulation S Global Note to reflect the reduction in the nominal amount represented by it and to sign in the relevant space on the relevant Rule 144A Global Note or Regulation S Global Note recording the exchange and reduction, (b) to make all appropriate entries on the Register and (c) in the case of a total exchange, to cancel or arrange for the cancellation of the relevant Rule 144A Global Note or Regulation S Global Note.
- 4.6 The Principal Paying Agent or the Registrar, as the case may be, shall notify the Issuer forthwith upon receipt of a request for issue of Definitive Notes in accordance with the provisions of a Global Note and the aggregate nominal amount of such Global Note to be exchanged in connection therewith.
- 4.7 The Issuer undertakes to deliver to the Principal Paying Agent and the Registrar sufficient numbers of executed Definitive Notes with, in the case of Definitive Bearer Notes if applicable, Receipts, Coupons and Talons attached, to enable each of the Principal Paying Agent and the Registrar to comply with its obligations under this Agreement.

5. DETERMINATION OF END OF DISTRIBUTION COMPLIANCE PERIOD

- 5.1 In the case of a Tranche issued in reliance upon Regulation S under the Securities Act in respect of which there is only one Dealer, the Principal Paying Agent will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the date certified by the relevant Dealer to the Principal Paying Agent as being the date as of which distribution of the Notes of that Tranche was completed.
- 5.2 In the case of a Tranche issued in reliance upon Regulation S under the Securities Act in respect of which there is more than one Dealer but which is not issued on a syndicated basis, the Principal Paying Agent will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the latest of the dates certified by all the relevant Dealers to the Principal Paying Agent as being the respective dates as of which distribution of the Notes of that Tranche purchased by each such Dealer was completed.

- 5.3 In the case of a Tranche issued on a syndicated basis issued in reliance upon Regulation S under the Securities Act, the Principal Paying Agent will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the date certified by the Lead Manager to the Principal Paying Agent as being the date as of which distribution of the Notes of that Tranche was completed.
- 5.4 Forthwith upon determining the end of the Distribution Compliance Period in respect of any Tranche issued in reliance upon Regulation S under the Securities Act, the Principal Paying Agent shall notify such determination to the Issuer, Euroclear, Clearstream, Luxembourg and the relevant Dealer or Lead Manager, as the case may be.

6. TERMS OF ISSUE

- 6.1 Each of the Principal Paying Agent and the Registrar shall cause all Notes delivered to and held by it under this Agreement to be maintained in safe custody and shall ensure that such Notes are issued only in accordance with the provisions of this Agreement, the Conditions and, where applicable, the relevant Global Note.
- 6.2 Subject to the procedures set out in the Procedures Memorandum, for the purposes of Clause 3, each of the Principal Paying Agent and the Registrar is entitled to treat a telephone, telex or facsimile communication from a person purporting to be (and who the Principal Paying Agent or the Registrar, as the case may be, believes in good faith to be) the authorised representative of the Issuer named in the list referred to in, or notified pursuant to, Clause 22.7 below, or any other list duly provided for such purpose by the Issuer to the Principal Paying Agent or the Registrar, as the case may be, as sufficient instructions and authority of the Issuer for the Principal Paying Agent or the Registrar to act in accordance with Clause 3.
- 6.3 In the event that a person who has signed a master Global Note or master Definitive Note held by the Principal Paying Agent or the Registrar, as the case may be, on behalf of the Issuer ceases to be authorised as described in Clause 22.7, each of the Principal Paying Agent and the Registrar shall (unless the Issuer gives notice to the Principal Paying Agent or the Registrar, as the case may be, that Notes signed by that person do not constitute valid and binding obligations of the Issuer or otherwise until replacements have been provided to the Principal Paying Agent or the Registrar, as the case may be) continue to have authority to issue Notes signed by that person, and the Issuer hereby warrants to each of the Principal Paying Agent and the Registrar that such Notes shall be valid and binding obligations of the Issuer. Promptly upon such person ceasing to be authorised, the Issuer shall provide the Principal Paying Agent with replacement master Temporary Bearer Global Notes and Permanent Bearer Global Notes and shall provide the Registrar with replacement master Rule 144A Global Notes, Regulation S Global Notes and Definitive Registered Notes and the Principal Paying Agent and the Registrar, as the case may be, shall, upon receipt of such replacements, cancel and destroy the master Notes held by them which are signed by such person and shall provide the Issuer with a certificate of destruction in respect thereof, specifying the master Notes so cancelled and destroyed.

- 6.4 The Principal Paying Agent will provide Euroclear and/or Clearstream, Luxembourg with the notifications, instructions or information to be given by the Principal Paying Agent to Euroclear and/or Clearstream, Luxembourg and the Registrar shall provide DTC with the notifications or information to be given by the Registrar to DTC.
- 6.5 If the Principal Paying Agent pays an amount (the Advance) to the Issuer on the basis that a payment (the Payment) has been or will be received from a Dealer and if the Payment is not received by the Principal Paying Agent on the date the Principal Paying Agent pays the Issuer, the Issuer shall repay to the Principal Paying Agent the Advance and shall pay interest on the Advance (or the unreimbursed portion thereof) from (and including) the date such Advance is made to (but excluding) the earlier of repayment of the Advance or receipt by the Principal Paying Agent of the Payment (at a rate quoted at that time by the Principal Paying Agent as its cost of funding the Advance provided that evidence of the basis of such rate is given to the Issuer. For the avoidance of doubt, the Principal Paying Agent shall not be obliged to pay any amount to the Issuer if it has not received satisfactory confirmation that it is to receive such amount from a Dealer.
- 6.6 Except in the case of issues where the Principal Paying Agent does not act as receiving bank for the Issuer in respect of the purchase price of the Notes being issued, if on the Issue Date a Dealer does not pay the full purchase price due from it in respect of any Note (the Defaulted Note) and, as a result, the Defaulted Note remains in the Principal Paying Agent's distribution account with Euroclear and/or Clearstream, Luxembourg after such Issue Date, the Principal Paying Agent will continue to hold the Defaulted Note to the order of the Issuer. The Principal Paying Agent shall notify the Issuer forthwith of the failure of the Dealer to pay the full purchase price due from it in respect of any Defaulted Note and, subsequently, shall (i) notify the Issuer forthwith upon receipt from the Dealer of the full purchase price in respect of such Defaulted Note and (ii) pay to the Issuer the amount so received.

7. PAYMENTS

- 7.1 The Issuer will, before 10.00 a.m. (local time in the relevant financial centre of the payment), on each date on which any payment in respect of any Note becomes due under the Conditions, transfer to an account specified by the Principal Paying Agent such amount in the relevant currency as shall be sufficient for the purposes of such payment in funds settled through such payment system as the Principal Paying Agent and the Issuer may agree.
- 7.2 Any funds paid by or by arrangement with the Issuer to the Principal Paying Agent pursuant to subclause 7.1 shall be held in the relevant account referred to in subclause 7.1 for payment to the Noteholders, Receiptholders or Couponholders, as the case may be, until any Notes or matured Receipts and Coupons become void under Condition 9. In that event the Principal Paying Agent shall forthwith notify the Issuer of, and, at the request of the Issuer, repay to the Issuer, sums equivalent to the amounts which would otherwise have been repayable on the relevant Notes, Receipts or Coupons.

- 7.3 The Issuer will ensure that no later than 10.00 a.m. (London time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the Principal Paying Agent pursuant to subclause 7.1, the Principal Paying Agent shall receive a payment confirmation by telex or facsimile communication from the paying bank of the Issuer. For the purposes of this subclause, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Iceland and London.
- 7.4 The Principal Paying Agent shall notify by telex or facsimile communication each of the other Paying Agents and the Registrar forthwith:
- (a) if it has not by the relevant date specified in Clause 7.1 received unconditionally the full amount in the Specified Currency required for the payment; and
 - (b) if it receives unconditionally the full amount of any sum payable in respect of the Notes, Receipts or Coupons after such date.

The Principal Paying Agent shall, at the expense of the Issuer, forthwith upon receipt of any amount as described in subparagraph (b), cause notice of that receipt to be published under Condition 14.

- 7.5 The Principal Paying Agent shall ensure that payments of both principal and interest in respect of a Temporary Bearer Global Note will only be made if certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations has been received from Euroclear and/or Clearstream, Luxembourg in accordance with the terms thereof.
- 7.6 Unless it has received notice pursuant to subclause 7.4(a) above, each Paying Agent shall pay or cause to be paid all amounts due in respect of the Notes on behalf of the Issuer in the manner provided in the Conditions. If any payment provided for in subclause 7.1 is made late but otherwise in accordance with the provisions of this Agreement, the relevant Paying Agent shall nevertheless make payments in respect of the Notes as aforesaid following receipt by it of such payment.
- 7.7 If for any reason the Principal Paying Agent considers in its sole discretion that the amounts to be received by it pursuant to subclause 7.1 will be, or the amounts actually received by it pursuant thereto are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Notes, no Principal Paying Agent shall be obliged to pay any such claims until the Principal Paying Agent has received the full amount of all such payments.
- 7.8 Without prejudice to subclauses 7.6 and 7.7, if the Principal Paying Agent pays any amounts to the holders of Notes, Receipts or Coupons or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Notes in accordance with subclause 7.1 (the excess of the amounts so paid over the amounts so received being the Shortfall), the Issuer will, in addition to paying amounts due under subclause 7.1, pay to the Principal Paying Agent on demand interest (at a rate which represents the Principal Paying Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Principal Paying Agent

of the Shortfall. For the avoidance of doubt, the provisions of the Conditions in relation to subordination shall not apply to the Issuer under this subclause.

- 7.9 The Principal Paying Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Notes properly made by such Paying Agent in accordance with this Agreement and the Conditions unless the Principal Paying Agent has notified the relevant Paying Agent, prior to its opening of business on the due date of a payment in respect of the Notes, that the Principal Paying Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of such Notes.
- 7.10 Whilst any Notes are represented by Global Notes, all payments due in respect of such Notes shall be made to, or to the order of, the holder of the Global Notes subject to and in accordance with the provisions of the Global Notes. On the occasion of any such payment, (i) in the case of any Global Note in bearer form which is a CGN the Paying Agent to which such Bearer Global Note was presented for the purpose of making such payment shall cause the appropriate Schedule to the Bearer Global Note to be annotated so as to evidence the amounts and dates of such payments of principal and/or interest as applicable or (ii) in the case of any Global Note which is a NGN, the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.
- 7.11 If the amount of principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made therefrom or a certification required by the terms of a Note not being received), (i) the Paying Agent to which a Note, Receipt or Coupon (as the case may be) is presented for the purpose of making such payment shall, unless the Note is a NGN, make a record of such shortfall on the relevant Note, Receipt or Coupon or, in the case of payments of interest on Registered Notes, the Registrar shall make a record in the Register and each such record shall, in the absence of manifest error, be prima facie evidence that the payment in question has not to that extent been made or (ii) in the case of any Global Note which is a NGN, the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such shortfall in payment.

8. DETERMINATIONS AND NOTIFICATIONS IN RESPECT OF NOTES AND INTEREST DETERMINATION

8.1 Determinations and Notifications

- (a) The Principal Paying Agent shall, unless otherwise specified in the applicable Final Terms, make all such determinations and calculations (howsoever described) as it is required to do under the Conditions, all subject to and in accordance with the Conditions.
- (b) The Principal Paying Agent shall not be responsible to the Issuer or to any third party as a result of the Principal Paying Agent having acted on any quotation given by any Reference Bank which subsequently may be found to be incorrect.

- (c) The Principal Paying Agent shall promptly notify (and confirm in writing to) the Issuer, the other Paying Agents and (in respect of a Series of Notes listed on a Stock Exchange) the relevant Stock Exchange of, *inter alia*, each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions as soon as practicable after the determination thereof and of any subsequent amendment thereto pursuant to the Conditions.
- (d) The Principal Paying Agent shall use its best endeavours to cause each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation.
- (e) If the Principal Paying Agent does not at any material time for any reason determine and/or calculate and/or publish the Rate of Interest, Interest Amount and/or Interest Payment Date in respect of any Interest Period or any other amount, rate or date as provided in this clause, it shall forthwith notify the Issuer and the other Paying Agents of such fact.
- (f) Determinations with regard to Notes (including, without limitation, Index Linked Notes and Dual Currency Notes) required to be made by a Calculation Agent specified in the applicable Final Terms shall be made in the manner so specified. Unless otherwise agreed between the Issuer and the relevant Dealer or the Lead Manager, as the case may be, or unless the Principal Paying Agent is the Calculation Agent (in which case the provisions of this Agreement shall apply), such determinations shall be made on the basis of a Calculation Agency Agreement substantially in the form of Schedule 1. Notes of any Series may specify additional duties and obligations of any Agent, the performance of which will be agreed between the Issuer and the relevant Agent prior to the relevant Issue Date.

8.2 Interest Determination, Screen Rate Determination including Fallback Provisions

- (a) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:
 - (i) the offered quotation; or
 - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest

(or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (b) If the Relevant Screen Page is not available or if, in the case of Clause 8.2(a)(i), no such offered quotation appears or, in the case of Clause 8.2(a)(ii), fewer than three such offered quotations appear, in each case as at the time specified in Clause 8.2(a) the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.
- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last

preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

- (d) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

9. NOTICE OF ANY WITHHOLDING OR DEDUCTION

- 9.1 If the Issuer is, in respect of any payment, compelled to withhold or deduct any amount for or on account of taxes, duties, assessments or governmental charges as specifically contemplated under the Conditions, it shall give notice thereof to the Principal Paying Agent and the Registrar as soon as it becomes aware of the requirement to make such withholding or deduction and shall give to the Principal Paying Agent and the Registrar such information as either of them shall require to enable it to comply with such requirement.
- 9.2 If any Agent is, in respect of any payment of principal or interest in respect of the Notes, compelled to withhold or deduct any amount for or on account of any taxes, duties, assessments or governmental charges as specifically contemplated under the Conditions, other than arising under subclause 9.1 above or by virtue of the relevant holder failing to perform any certification or other requirement in respect of its Notes, it shall give notice thereof to the Issuer and the Principal Paying Agent as soon as it becomes aware of such compulsion to withhold or deduct.

10. OTHER DUTIES OF THE REGISTRAR

- 10.1 The Registrar shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall act in accordance with the Conditions and this Agreement.
- 10.2 The Registrar shall so long as any Registered Note is outstanding:
 - (a) maintain at its specified office a register (the **Register**) of the holders of the Registered Notes which shall show (i) the nominal amount of Notes represented by each Rule 144A Global Note and each Regulation S Global Note, (ii) the nominal amounts and the serial numbers of the Definitive Registered Notes, (iii) the dates of issue of all Registered Notes, (iv) all subsequent transfers and changes of ownership of Registered Notes, (v) the names and addresses of the holders of the Registered Notes, (vi) all cancellations of Registered Notes, whether because of their purchase by the Issuer, replacement or otherwise and (vii) all replacements of Registered Notes (subject, where appropriate, in the case of (vi), to the Registrar having been notified as provided in this Agreement);
 - (b) effect exchanges of interests in Rule 144A Global Notes and Regulation S Global Notes for each other and for Definitive Registered Notes in accordance with the

Conditions and this Agreement, keep a record of all exchanges and ensure that the Principal Paying Agent is notified immediately after an exchange;

- (c) register all transfers of Definitive Registered Notes;
- (d) make any necessary notations in the Register following transfer or exchange of interests in them;
- (e) receive any document in relation to or affecting the title to any of the Registered Notes including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney;
- (f) immediately, and in any event within three Business Days (being days when banks are open for business in the city in which the specified office of the Registrar is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), following the reduction in nominal amount of a Rule 144A Global Note or a Regulation S Global Note for exchange into Definitive Registered Notes or any transfer of Definitive Registered Notes, authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send to the address requested by the transferee duly dated and completed Definitive Registered Notes of a like aggregate nominal amount to the Definitive Registered Notes transferred;
- (g) if appropriate, charge to the holder of a Registered Note presented for exchange or transfer (i) the costs or expenses (if any) of delivering Registered Notes issued on exchange or transfer other than by regular uninsured mail and (ii) a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration;
- (h) maintain proper records of the details of all documents and certifications (including, but not limited to, certifications in the form of Schedule 8) received by itself or any other Transfer Agent (subject to receipt of all necessary information from the other Transfer Agents);
- (i) prepare any lists of holders of the Registered Notes required by the Issuer or the Principal Paying Agent or any person authorised by either of them;
- (j) subject to applicable laws and regulations at all reasonable times during office hours make the Register available to the Issuer or any person authorised by it or the holder of any Registered Note for inspection and for the taking of copies or extracts;
- (k) comply with the reasonable requests of the Issuer with respect to the maintenance of the Register and give to the other Agents any information reasonably required by them for the proper performance of their duties; and
- (l) comply with the terms of any Transfer Notices.

10.3 Notwithstanding anything to the contrary in this Agreement, in the event of a partial redemption of Notes under Condition 7, the Registrar shall not be required, unless so directed by the Issuer to effect exchanges of interests in Rule 144A Global Notes and Regulation S Global Note for Definitive Registered Notes or effect transfers of Definitive Registered Notes during the period beginning on the sixty fifth day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive).

10.4 Registered Notes shall be dated:

- (a) in the case of a Registered Note issued on the Issue Date, the Issue Date; or
- (b) in the case of a Definitive Registered Note issued in exchange for an interest in a Rule 144A Global Note or a Regulation S Global Note, or upon transfer, with the date of registration in the Register of the exchange or transfer; or
- (c) in the case of a Definitive Registered Note issued to the transferor upon transfer in part of a Definitive Registered Note, with the same date as the date of the Definitive Registered Note transferred; or
- (d) in the case of a Definitive Registered Note issued under Condition 7, with the same date as the date of the lost, stolen, mutilated, defaced or destroyed Definitive Registered Note in replacement of which it is issued.

11. DUTIES OF THE TRANSFER AGENTS

11.1 The Transfer Agents shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall act in accordance with the Conditions and this Agreement.

11.2 Each Transfer Agent shall:

- (a) accept Registered Notes delivered to it, with the form of transfer on them duly executed, together with, as applicable, any Transfer Certificate for the transfer or exchange of all or part of the Registered Note in accordance with the Conditions, and shall, in each case, give to the Registrar all relevant details required by it;
- (b) keep a stock of the forms of Transfer Certificates and make such forms available on demand to holders of the Notes;
- (c) immediately, and in any event within three Business Days (being days when banks are open for business in the city in which the specified office of the Registrar is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), following a reduction in nominal amount of a Rule 144A Global Note or a Regulation S Global Note for exchange into Definitive Registered Notes or any transfer of Definitive Registered Notes, authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send to the address

requested by transferee duly dated and completed Definitive Registered Notes of a like aggregate nominal amount to the Definitive Registered Notes transferred;

- (d) if appropriate, charge to the holder of a Registered Note presented for exchange or transfer (i) the costs or expenses (if any) of delivering Registered Notes issued on exchange or transfer other than by regular uninsured mail and (ii) a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and, in each case, account to the Registrar for those charges; and
- (e) at the request of any Paying Agent deliver new Registered Notes to be issued on partial redemptions of a Registered Note.

12. REGULATIONS FOR TRANSFERS OF REGISTERED NOTES

Subject as provided below, the Issuer may from time to time agree with the Principal Paying Agent and the Registrar reasonable regulations to govern the transfer and registration of Registered Notes. The initial regulations, which shall apply until amended under this clause, are set out in Schedule 9. The Transfer Agents agree to comply with the regulations as amended from time to time.

13. DUTIES OF THE PAYING AGENTS IN CONNECTION WITH EARLY REDEMPTION

- 13.1 If the Issuer decides to redeem any Notes for the time being outstanding prior to their Maturity Date (if any) in accordance with the Conditions, the Issuer shall give notice of such decision to the Principal Paying Agent and, in the case of redemption of Registered Note, the Registrar, stating the date on which such Notes are to be redeemed and the nominal amount of Notes to be redeemed not less than 15 days before the date on which the Issuer will give notice to the Noteholders in accordance with the Conditions of such redemption in order to enable the Principal Paying Agent and, if applicable, the Registrar to undertake its obligations herein and in the Conditions.
- 13.2 If some only of the Notes are to be redeemed on such date, the Principal Paying Agent shall, in the case of Definitive Notes, make the required drawing in accordance with the Conditions but shall give the Issuer reasonable notice of the time and place proposed for such drawing and the Issuer shall be entitled to send representatives to attend such drawing and shall, in the case of Notes in global form, co-ordinate the selection of Notes to be redeemed with Euroclear and/or Clearstream, Luxembourg and/or DTC, all in accordance with the Conditions.
- 13.3 The Principal Paying Agent shall publish the notice required in connection with any such redemption and shall, if applicable, at the same time also publish a separate list of the serial numbers of any Notes in definitive form previously drawn and not presented for redemption. Such notice shall specify the date fixed for redemption, the redemption amount, the manner in which redemption will be effected and, in the case of a partial redemption of Definitive Notes, the serial numbers of the Notes to be redeemed. Such

notice will be published in accordance with the Conditions. The Principal Paying Agent will also notify the other Paying Agents of any date fixed for redemption of any Notes.

- 13.4 The Registrar and each Paying Agent will keep a stock of notices (**Put Notices**) in the form set out in Schedule 4 and will make such notices available on demand to holders of Definitive Notes, the Conditions of which provide for redemption at the option of Noteholders. Upon receipt of any such Note deposited in the exercise of such option in accordance with the Conditions, the Registrar or, as the case may be, the Paying Agent with which such Note is deposited shall hold such Note (together with any Receipts, Coupons and Talons relating to it deposited with it) on behalf of the depositing Noteholder (but shall not, save as provided below, release it) until the due date for redemption of the relevant Note consequent upon the exercise of such option, when, subject as provided below, it shall present such Note (and any such unmatured Receipts, Coupons and Talons) to itself for payment of the amount due thereon together with any interest due on such date in accordance with the Conditions and shall pay such moneys in accordance with the directions of the Noteholder contained in the relevant Put Notice. If, prior to such due date for its redemption, an Event of Default has occurred and is continuing or such Note becomes immediately due and repayable or if upon due presentation payment of such redemption moneys is improperly withheld or refused, the Registrar or, as the case may be, the Paying Agent concerned shall post such Note (together with any such Receipts, Coupons and Talons) by uninsured post to, and at the risk of, the relevant Noteholder, unless the Noteholder has otherwise requested and paid the costs of such insurance to the Registrar or, as the case may be, the relevant Paying Agent at the time of depositing the Notes, at such address as may have been given by the Noteholder in the relevant Put Notice. In the case of a partial redemption of Registered Notes, the Registrar shall, in accordance with the Conditions, post a new Registered Note in respect of the balance of the Registered Notes not redeemed to the registered holder. At the end of each period for the exercise of such option, the Registrar and each Paying Agent shall promptly notify the Principal Paying Agent of the principal amount of the Notes in respect of which such option has been exercised with it together with their serial numbers and the Principal Paying Agent shall promptly notify such details to the Issuer.

14. RECEIPT AND PUBLICATION OF NOTICES

- 14.1 Forthwith upon the receipt by the Principal Paying Agent of a demand or notice from any Noteholder in accordance with the Conditions, the Principal Paying Agent shall forward a copy thereof to the Issuer.
- 14.2 On behalf of and at the request and expense of the Issuer, the Principal Paying Agent shall cause to be published all notices required to be given by the Issuer to the Noteholders in accordance with the Conditions.

15. CANCELLATION OF NOTES, RECEIPTS, COUPONS AND TALONS

- 15.1 All Notes which are redeemed, all Global Notes which are exchanged in full, all Registered Notes which have been transferred, all Receipts or Coupons which are paid and all Talons which are exchanged shall be cancelled by the Agent by which they are

redeemed, exchanged, transferred or paid. In addition, the Issuer shall immediately notify the Principal Paying Agent in writing of all Notes which are purchased by or on behalf of the Issuer or any of its Subsidiaries and all such Notes surrendered to a Paying Agent for cancellation, together (in the case of Definitive Bearer Notes) with all unmaturing Receipts, Coupons or Talons (if any) attached thereto or surrendered therewith, shall be cancelled by the Agent to which they are surrendered. Each of the Agents shall give to the Principal Paying Agent details of all payments made by it and shall deliver all cancelled Notes, Receipts, Coupons and Talons to the Principal Paying Agent or as the Principal Paying Agent may specify.

- 15.2 The Principal Paying Agent shall deliver to the Issuer as soon as reasonably practicable and in any event within three months after the date of such repayment, payment, cancellation or replacement, as the case may be, a certificate stating:
- (a) the aggregate nominal amount of Notes which have been redeemed and the aggregate amount paid in respect thereof;
 - (b) the number of Notes cancelled together (in the case of Bearer Notes in definitive form) with details of all unmaturing Receipts, Coupons or Talons (if any) attached thereto or delivered therewith;
 - (c) the aggregate amount paid in respect of interest on the Notes;
 - (d) the total number by maturity date of Receipts, Coupons and Talons so cancelled; and
 - (e) (in the case of Definitive Notes) the serial numbers of such Notes.
- 15.3 The Principal Paying Agent shall destroy all cancelled Notes, Receipts, Coupons and Talons and, forthwith upon destruction, furnish the Issuer with a certificate of the serial numbers of the Notes (in the case of Bearer Notes in definitive form) and the number by maturity date of Receipts, Coupons and Talons so destroyed.
- 15.4 Without prejudice to the obligations of the Principal Paying Agent pursuant to subclause 15.2, the Principal Paying Agent shall keep a full and complete record of all Notes, Receipts, Coupons and Talons (other than serial numbers of Coupons) and of their redemption, purchase by or on behalf of the Issuer or any of its Subsidiaries and cancellation, payment or replacement (as the case may be) and of all replacement Notes, Receipts, Coupons or Talons issued in substitution for mutilated, defaced, destroyed, lost or stolen Notes, Receipts, Coupons or Talons. The Principal Paying Agent shall in respect of the Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of ten years from the Relevant Date in respect of such Coupons and (in the case of Talons) indefinitely either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged. The Principal Paying Agent shall at all reasonable times make such record available to the Issuer and any persons authorised by it for inspection and for the taking of copies thereof or extracts therefrom.

15.5 The Principal Paying Agent is authorised by the Issuer and instructed to (a) in the case of any Global Note in bearer form which is a CGN, to endorse or to arrange for the endorsement of the relevant Global Note to reflect the reduction in the nominal amount represented by it by the amount so redeemed or purchased and cancelled and (b) in the case of any Global Note which is a NGN, to instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such redemption or purchase and cancellation, as the case may be; provided, that, in the case of a purchase or cancellation, the Issuer has notified the Principal Paying Agent of the same in accordance with subclause 15.1 above.

16. ISSUE OF REPLACEMENT NOTES, RECEIPTS, COUPONS AND TALONS

16.1 The Issuer will cause a sufficient quantity of additional forms of (a) Bearer Notes, Receipts, Coupons and Talons to be available, upon request, to the Principal Paying Agent at its specified office for the purpose of issuing replacement Bearer Notes, Receipts, Coupons and Talons as provided below and (b) Registered Notes, to be available, upon request, to the Registrar at its specified office for the purpose of issuing replacement Registered Notes as provided below.

16.2 The Principal Paying Agent and the Registrar will, subject to and in accordance with the Conditions and the following provisions of this clause, cause to be delivered any replacement Notes, Receipts, Coupons and Talons which the Issuer may determine to issue in place of Notes, Receipts, Coupons and Talons which have been lost, stolen, mutilated, defaced or destroyed.

16.3 In the case of a mutilated or defaced Bearer Note, the Principal Paying Agent shall ensure that (unless otherwise covered by such indemnity as the Issuer may reasonably require) any replacement Bearer Note will only have attached to it Receipts, Coupons and Talons corresponding to those (if any) attached to the mutilated or defaced Note which is presented for replacement.

16.4 The Principal Paying Agent or the Registrar, as the case may be, shall obtain verification in the case of an allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon in respect of which the serial number is known, that the Note, Receipt, Coupon or Talon has not previously been redeemed, paid or exchanged, as the case may be. Neither the Principal Paying Agent nor, as the case may be, the Registrar shall issue any replacement Note, Receipt, Coupon or Talon unless and until the claimant therefor shall have:

- (a) paid such costs and expenses as may be incurred in connection therewith;
- (b) furnished it with such evidence and indemnity as the Issuer may reasonably require; and
- (c) in the case of any mutilated or defaced Note, Receipt, Coupon or Talon, surrendered it to the Principal Paying Agent or, as the case may be, the Registrar.

16.5 The Principal Paying Agent or, as the case may be, the Registrar shall cancel any mutilated or defaced Notes, Receipts, Coupons and Talons in respect of which

replacement Notes, Receipts, Coupons and Talons have been issued pursuant to this clause and shall furnish the Issuer with a certificate stating the serial numbers of the Notes, Receipts, Coupons and Talons so cancelled and, unless otherwise instructed by the Issuer in writing, shall destroy such cancelled Notes, Receipts, Coupons and Talons and furnish the Issuer with a destruction certificate containing the information specified in Clause 15.3.

- 16.6 The Principal Paying Agent or, as the case may be, the Registrar shall, on issuing any replacement Note, Receipt, Coupon or Talon, forthwith inform the Issuer and the other Agents of the serial number of such replacement Note, Receipt, Coupon or Talon issued and (if known) of the serial number of the Note, Receipt, Coupon or Talon in place of which such replacement Note, Receipt, Coupon or Talon has been issued. Whenever replacement Receipts, Coupons or Talons are issued pursuant to the provisions of this clause, the Principal Paying Agent or, as the case may be, the Registrar shall also notify the other Agents of the maturity dates of the lost, stolen, mutilated, defaced or destroyed Receipts, Coupons or Talons and of the replacement Receipts, Coupons or Talons issued.
- 16.7 The Principal Paying Agent and the Registrar shall keep a full and complete record of all replacement Notes, Receipts, Coupons and Talons issued and shall make such record available at all reasonable times to the Issuer and any persons authorised by it for inspection and for the taking of copies thereof or extracts therefrom.
- 16.8 Whenever any Bearer Note, Receipt, Coupon or Talon for which a replacement Bearer Note, Receipt, Coupon or Talon has been issued and in respect of which the serial number is known is presented to a Paying Agent for payment, the relevant Paying Agent shall immediately send notice thereof to the Issuer and the other Paying Agents.
- 16.9 The Paying Agents shall issue further Coupon sheets against surrender of Talons. A Talon so surrendered shall be cancelled by the relevant Paying Agent who (except where such Paying Agent is the Principal Paying Agent) shall inform the Principal Paying Agent of its serial number. Further Coupon sheets issued on surrender of Talons shall carry the same serial number as the surrendered Talon.

17. COPIES OF DOCUMENTS AVAILABLE FOR INSPECTION

Each Paying Agent shall hold available for inspection at its specified office during normal business hours copies of all documents required to be so available by the Conditions of any Notes or the rules of any relevant Stock Exchange (or any other relevant authority). For these purposes, the Issuer shall furnish the Paying Agents with sufficient copies of each of the relevant documents.

18. MEETINGS OF NOTEHOLDERS

- 18.1 The provisions of Schedule 5 hereto shall apply to meetings of the Noteholders and shall have effect in the same manner as if set out in this Agreement.
- 18.2 Without prejudice to subclause 18.1, each of the Paying Agents on the request of any holder of Bearer Notes shall issue voting certificates and block voting instructions in

accordance with Schedule 5 hereto and shall forthwith give notice to the Issuer in writing of any revocation or amendment of a block voting instruction. Each of the Paying Agents will keep a full and complete record of all voting certificates and block voting instructions issued by it and will, not less than 24 hours before the time appointed for holding a meeting or adjourned meeting, deposit at such place as the Principal Paying Agent shall designate or approve, full particulars of all voting certificates and block voting instructions issued by it in respect of such meeting or adjourned meeting.

19. COMMISSIONS AND EXPENSES

- 19.1 The Issuer agrees to pay to the Principal Paying Agent such fees and commissions as the Issuer and the Principal Paying Agent shall separately agree in respect of the services of the Agents hereunder together with any out of pocket expenses (including legal, printing, postage, fax, cable and advertising expenses) incurred by the Agents in connection with their said services.
- 19.2 The Principal Paying Agent will make payment of the fees and commissions due hereunder to the other Paying Agents and will reimburse their expenses promptly after the receipt of the relevant moneys from the Issuer. The Issuer shall not be responsible for any such payment or reimbursement by the Principal Paying Agent to the other Paying Agents.

20. INDEMNITY

The Issuer shall indemnify each of the Agents against any losses, liabilities, costs, claims, actions, demands or expenses (including, but not limited to, all reasonable costs, legal fees, charges and expenses paid or incurred in disputing or defending any of the foregoing) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties hereunder except such as may result from its own default, negligence or bad faith or that of its officers, directors or employees or the breach by it of the terms of this Agreement. This indemnity shall survive any termination of this Agreement.

21. RESPONSIBILITY OF THE PAYING AGENTS

- 21.1 No Agent shall be responsible or accountable to anyone with respect to the validity of this Agreement or the Notes, Receipts or Coupons or for any act or omission by it in connection with this Agreement or any Note, Receipt or Coupon except for its own negligence, wilful default or bad faith, including that of its officers and employees.
- 21.2 No Agent shall have any duty or responsibility in case of any default by the Issuer in the performance of its obligations under the Conditions or, in the case of receipt of a written demand from a Noteholder or Couponholder, with respect to such default, provided however that forthwith upon receipt by the Principal Paying Agent of a notice given by a Noteholder in accordance with Condition 10, the Principal Paying Agent will notify the Issuer thereof and furnish it with a copy of such notice.

21.3 Whenever in the performance of its duties under this Agreement an Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Issuer prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Issuer and delivered to such Agent and such certificate shall be a full authorisation to such Agent, in its capacity as such, for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

22. CONDITIONS OF APPOINTMENT

22.1 Each Agent shall be entitled to deal with money paid to it by the Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:

(a) that it shall not exercise any right of set-off, lien or similar claim in respect thereof; and

(b) that it shall not be liable to account to the Issuer for any interest thereon.

22.2 In acting hereunder and in connection with the Notes, each Agent shall act solely as an agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Notes, Receipts, Coupons or Talons.

22.3 Each Agent hereby undertakes to the Issuer to perform such obligations and duties, and shall be obliged to perform such duties and only such duties, as are herein (including Schedule 10 in the case of the Principal Paying Agent), in the Conditions and in the Procedures Memorandum specifically set forth, and no implied duties or obligations shall be read into any such document against any Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances. Each of the Paying Agents (other than the Principal Paying Agent) agrees that if any information that is required by the Principal Paying Agent to perform the duties set out in Schedule 10 becomes known to it, it will promptly provide such information to the Principal Paying Agent.

22.4 The Principal Paying Agent and the Registrar may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.

22.5 Each Agent shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, telex, facsimile communication or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Issuer.

- 22.6 Any Agent and its officers, directors and employees may become the owner of, and/or acquire any interest in, any Notes, Receipts, Coupons or Talons with the same rights that it or he would have had if the Agent concerned were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or Coupons or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed hereunder.
- 22.7 The Issuer shall provide the Principal Paying Agent and the Registrar with a certified copy of the list of persons authorised to execute documents and take action on its behalf in connection with this Agreement and shall notify the Principal Paying Agent and the Registrar immediately in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised together, in the case of an additional authorised person, with evidence satisfactory to the Principal Paying Agent and the Registrar that such person has been so authorised.
- 22.8 Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and each of the Agents shall be entitled to treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof).
- 22.9 The amount of the Programme may be increased by the Issuer in accordance with the procedure set out in the Programme Agreement. Upon any such increase being effected, all references in this Agreement to the amount of the Programme shall be deemed to be references to such increased amount.

23. COMMUNICATION BETWEEN THE PARTIES

A copy of all communications relating to the subject matter of this Agreement between the Issuer and any Agent (other than the Principal Paying Agent) shall be sent to the Principal Paying Agent.

24. CHANGES IN PAYING AGENTS

- 24.1 The Issuer agrees that, for so long as any Note is outstanding, or until moneys for the payment of all amounts in respect of all outstanding Notes have been made available to the Principal Paying Agent and have been returned to the Issuer, as provided herein:
- (a) so long as any Notes are listed on any Stock Exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent, which may be the Principal Paying Agent, and a Transfer Agent, which may be the Registrar, with a specified office in such place as may be required by the rules and regulations of such Stock Exchange or other relevant authority; and
 - (b) there will at all times be a Principal Paying Agent and a Registrar; and

- (c) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency (as provided in subclause 24.5 below), when it shall be of immediate effect) after not less than 30 nor more than 45 days prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

- 24.2 Each of the Principal Paying Agent and the Registrar may (subject as provided in subclause 24.4 below) at any time resign as such by giving at least 90 days written notice to the Issuer of such intention on its part, specifying the date on which its desired resignation shall become effective.
- 24.3 Each of the Principal Paying Agent and the Registrar may (subject as provided in subclause 24.4 below) be removed at any time by the Issuer on at least 45 days notice by the filing with it of an instrument in writing signed on behalf of the Issuer specifying such removal and the date when it shall become effective.
- 24.4 Any resignation under subclause 24.2 or removal of the Principal Paying Agent or the Registrar under subclauses 24.3 or 24.5 shall only take effect upon the appointment by the Issuer as hereinafter provided, of a successor Principal Paying Agent or Registrar, as the case may be, and (other than in cases of insolvency of the Principal Paying Agent or the Registrar, as the case may be, when it shall be of immediate effect) on the expiry of the notice to be given under Clause 26. The Issuer agrees with the Principal Paying Agent and the Registrar that if, by the day falling 10 days before the expiry of any notice under subclause 24.2, the Issuer has not appointed a successor Principal Paying Agent or Registrar, as the case may be, then the Principal Paying Agent or Registrar, as the case may be, shall be entitled, on behalf of the Issuer, to appoint as a successor Principal Paying Agent or Registrar, as the case may be, in its place a reputable financial institution of good standing which the Issuer shall approve (such approval not to be unreasonably withheld or delayed).
- 24.5 In case at any time any Agent resigns, or is removed, or becomes incapable of acting or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor Agent which shall be a reputable financial institution of good standing may be appointed by the Issuer by an instrument in

writing filed with the successor. Upon the appointment as aforesaid of a successor Agent and acceptance by it of such appointment and (other than in case of insolvency of the Agent when it shall be of immediate effect) upon expiry of the notice to be given under Clause 26 the Agent so superseded shall cease to be an Agent hereunder.

- 24.6 Subject to subclause 24.1, the Issuer may, after prior consultation with the Principal Paying Agent, terminate the appointment of any of the other Agents at any time and/or appoint one or more further or other Agents by giving to the Principal Paying Agent and to the relevant other Agent at least 45 days notice in writing to that effect (other than in the case of insolvency).
- 24.7 Subject to subclause 24.1, all or any of the Agents (other than the Principal Paying Agent) may resign their respective appointments hereunder at any time by giving the Issuer and the Principal Paying Agent at least 45 days written notice to that effect.
- 24.8 Upon its resignation or removal becoming effective, an Agent shall:
- (a) in the case of the Principal Paying Agent and the Registrar forthwith transfer all moneys and records held by it hereunder to the successor Agent hereunder; and
 - (b) be entitled to the payment by the Issuer of its commissions, fees and expenses for the services theretofore rendered hereunder in accordance with the terms of Clause 19.
- 24.9 Upon its appointment becoming effective, a successor or new Agent shall, without further act, deed or conveyance, become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of its predecessor or, as the case may be, an Agent with like effect as if originally named as an Agent hereunder.

25. MERGER AND CONSOLIDATION

Any corporation into which any Agent may be merged or converted, or any corporation with which an Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which an Agent shall be a party, or any corporation to which an Agent shall sell or otherwise transfer all or substantially all of its assets or any corporation to which such Agent shall sell or otherwise transfer all or substantially all of its corporate trust business shall, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto, unless otherwise required by the Issuer and after the said effective date all references in this Agreement to the relevant Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall forthwith be given to the Issuer by the relevant Agent.

26. NOTIFICATION OF CHANGES TO PAYING AGENTS

Following receipt of notice of resignation from an Agent and forthwith upon appointing a successor or new Agent or on giving notice to terminate the appointment of any Agent, the Principal Paying Agent (on behalf of and at the expense of the Issuer) shall give or cause to be given not more than 45 days nor less than 30 days notice thereof to the Noteholders in accordance with the Conditions.

27. CHANGE OF SPECIFIED OFFICE

If any Agent determines to change its specified office it shall give to the Issuer and the Principal Paying Agent written notice of such determination giving the address of the new specified office which shall be in the same city and stating the date on which such change is to take effect, which shall not be less than 45 days thereafter. The Principal Paying Agent (on behalf and at the expense of the Issuer shall within 15 days of receipt of such notice (unless the appointment of the relevant Agent is to terminate pursuant to Clause 24 on or prior to the date of such change) give or cause to be given not more than 45 days nor less than 30 days notice thereof to the Noteholders in accordance with the Conditions.

28. COMMUNICATIONS

28.1 All communications shall be by fax, letter or electronic mail (subject in the case of delivery by electronic mail to confirmation of receipt by telephone within 48 hours) delivered by hand or (but only where specifically provided in the Procedures Memorandum) by telephone. Each communication shall be made to the relevant party at the telex number, fax number or address or telephone number and, in the case of a communication by telex, fax or letter, marked for the attention of, or (in the case of a communication by telephone) made to, the person or department from time to time specified in writing by that party to the other for the purpose. The initial telephone number, telex number, fax number and person or department so specified by each party are set out in the Procedures Memorandum.

28.2 A communication shall be deemed received (if by electronic mail) when a confirmation of receipt by telephone is received within 48 hours, (if by fax) when an acknowledgement of receipt is received, (if by telephone) when made or (if by letter) when delivered, in each case in the manner required by this clause. However, if a communication is received after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error therein.

29. TAXES AND STAMP DUTIES

The Issuer agrees to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement.

30. AMENDMENTS

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of this Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification (except as mentioned in the Conditions) of the Notes, the Receipts, the Coupons or this Agreement 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, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

31. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

32. DESCRIPTIVE HEADINGS

The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

33. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- 33.1 This Agreement is governed by, and shall be construed in accordance with, the laws of England.
- 33.2 The Issuer hereby irrevocably agrees for the benefit of the Agents that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as Proceedings) arising out of or in connection with this Agreement may be brought in such courts.
- 33.3 The Issuer hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this clause shall limit any right to take Proceedings against the Issuer 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.

The Issuer hereby appoints its London branch at 7th Floor, 41 Lothbury, London EC2R7HF as its agent for service of process, and undertakes that, in the event of it ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Principal Paying Agent may approve, as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve process in any other manner permitted by law.

34. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which, taken together, shall constitute one and the same Agreement and any party may enter into this Agreement by executing a counterpart.

35. EFFECTIVE DATE

The Original Agency Agreement shall, in relation to any Notes issued under the Programme on or after the date hereof, have effect as so amended and restated by this Agreement. The Original Agency Agreement shall continue to have effect in relation to Notes issued prior to the date hereof.

IN WITNESS whereof the parties hereto have executed this Agreement as of the date first above written.

SCHEDULE 1

FORM OF CALCULATION AGENCY AGREEMENT

CALCULATION AGENCY AGREEMENT

[]

GLITNIR BANKI hf.

€15,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

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CALCULATION AGENCY AGREEMENT

in respect of a

€15,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

THIS AGREEMENT is made on []

BETWEEN:

- (1) **GLITNIR BANKI HF.** (the **Issuer**); and
- (2) [] of [] (the **Calculation Agent**, which expression shall include any successor calculation agent appointed hereunder).

WHEREAS:

(A) The Issuer has entered into an amended and restated programme agreement dated 23rd June, 2008 (the **Programme Agreement**) (as the same may be amended, supplemented or restated from time to time) each with the dealers named therein under which the Issuer may issue Notes (**Notes**).

(B) The Notes will be issued subject to and with the benefit of an amended and restated agency agreement (the **Agency Agreement**) dated 23rd June, 2008 (as the same may be amended, supplemented or restated from time to time), and entered into between the Issuer, The Bank of New York (the **Agent**, which expression shall include any successor Agent appointed under the Agency Agreement) and the other parties named therein.

NOW IT IS HEREBY AGREED that:

1. APPOINTMENT OF THE CALCULATION AGENT

The Issuer hereby appoints the Calculation Agent to act, and the Calculation Agent hereby agrees to act, as Calculation Agent in respect of each Series of Notes described in the Schedule hereto (the **Relevant Notes**) for the purposes set out in Clause 2 below, all upon the provisions hereinafter set out. The agreement of the parties hereto that this Agreement is to apply to each Series of Relevant Notes shall be evidenced by the manuscript annotation and signature in counterpart of the Schedule hereto.

2. DUTIES OF CALCULATION AGENT

The Calculation Agent shall in relation to each series of Relevant Notes (each a **Series**) perform all the functions and duties imposed on the Calculation Agent by the terms and conditions of the Relevant Notes (the **Conditions**) including endorsing the Schedule hereto appropriately in relation to each Series of Relevant Notes. In addition, the Calculation Agent agrees that it will provide a copy of all calculations made by it which

affect the nominal amount outstanding of any Relevant Notes which are identified on the Schedule as being NGNs to The Bank of New York to the contact details set out on the signature page hereof.

3. EXPENSES

The arrangements in relation to expenses will be separately agreed in relation to each issue of Relevant Notes.

4. INDEMNITY

The Issuer shall indemnify the Calculation Agent against any losses, liabilities, costs, claims, actions, demands or expenses (including, but not limited to, all reasonable costs, legal fees, charges and expenses paid or incurred in disputing or defending any of the foregoing) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except such as may result from its own default, negligence or bad faith or that of its officers, directors or employees or the breach by it of the terms of this Agreement.

5. CONDITIONS OF APPOINTMENT

- 5.1 In acting hereunder and in connection with the Relevant Notes, the Calculation Agent shall act solely as an agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Relevant Notes or the receipts or coupons (if any) appertaining thereto (the **Receipts** and the **Coupons**, respectively).
- 5.2 In relation to each issue of Relevant Notes, the Calculation Agent shall be obliged to perform such duties and only such duties as are herein and in the Conditions specifically set forth and no implied duties or obligations shall be read into this Agreement or the Conditions against the Calculation Agent, other than the duty to act honestly and in good faith, to exercise due care in the performance of its duties hereunder to exercise the diligence of a reasonably prudent expert in comparable circumstances.
- 5.3 The Calculation Agent may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.
- 5.4 The Calculation Agent shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, telex, facsimile communication or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Issuer.
- 5.5 The Calculation Agent and any of its officers, directors and employees may become the owner of, or acquire any interest in, any Notes, Receipts or Coupons (if any) with the

same rights that it or he would have had if the Calculation Agent were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or Coupons or in connection with any other obligations of the Issuer as freely as if the Calculation Agent were not appointed hereunder.

6. TERMINATION OF APPOINTMENT

6.1 The Issuer may terminate the appointment of the Calculation Agent at any time by giving to the Calculation Agent at least 45 days prior written notice to that effect, provided that, so long as any of the Relevant Notes is outstanding:

- (a) such notice shall not expire less than 45 days before any date upon which any calculation is due to be made in respect of any Relevant Notes; and
- (b) notice shall be given in accordance with the Conditions, to the holders of the Relevant Notes at least 30 days prior to any removal of the Calculation Agent.

6.2 Notwithstanding the provisions of subclause 6.1 above, if at any time:

- (a) the Calculation Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they may mature or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of the Calculation Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; or
- (b) the Calculation Agent fails duly to perform any function or duty imposed upon it by the Conditions and this Agreement,
- (c) the Issuer may forthwith without notice terminate the appointment of the Calculation Agent, in which event notice thereof shall be given to the holders of the Relevant Notes in accordance with the Conditions as soon as practicable thereafter.

6.3 The termination of the appointment pursuant to subclause 6.1 or 6.2 above of the Calculation Agent hereunder shall not entitle the Calculation Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due.

6.4 The Calculation Agent may resign its appointment hereunder at any time by giving to the Issuer at least 90 days prior written notice to that effect. Following receipt of a notice of resignation from the Calculation Agent, the Issuer shall promptly give notice thereof to the holders of the Relevant Notes in accordance with the Conditions.

- 6.5 Notwithstanding the provisions of subclauses 6.1, 6.2 and 6.4 above, so long as any of the Relevant Notes is outstanding, the termination of the appointment of the Calculation Agent (whether by the Issuer or by the resignation of the Calculation Agent) shall not be effective unless upon the expiry of the relevant notice a successor Calculation Agent has been appointed. The Issuer agrees with the Calculation Agent that if, by the day falling 10 days before the expiry of any notice under subclauses 6.1 or 6.4, the Issuer has not appointed a replacement Calculation Agent, the Calculation Agent shall be entitled, on behalf of the Issuer, to appoint as a successor Calculation Agent in its place a reputable financial institution of good standing which the Issuer shall approve (such approval not to be unreasonably withheld or delayed).
- 6.6 Upon its appointment becoming effective, a successor Calculation Agent shall without further act, deed or conveyance, become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as the Calculation Agent hereunder.
- 6.7 If the appointment of the Calculation Agent hereunder is terminated (whether by the Issuer or by the resignation of the Calculation Agent), the Calculation Agent shall on the date on which such termination takes effect deliver to the successor Calculation Agent any records concerning the Relevant Notes maintained by it (except such documents and records as it is obliged by law or regulation to retain or not to release), but shall have no other duties or responsibilities hereunder.
- 6.8 Any corporation into which the Calculation Agent may be merged or converted, or any corporation with which the Calculation Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent shall be a party, or any corporation to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its assets shall, on the date when such merger, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Calculation 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, unless otherwise required by the Issuer, and after the said effective date all references in this Agreement to the Calculation Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall forthwith be given to the Issuer and the Principal Paying Agent by the Calculation Agent.

7. COMMUNICATIONS

- 7.1 All communications shall be by fax, letter or electronic mail (subject in the case of delivery by electronic mail to confirmation of receipt by telephone within 48 hours) delivered by hand. Each communication shall be made to the relevant party at the telex number, fax number or address and marked for the attention of the person or department from time to time specified in writing by that party to the other for the purpose. The initial telex number, fax number and person or department so specified by each party are set out in the Procedures Memorandum or, in the case of the Calculation Agent, on the signature page of this Agreement.

7.2 A communication shall be deemed received (if by electronic mail) when a confirmation of receipt by telephone is received within 48 hours, (if by fax) when an acknowledgement of receipt is received or (if by letter) when delivered, in each case in the manner required by this clause. However, if a communication is received after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error therein.

8. DESCRIPTIVE HEADINGS AND COUNTERPARTS

8.1 The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

8.2 This Agreement may be signed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Agreement by executing a counterpart.

9. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

10. GOVERNING LAW AND SUBMISSION TO JURISDICTION

10.1 This Agreement is governed by, and shall be construed in accordance with, the laws of England.

10.2 The Issuer hereby irrevocably agrees for the benefit of the Calculation Agent that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with this Agreement may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this clause shall limit any right to take Proceedings against the Issuer 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.

The Issuer hereby appoints its London branch at 7th Floor, 41 Lothbury, London EC2R7HF as its agent for service of process, and undertakes that, in the event of it

ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Calculation Agent may approve, as its agent for the service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve process in any manner permitted by law.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

GLITNIR BANKI hf.

By:

[*CALCULATION AGENT*]

[*Address of Calculation Agent*]

Telex No: []

Telefax No: []

Attention: []

By:

Contact Details

The Bank of New York

One Canada Square

London E14 5AL

England

Telephone: 020 7964 7662

Telefax: 020 7964 2536

Attention: Corporate Trust

SCHEDULE TO THE CALCULATION AGENCY AGREEMENT

Series number	Issue Date	Maturity Date (if any)	Title and Nominal Amount	NGN [Yes/No]	Annotation by Calculation Agent/Issuer
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SCHEDULE 2

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Glitnir banki hf. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form (**Registered Global Notes**)).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 23rd June, 2008 (the **Agency Agreement**, which expression shall include any amendment and/or supplement and/or restatement from time to time) and made between the Issuer, The Bank of New York as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), the other paying agent named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Paying Agents and the Transfer Agents are together referred to as the **Agents**.

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons

for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single Series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 28 July 2005 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agents. Copies of the applicable Final Terms are available for viewing at the office of the Issuer at Kirkjusandur 2, 155 Reykjavík, Iceland and copies may be obtained from the Principal Paying Agent at One Canada Square, London E14 5AL. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

The Notes are Senior Notes or Subordinated Notes as indicated in the applicable Final Terms. The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index Linked Interest Notes, Dual Currency Interest Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes may be Index Linked Redemption Notes, Instalment Notes, Dual Currency Redemption Notes, Partly Paid Notes or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by or on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note. The expressions **Noteholder** and **holder of Notes** mean, in the case of a Bearer Note, the bearer of such Note.

For so long as DTC, or its nominee, is the registered owner or holder of a Registered Global Note, DTC or its nominee, as the case may be, shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Registered Global Notes for all purposes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. Status of the Notes and Subordination

(a) Status of the Senior Notes

The Senior Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

(b) Subordination

The Subordinated Notes and any relative Receipts and Coupons are unsecured and unconditional obligations of the Issuer, subordinated in accordance with and for the purposes of Chapter X; Liquid Assets and Own Funds; Article 84 of the Act on Financial Undertakings No. 161/2002 (the Act) of the Icelandic Parliament, and rank *pari passu* and rateably and without any preference among themselves and accordingly, on the insolvency or liquidation of the Issuer, the Subordinated Notes rank in right of payment:

- (i) after payment of all obligations of the Issuer which are not expressed to be subordinated in accordance with and for the purposes of Chapter X; Liquid Assets and Own Funds; Article 84 of the Act (or any provision in any other Act of the Icelandic Parliament which modifies or replaces those provisions);
- (ii) at least *pari passu* with all other obligations of the Issuer which are expressed to be subordinated in accordance with and for the purposes of Chapter X; Liquid Assets and Own Funds; Article 84 of the Act (or any provision in any other Act of the Icelandic Parliament which modifies or replaces those provisions); and
- (iii) before the refund of any share capital (*hlutafe*) and/or comparable capital and reserves (*sambaerilegt eigid fe*) of the Issuer.

The Issuer undertakes that for so long as any of the Subordinated Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement) it will not create any subordinated obligation other than in accordance with and for the purposes of Chapter X; Liquid Asset and Own Funds; Article 84 of the Act (or any provision in any other Act of the Icelandic Parliament which modifies or replaces these provisions).

The provisions of this Condition 2(b) shall be governed by, and construed in accordance with, Icelandic law.

3. Negative Pledge

This Condition 3 only applies to Senior Notes. The Issuer will not, and will ensure that none of its subsidiaries will, create or have outstanding any mortgage, charge, pledge, lien or other security interest, each a “security interest” other than a permitted security interest (as defined below), upon the whole or any part of the Issuer’s undertakings, assets or revenues (including any uncalled capital), present or future, in order to secure any Relevant Indebtedness (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless (1) all amounts payable by it under the Senior Notes are equally and rateably secured by the security interest or (2) the other security interest or other arrangement (whether or not it includes the giving of a security interest) is in the form to be approved by a majority of the holders of outstanding Senior Notes.

Excluded Indebtedness means any Relevant Indebtedness in respect of which the person or persons to whom any Relevant Indebtedness is or may be owed by the relevant borrower has or have no recourse whatsoever to the Issuer or any subsidiary (whether or not also the relevant borrower) for the repayment thereof other than:

- (a) recourse to the borrower for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from a Specified Asset (as defined below), except for our asset or an asset of any subsidiary over which security is given in connection with the issuance of covered bonds; and/or
- (b) recourse to the borrower for the purpose only of enabling amounts to be claimed in respect of the Relevant Indebtedness in an enforcement of any encumbrance given by the borrower over a Specified Asset or the income, cash flow or other proceeds deriving from the Specified Asset (or given by a shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure the Relevant Indebtedness, provided that (i) the extent of the recourse to the borrower is limited solely to the amount of any recoveries made on any such enforcement, and (ii) the person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with the Relevant Indebtedness, to commence proceedings for the winding up or dissolution of the borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the borrower or any of its assets (save for the assets the subject of such encumbrance); and/or
- (c) recourse of the borrower generally, or directly or indirectly to us or any subsidiary, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect to such obligation or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against which such recourse is available;

Government entities means any body, agency, ministry, department, authority, statutory corporation or other entity of or pertaining to a member state of the European Economic Area or the government thereof or any political subdivision, municipality or local government thereof (whether autonomous or not).

Permitted security interest means any security interest created by the Issuer or its subsidiaries over the whole or any part of their present or future assets or revenues where such assets or revenues are comprised of the following (or are otherwise qualifying collateral for issues of covered bonds pursuant to any relevant contractual arrangements and/or specific provisions of laws of Iceland relating to covered bonds): (1) mortgage receivables; (2) receivables against government entities; (3) asset-backed securities backed by any of the assets under paragraph (1) or (2); or (4) any other assets permitted by Icelandic law to collateralize the covered bonds, in each case provided that the creation of the securities interest is pursuant to the relevant contractual arrangements or, as the case may be, specific provisions of the laws of Iceland relating to covered bonds applicable at the time of creation of the security interest.

Relevant Indebtedness means any present or future indebtedness (which term shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent) in the form of, or represented or evidenced by, bonds, debentures, notes or other securities which are, or are intended to be, with the agreement of the Issuer, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market other than indebtedness which by its terms will mature within a period of one year from its date of issue and other than excluded indebtedness.

Specified Asset means our asset or an asset of any subsidiary over which security is given in connection with any limited recourse securitisation or other asset-backed financing, including the issuance of covered bonds.

Subsidiary means any entity whose affairs are required by law or in accordance with generally accepted accounting principles applicable to Iceland to be consolidated in the Issuer's consolidated accounts.

4. Redenomination

(a) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, DTC (if applicable), Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14 elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of €0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed (or any other relevant authority) and the Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Principal Paying Agent may approve) €0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(a) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes; and

(b) in the case of Notes in definitive form, by applying the Rate of Interest to the Calculation Amount;

and, in each case,

multiplying such sum by the applicable Day Count Fraction specified in the applicable Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and

(vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

(b) Definitions

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty establishing the European Community, as amended.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case,

multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or

- (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- I. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - II. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

Fixed Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or

- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- I. in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, 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 (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- II. the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- III. the Modified Following Business Day Convention, such Interest Payment Date 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; or
- IV. the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (a) 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 London and any Additional Business Centre specified in the applicable Final Terms; and
 - (b) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open.
- (ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- I. the Floating Rate Option is as specified in the applicable Final Terms;
- II. the Designated Maturity is a period specified in the applicable Final Terms; and
- III. the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate

(**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- I. the offered quotation; or
- II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of I above, no such offered quotation appears or, in the case of II above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such

Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the Interest Amount) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(a) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case,

multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (c) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30; and

- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (g) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(v) Notification of Rate of Interest and Interest Amounts

the Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. Payments

(a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject

as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalments will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue has a talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

(d) Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar

is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Bearer Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to

make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (i) 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 each of:
 - (A) the relevant place of presentation;
 - (B) London; and
 - (C) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

(g) **Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer (but, in the case of Subordinated Notes, only after having obtained the approval of the Financial Supervisory Authority) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Note nor a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Each Note redeemed pursuant to this Condition 7(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

- (c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may (but, in the case of Subordinated Notes, only after having obtained the approval of the Financial Supervisory Authority), having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, in each case as specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), as the case may be, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant

Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Senior Note the holder of this Senior Note must, if this Note is in definitive form and held outside DTC, Euroclear and Clearstream, Luxembourg, deliver such Senior Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through DTC, Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, (which may include notice being given on his instruction by DTC, Euroclear or Clearstream, Luxembourg or any common depository for them to the Principal Paying Agent by electronic means) in a form acceptable to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice given by a holder of any Senior Note pursuant to this paragraph (d) shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph (d) and instead to declare such Senior Note forthwith due and payable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

Where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) Purchases

The Issuer or any subsidiary of the Issuer may at any time purchase Notes but, in the case of Subordinated Notes, only after having obtained the approval of the Financial Supervisory Authority (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Iceland or the United States 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 holders of the Notes, Receipts or Coupons 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, Receipts or Coupons, 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, Receipt or Coupon:

- (i) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of such holder (or a fiduciary, settlor, beneficiary, member, or stockholder of, or a person holding a power over, such holder, if such holder is an estate, trust, partnership or corporation) having some present or former connection with Iceland or the United States other than the mere holding of such Note, Receipt or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined below) 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 Payment Day (as defined in Condition 6(f)); or
- (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 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, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (v) in respect of taxes, duties, assessment or governmental charges that would not have been imposed but for the failure of the Noteholder or beneficial owner of such Note to comply with any certification, identification, information, documentation or other reporting requirement if such compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of, deduction or withholding; or
- (vi) any combination of (i), (ii), (iii), (iv) or (v) above.

Additionally, the obligation of the Issuer to pay additional amounts shall not apply with respect to (i) any estate, inheritance, gift, sales, transfer or personal property tax or any similar taxes, duties, assessments or other charges, (ii) any taxes, duties, assessments or other governmental charges that are payable otherwise than by deduction or withholding from payments on the Notes or (iii) any taxes, duties, assessments or other governmental charges that are payable in any jurisdiction other than Iceland or the United States.

In the event that additional amounts actually paid with respect to the Notes are based on rates of deduction or withholding of any taxes, duties, assessments or governmental charges in excess of the appropriate rate applicable to the Noteholder or beneficial owners of such Notes, and, as a result thereof, such Noteholder or beneficial owner is entitled to make a claim to the appropriate taxing authority for a refund or credit of such excess, then such Noteholder or beneficial owner shall, by accepting the Notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to the Issuer. However, by making such assignment, the Noteholder or beneficial owner makes no representation or warranty that the Issuer will

be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

As used herein:

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 Principal Paying Agent or the Registrar 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 14.

9. Prescription

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

(a) Events of Default relating to Senior Notes

If any one or more of the following events (each an **Event of Default**) shall occur with respect to any Senior Note:

- (i) if default is made in the payment of any principal, premium (if any) or interest due in respect of the Senior Notes or any of them and the default continues for a period of three days in the case of principal or premium (if any) and seven days in the case of interest; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (iii) if any Borrowed Money of the Issuer or any of its Principal Subsidiaries is not paid when due or becomes (whether by declaration or automatically in accordance with the relevant agreement or instrument constituting the same) due and payable prior to the date when it would otherwise have become due or any creditor of the Issuer or any of its Principal Subsidiaries becomes entitled to declare any such Borrowed Money due and payable or any facility or commitment available to the Issuer or any of its Principal Subsidiaries relating to Borrowed Money is

withdrawn, suspended or cancelled by reason of any default (however described) of the company concerned, provided that, for the purposes of this sub-clause (iii), the Borrowed Money must, when aggregated with all other Borrowed Money to which any part of this Condition 10(a)(iii) applies, exceed U.S.\$5,000,000 (or its equivalent in any other currency); or

- (iv) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) if (A) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) the same is not discharged within 14 days; or
- (vii) if the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Senior Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Senior Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if

any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition:

Principal Subsidiary at any time shall mean a Subsidiary of the Issuer inter alia:

- (a) whose sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than five per cent. of the consolidated sales, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Principal Subsidiary,

all as more particularly defined in the Agency Agreement.

A certificate by two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties, provided that in giving such certificate the Directors must act reasonably and in good faith, and on the basis of the latest audited, and, in the case of the Issuer, consolidated, financial statements for the entities concerned.

- (b) Enforcement relating to Subordinated Notes
 - (i) If the Issuer fails to meet its obligations under the Subordinated Notes, any Noteholder may, at its own discretion and without further notice, institute proceedings in Iceland for the compulsory winding-up of the Issuer in accordance with the Act on Financial Undertakings No. 161/2002.
 - (ii) Any Noteholder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Subordinated Notes provided that the Issuer 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.
 - (iii) If an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer, then the Subordinated Notes shall become due and payable at the Early Redemption Amount together with interest accrued to the date of repayment, without presentment, demand, pretext or other notice of any kind.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) 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 Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Agents

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (i) there will at all times be a Principal Paying Agent and a Registrar;
- (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority; and
- (iii) there will at all times be a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

In addition, the Issuer shall forthwith appoint an Agent having a specified office in New York City in the circumstances described in Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying

Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices to holders of the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Notwithstanding the foregoing until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or admitted to trading by any other listing authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to DTC, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver

The 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, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal 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 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling 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 Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal 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 nominal 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, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders 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.

17. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. Governing Law and Submission to Jurisdiction

(a) Governing law

The Agency Agreement, the Deed of Covenant, the Notes (other than Condition 2(b)), the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. Condition 2(b) of the Notes is governed by, and shall be construed in accordance with, Icelandic law.

(b) Submission to jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer 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.

(a) Appointment of Process Agent

The Issuer appoints its London branch at 2 Royal Exchange Buildings, London EC3V 3LF as its agent for service of process, and undertakes that, in the event of it ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(b) Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts, waived any right it may have to claim sovereign or other immunity from jurisdiction or execution and appointed an agent for service of process in terms substantially similar to those set out above.

SCHEDULE 3

FORM OF DEED OF COVENANT

THIS DEED OF COVENANT is made on 28 July 2005 by Íslandsbanki hf. (the **Issuer**) in favour of the account holders or participants specified below of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**), the Depository Trust Company and/or any other additional clearing system or systems as is specified in the Final Terms relating to any Note (as defined below) (each a **Clearing System**).

WHEREAS:

- (A) The Issuer has entered into an amended and restated programme agreement dated 28 July 2005 (the **Programme Agreement**, which expression includes the same as it may be amended, supplemented, novated or restated from time to time) each with the dealers named therein under which the Issuer proposes from time to time to issue Notes (the **Notes**).
- (B) Certain of the Notes will initially be represented by, and comprised in, Global Notes, in each case representing a certain number of underlying Notes (the **Underlying Notes**).
- (C) Certain of the Global Notes may, after issue, be deposited with a depository for one or more Clearing Systems (each such Clearing System or all such Clearing Systems together, the **Relevant Clearing System**). Upon such deposit of a Global Note the Underlying Notes represented by such Global Note will be credited to a securities account or securities accounts with the Relevant Clearing System. Any account holder with the Relevant Clearing System which has Underlying Notes credited to its securities account from time to time (each a **Relevant Account Holder**) will, subject to and in accordance with the terms and conditions and operating procedures or management regulations of the Relevant Clearing System, be entitled to transfer such Underlying Notes and (subject to and upon payment being made by the Issuer to the bearer in accordance with the terms of the relevant Global Note) will be entitled to receive payments from the Relevant Clearing System calculated by reference to the Underlying Notes credited to its securities account.
- (D) In certain circumstances specified in each Global Note, a Global Note will become void. The time at which a Global Note becomes void is hereinafter referred to as the **Relevant Time**. In such circumstances, each Relevant Account Holder will, subject to and in accordance with the terms of this Deed, acquire against the Issuer all those rights which such Relevant Account Holder would have had if, prior to the Global Note becoming void, duly executed and authenticated Definitive Notes had been issued in respect of its Underlying Notes and such Definitive Notes were held and beneficially owned by such Relevant Account Holder.

NOW THIS DEED WITNESSES as follows:

1. If any Global Note becomes void in accordance with the terms thereof the Issuer hereby undertakes and covenants with each Relevant Account Holder (other than any Relevant Account Holder which is an account holder of any other Relevant Clearing System) that each Relevant Account Holder shall automatically acquire at the Relevant Time, without the need for any further action on behalf of any person, against the Issuer all those rights which such Relevant Account Holder would have had if at the Relevant Time it held and beneficially owned executed and authenticated Definitive Notes in respect of each Underlying Note represented by such Global Note which such Relevant Account Holder has credited to its securities account with the Relevant Clearing System at the Relevant Time.

The Issuer's obligation pursuant to this clause shall be a separate and independent obligation by reference to each Underlying Note which a Relevant Account Holder has credited to its securities account with the Relevant Clearing System and the Issuer agrees that a Relevant Account Holder may assign its rights hereunder in whole or in part.

2. The records of the Relevant Clearing System shall be conclusive evidence of the identity of the Relevant Account Holders and the number of Underlying Notes credited to the securities account of each Relevant Account Holder. For the purposes hereof a statement issued by the Relevant Clearing System stating:

- (a) the name of the Relevant Account Holder to which such statement is issued; and
- (b) the aggregate nominal amount of Underlying Notes credited to the securities account of such Relevant Account Holder as at the opening of business on the first day following the Relevant Time on which the Relevant Clearing System is open for business,

shall be conclusive evidence of the records of the Relevant Clearing System at the Relevant Time.

3. In the event of a dispute, the determination of the Relevant Time by the Relevant Clearing System (in the absence of manifest error) shall be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with the Relevant Clearing System.
4. The Issuer undertakes in favour of each Relevant Account Holder that, in relation to any payment to be made by it under this Deed, it will comply with the provisions of Condition 8 to the extent that they apply to any payment in respect of Underlying Notes as if those provisions had been set out in full in this Deed.
5. The Issuer will pay any stamp and other duties and taxes, including interest and penalties, payable on or in connection with the execution of this Deed and any action taken by any Relevant Account Holder to enforce the provisions of this Deed.

6. The Issuer hereby warrants, represents and covenants with each Relevant Account Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally.
7. This Deed shall take effect as a Deed Poll for the benefit of the Relevant Account Holders from time to time and for the time being. This Deed shall be deposited with and held by the common depository for Euroclear and Clearstream, Luxembourg (being at the date hereof JPMorgan Chase Bank, N.A. at Trinity Tower, 9 Thomas More Street, London E1W 1YT, England) until all the obligations of the Issuer hereunder have been discharged in full.
8. The Issuer hereby acknowledges the right of every Relevant Account Holder to the production of, and the right of every Relevant Account Holder to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Relevant Account Holder, and that each Relevant Account Holder shall be entitled severally to enforce the said obligations against the Issuer.
9. A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
10. This Deed is governed by, and shall be construed in accordance with, the laws of England.

The Issuer hereby irrevocably agrees, for the exclusive benefit of the Relevant Account Holders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with this Deed may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this clause shall limit any right to take Proceedings against the Issuer 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.

The Issuer hereby appoints its London branch at 2 Royal Exchange Buildings, London EC3V 3LF as its agent for service of process, and undertakes that, in the event of it ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve process in any manner permitted by law.

IN WITNESS whereof the Issuer has caused this Deed to be duly executed the day and year first above mentioned.

EXECUTED as a **DEED**)
by **ÍSLANDBANKI hf.**)
acting by)
acting on the authority)
of that company)
in the presence of:)

Witness:

Name:

Address:

SCHEDULE 4
FORM OF PUT NOTICE

GLITNIR BANKI hf.

[title of relevant Series of Notes]

By depositing this duly completed Notice with the Registrar (in the case of Registered Notes) or any Paying Agent (in the case of Bearer Notes) for the above Series of Notes (the **Notes**) the undersigned holder of such Notes surrendered with this Notice and referred to below irrevocably exercises its option to have [the full/.....]⁽¹⁾ nominal amount of such Notes redeemed in accordance with Condition 7(d) on [redemption date].

This Notice relates to Notes in the aggregate nominal amount of bearing the following serial numbers:

If the Notes or a new Registered Note in respect of the balance of the Notes referred to above are to be returned or delivered (as the case may be)⁽²⁾ to the undersigned under Clause 13.4 of the Agency Agreement, they should be returned or delivered (as the case may be) by uninsured post to:

Payment Instructions

Please make payment in respect of the above-mentioned Notes by [cheque posted to the above address/transfer to the following bank account]⁽¹⁾:

Bank:	Branch Address:
Branch Code:	Account Number:
Signature of holder:

[To be completed by recipient Registrar/Paying Agent]

Details of missing unmatured Coupons⁽³⁾

Received by:
[Signature and stamp of Registrar/Paying Agent]

At its office at: On:

NOTES:

- (1) Complete as appropriate.
- (2) The Agency Agreement provides that Notes so returned or delivered (as the case may be) will be sent by post, uninsured and at the risk of the Noteholder, unless the Noteholder otherwise requests and pays the costs of such insurance to the relevant Paying Agent at the time of depositing the Note referred to above.
- (3) Only relevant for Bearer Fixed Rate Notes (which are not also Index Linked Redemption Notes, Dual Currency Redemption Notes or Long Maturity Notes) in definitive form.

N.B. The Registrar or, as the case may be, the Paying Agent with whom the above-mentioned Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of such Paying Agent in relation to the said Notes or any of them unless such loss or damage was caused by the fraud or gross negligence of such Registrar or Paying Agent or its directors, officers or employees.

This Put Notice is not valid unless all of the paragraphs requiring completion are duly completed. Once validly given this Put Notice is irrevocable except in the circumstances set out in Clause 13.4 of the Agency Agreement.

SCHEDULE 5

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
 - (i) **voting certificate** shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:
 - (A) that on the date thereof Bearer Notes (not being Bearer Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate and any adjourned such meeting) bearing specified serial numbers were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control and that no such Bearer Notes will cease to be so deposited or held until the first to occur of:
 - I. the conclusion of the meeting specified in such certificate or, if applicable, any adjourned such meeting; and
 - II. the surrender of the certificate to the Paying Agent who issued the same; and
 - (B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Bearer Notes represented by such certificate;
 - (ii) **block voting instruction** shall mean an English language document issued by a Paying Agent and dated in which:
 - (A) it is certified that Bearer Notes (not being Bearer Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control and that no such Bearer Notes will cease to be so deposited or held until the first to occur of:
 - I. the conclusion of the meeting specified in such document or, if applicable, any adjourned such meeting; and
 - II. the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Bearer Note which is to be released or (as the case may require)

the Bearer Note or Bearer Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 17 hereof of the necessary amendment to the block voting instruction;

- (B) it is certified that each holder of such Bearer Notes has instructed such Paying Agent that the vote(s) attributable to the Bearer Note or Bearer Notes so deposited or held should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
- (C) the total number, total nominal amount and the serial numbers (if available) of the Bearer Notes so deposited or held are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (D) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Bearer Notes so listed in accordance with the instructions referred to in paragraph (C) above as set out in such document.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Bearer Notes to which such voting certificate or block voting instruction relates and the Paying Agent with which such Bearer Notes have been deposited or the person holding the same to the order or under the control of such Paying Agent shall be deemed for such purposes not to be the holder of those Bearer Notes.

- (b) A holder of Registered Notes may by an instrument in writing (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a **proxy**) to act on its behalf in connection with any meeting or proposed meeting of the Noteholders.

- (i) Any holder of Registered Notes which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting or proposed meeting of the Noteholders.
 - (ii) Any proxy appointed under subparagraph (i) or representative appointed under subparagraph (ii) shall, so long as the appointment remains in force, for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Registered Notes to which the appointment relates and the holder of the Registered Notes shall be deemed for those purposes not to be the holder of those Registered Notes.
 - (iii) If the holder of a Registered Note is DTC or a nominee of DTC, such nominee, or DTC, DTC participants or beneficial owners of interests in Registered Notes held through DTC participants, may appoint proxies in accordance with and in the form used by DTC as part of its usual procedures from time to time in relation to meetings of Noteholders. Any proxy so appointed may by an instrument in writing in the English language signed by the proxy or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Registrar or any other person approved by the Registrar before the time fixed for any meeting, appoint any persons (the **sub-proxy**) to act on its behalf in connection with any meeting or proposed meeting of Noteholders. All references to **proxy** or **proxies** in this Schedule other than in this paragraph shall be read so as to include references to “sub-proxy” or “sub-proxies”.
- (c) References herein to the Notes are to the Notes in respect of which the relevant meeting is convened.
2. The Issuer may at any time and, upon a requisition in writing of Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Issuer defaults for a period of seven days in convening such a meeting the same may be convened by the requisitionists. Whenever the Issuer is about to convene any such meeting it shall forthwith give notice in writing to the Principal Paying Agent and the Dealers of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place as the Principal Paying Agent may approve.
3. At least 21 days’ notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the place, day and hour of the meeting shall be given to the Noteholders prior to any meeting of the Noteholders in the manner provided by Condition 14. Such notice shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be

proposed. Such notice shall include a statement to the effect that (a) Bearer Notes may be deposited with Paying Agents for the purpose of obtaining voting certificates or appointing proxies and (b) the holder of Registered Notes may appoint proxies by executing and delivering a form of proxy to the specified office of the Principal Paying Agent, in each case not less than 24 hours before the time fixed for the meeting or that, in the case of corporations, they may appoint representatives by resolution of their directors or other governing body. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

4. Some person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman.
5. At any such meeting one or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than 20 per cent. in nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding PROVIDED THAT at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution) namely:
 - (a) modification of the Maturity Date (if any) of the Notes or reduction or cancellation of the nominal amount payable upon maturity; or
 - (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes; or
 - (c) reduction of any Minimum Interest Rate and/or Maximum Interest Rate specified in the applicable Final Terms; or
 - (d) modification of the currency in which payments under the Notes are to be made; or
 - (e) modification of the majority required to pass an Extraordinary Resolution; or
 - (f) the sanctioning of any such scheme or proposal as is described in paragraph 18(f) below; or

(g) alteration of this proviso or the proviso to paragraph 6 below;

the quorum shall be one or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than two-thirds in nominal amount of the Notes for the time being outstanding.

6. If within fifteen minutes after the time appointed for any such meeting a quorum is not present the meeting shall if convened upon the requisition of Noteholders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be appointed by the Chairman and approved by the Principal Paying Agent) and at such adjourned meeting one or more persons present holding Notes or voting certificates or being proxies or representatives (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the business of which includes any of the matters specified in the proviso to paragraph 5 above the quorum shall be one or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-third in nominal amount of the Notes for the time being outstanding.
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall (except in cases where the proviso to paragraph 6 above shall apply when it shall state the relevant quorum) state that one or more persons present holding Notes or voting certificates or being proxies or representatives at the adjourned meeting whatever the nominal amount of the Notes held or represented by them will form a quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy or as a representative.
9. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by one or more persons present holding Notes or voting certificates or being proxies or representatives (whatever the nominal amount of the Notes so held by them), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a

particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of **outstanding** in Clause 1.2 of this Agreement, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requisitioning the convening of such a meeting unless he either produces the Bearer Note or Bearer Notes of which he is the holder or a voting certificate or is a proxy or a representative or is the holder of a Registered Note. Neither the Issuer, nor any of its Subsidiaries shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any such company and no other person shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any such company. Nothing herein contained shall prevent any of the proxies named in any block voting instruction or form of proxy or any representative from being a director, officer or representative of or otherwise connected with the Issuer.
14. Subject as provided in paragraph 13 hereof at any meeting:
 - (a) on a show of hands every person who is present in person and produces a Bearer Note or voting certificate or is a holder of a Registered Note or is a proxy or representative shall have one vote; and
 - (b) on a poll every person who is so present shall have one vote in respect of:
 - (i) in the case of a meeting of the holders of Notes all of which are denominated in a single currency, each minimum integral amount of such currency; and
 - (ii) in the case of a meeting of the holders of Notes denominated in more than one currency, each €1.00 or, in the case of a Note denominated in a currency other than euro, the equivalent of €1.00 in such currency at the

Agent's spot buying rate for the relevant currency against euro at or about 11.00 a.m. (London time) on the date of publication of the notice of the relevant meeting (or of the original meeting of which such meeting is an adjournment),

or such other amount as the Principal Paying Agent shall in its absolute discretion stipulate in nominal amount of Notes so produced or represented by the voting certificate so produced or in respect of which each person is a proxy or representative.

Without prejudice to the obligations of the proxies named in any block voting instruction or form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxies named in any block voting instruction or form of proxy and representatives need not be Noteholders.
16. Each block voting instruction together (if so requested by the Issuer) with proof satisfactory to the Issuer of its due execution on behalf of the relevant Paying Agent and each form of proxy shall be deposited at such place as the Principal Paying Agent shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A certified copy of each block voting instruction shall be deposited with the Principal Paying Agent before the commencement of the meeting or adjourned meeting but the Principal Paying Agent shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction or form of proxy.
17. Any vote given in accordance with the terms of a block voting instruction or form of proxy shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or form of proxy or of any of the Noteholders' instructions pursuant to which it was executed PROVIDED THAT no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent or in the case of a Registered Note from the holder of the Registered Note by the Issuer at its registered office (or such other place as may have been approved by the Principal Paying Agent for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction or form of proxy is to be used.
18. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) only, namely:

- (a) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Noteholders, Receiptholders and Couponholders or any of them;
 - (b) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders, Receiptholders and Couponholders against the Issuer or against any of its property whether such rights shall arise under this Agreement, the Notes, the Receipts or the Coupons or otherwise;
 - (c) power to assent to any modification of the provisions contained in this Agreement or the Conditions, the Notes, the Receipts, the Coupons or the Deed of Covenant which shall be proposed by the Issuer;
 - (d) power to give any authority or sanction which under the provisions of this Agreement or the Notes is required to be given by Extraordinary Resolution;
 - (e) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
 - (f) power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash; and
 - (g) power to approve the substitution of any entity in place of the Issuer (or any previous substitute) as the principal debtor in respect of the Notes, the Receipts and the Coupons.
19. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provision hereof shall be binding upon all the Noteholders whether present or not present at such meeting and whether or not voting and upon all Couponholders and Receiptholders and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 14 by the Issuer within 14 days of such result being known PROVIDED THAT the non-publication of such notice shall not invalidate such resolution.
20. The expression **Extraordinary Resolution** when used in this Agreement or the Conditions means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll be

duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll.

21. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed or had.
22. Subject to all other provisions contained herein the Principal Paying Agent may without the consent of the Issuer, the Noteholders, the Receiptholders or the Couponholders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat as the Principal Paying Agent may in its sole discretion think fit.

SCHEDULE 6

FORMS OF GLOBAL AND DEFINITIVE NOTES, RECEIPTS, COUPONS AND TALONS

PART 1

FORM OF TEMPORARY BEARER GLOBAL NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]¹

GLITNIR BANKI HF.

TEMPORARY BEARER GLOBAL NOTE

This Global Note is a Temporary Bearer Global Note in respect of a duly authorised issue of Notes (the **Notes**) of Glitnir banki hf. (the **Issuer**) described, and having the provisions specified, in Part A of the Final Terms attached hereto (the **Final Terms**). References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Final Terms, but in the event of any conflict between the provisions of (i) that Schedule or (ii) this Global Note and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall bear the same meaning when used herein.

This Global Note is issued subject to, and with the benefit of, the Conditions and an amended and restated agency agreement dated 23rd June, 2008 (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) and made between the Issuer, The Bank of New York (the **Principal Paying Agent**) and the other agents named therein.

For value received the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer hereof on each Instalment Date (if the Notes are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Principal Paying Agent or any of the other paying agents located outside the United States (except as provided in the Conditions) from time to time

¹ This legend can be deleted if the Notes have an initial maturity of 365 days or less.

appointed by the Issuer in respect of the Notes, but in each case subject to the requirements as to certification provided herein.

If the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II, III or IV of Schedule One or in Schedule Two.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation, as aforesaid, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of such Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

Prior to the Exchange Date (as defined below), all payments (if any) on this Global Note will only be made to the bearer hereof to the extent that there is presented to the Principal Paying Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a particular nominal amount of the Notes (as shown by its records) a certificate of non-U.S. beneficial ownership in the form required by it. The bearer of this Global Note will not be entitled to receive any payment of interest hereon due on or after the Exchange Date unless upon due certification exchange of this Global Note is improperly withheld or refused.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date and (ii) 40 days after the completion of the distribution of the Tranche of Notes represented by this Global Note, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue), this Global Note may be exchanged in whole or in part (free of charge) for, as specified in the Final Terms, either (i) security printed Definitive Bearer Notes and (if applicable) Coupons, Receipts and Talons in the form set out in Parts 4, 5, 6 and 7 respectively of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Notes and (if applicable) Coupons, Receipts and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Bearer Notes) or (ii) either, if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, interests recorded in the records of the relevant Clearing Systems in a Permanent Bearer Global Note or, if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, a Permanent Bearer Global Note, which, in either case, is in or substantially in the form set out in Part 2 of Schedule 6 to the Agency Agreement (together with the Final Terms attached thereto), in each case upon notice being given by a relevant Clearing System acting on the instructions of any holder of an interest in this Global Note.

If Definitive Bearer Notes and (if applicable) Coupons, Receipts and/or Talons have already been issued in exchange for all the Notes represented for the time being by the Permanent Bearer Global Note, then this Global Note may only thereafter be exchanged for Definitive Bearer Notes and (if applicable) Coupons, Receipts and/or Talons pursuant to the terms hereof.

This Global Note may be exchanged by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for general business in London. The Issuer shall procure that the Definitive Bearer Notes or (as the case may be) the interests in the Permanent Bearer Global Note shall be (in the case of Definitive Notes) so issued and delivered and (in the case of the Permanent Bearer Global Note where the applicable Final Terms indicates that this Global Note is intended to be a New Global Note) recorded in the records of the relevant Clearing System in exchange for only that portion of this Global Note in respect of which there shall have been presented to the Principal Paying Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular nominal amount of the Notes (as shown by its records) a certificate of non-U.S. beneficial ownership from such person in the form required by it. The aggregate nominal amount of Definitive Bearer Notes issued upon an exchange of this Global Note will, subject to the terms hereof, be equal to the aggregate nominal amount of this Global Note submitted by the bearer hereof for exchange (to the extent that such nominal amount does not exceed the aggregate nominal amount of this Global Note).

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to the Principal Paying Agent. On an exchange of part only of this Global Note, the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered *pro rata* in the records of the relevant Clearing Systems;
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount so exchanged. On any exchange of this Global Note for a Permanent Bearer Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two to the Permanent Bearer Global Note and the relevant space in Schedule Two thereto recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof shall in all respects (except as otherwise provided herein) be entitled to the same benefits as if he were the bearer of Definitive Bearer Notes and the relative Coupons, Receipts and/or Talons (if any) represented hereby. Accordingly, except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and any Paying Agent may deem and treat the holder hereof as the absolute owner of this Global Note for all purposes. In the event that this Global Note (or any part hereof) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the bearer in accordance with the foregoing then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of this Global Note is received by the bearer in accordance with the foregoing, this Global Note will become void at 8.00 p.m. (London time) on such seventh day and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant executed by the Issuer on 28 July 2005 (as amended and/or replaced from time to time) in respect of the Notes issued under the Programme Agreement pursuant to which this Global Note is issued).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note is governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Principal Paying Agent and, if the applicable Final Terms indicates that this Global Note is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safe-keeper by the Relevant Clearing Systems.

IN WITNESS whereof the Issuer has caused this Global Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
Warranty or liability by

The Bank of New York

By:

Effectuated without recourse, warranty or liability by

.....
as common safe-keeper

By:

PART 2

FORM OF PERMANENT BEARER GLOBAL NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.]¹

GLITNIR BANKI HF.

PERMANENT BEARER GLOBAL NOTE

This Global Note is a Permanent Bearer Global Note in respect of a duly authorised issue of Notes (the **Notes**) of Glitnir banki hf. (the **Issuer**) described, and having the provisions specified, in Part A of the Final Terms attached hereto (the **Final Terms**). References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Final Terms, but in the event of any conflict between the provisions of (i) that Schedule or (ii) this Global Note and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall bear the same meaning when used herein.

This Global Note is issued subject to, and with the benefit of, the Conditions and an amended and restated agency agreement dated 23rd June, 2008 (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) and made between the Issuer, The Bank of New York (the **Principal Paying Agent**) and the other agents named therein.

For value received the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer hereof on each Instalment Date (if the Notes are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Principal Paying Agent or any of the other paying agents located outside the United States (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes.

If the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and

¹ This legend can be deleted if the Notes have an initial maturity of 365 days or less.

Clearstream Banking, société anonyme (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II, III or IV of Schedule One or in Schedule Two.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One and the relevant space in Schedule One recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation as aforesaid, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of such Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

Where the Notes have initially been represented by one or more Temporary Bearer Global Notes, on any exchange of any such Temporary Global Note for this Global Note or any part hereof, the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered in the records of the relevant Clearing Systems; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer. Upon any such exchange, the nominal amount of the Notes represented by this Global Note shall be increased by the nominal amount of any such Temporary Bearer Global Note so exchanged.

In certain circumstances further notes may be issued which are intended on issue to be consolidated and form a single Series with the Notes. In such circumstances the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Note is intended to be a New Global Note, details of such further notes may be entered in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note may be increased by the amount of such further notes so issued; or
- (b) if the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note, shall be entered by or on behalf of the Issuer in Schedule Two and the relevant space in Schedule Two recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of the Notes represented by this Global Note shall be increased by the nominal amount of any such Temporary Bearer Global Note so exchanged

This Global Note may be exchanged in whole but not in part (free of charge), for Definitive Bearer Notes and (if applicable) Coupons, Receipts and/or Talons in the form set out in Parts 4, 5, 6 and 7 respectively of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Notes and (if applicable) Coupons, Receipts and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Bearer Notes) either, as specified in the applicable Final Terms:

- (a) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note; or
- (b) only upon the occurrence of any Exchange Event.

An **Exchange Event** means:

- (i) an Event of Default has occurred and is continuing;
- (ii) the Issuer has been notified that both the relevant Clearing Systems have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to

cease business or have in fact done so and no successor clearing system is available; or

- (iii) if so specified in the applicable Final Terms, the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by this Global Note in definitive form.

If this Global Note is only exchangeable following the occurrence of an Exchange Event:

- (a) the Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event; and
- (b) in the event of the occurrence of any Exchange Event, one or more of the relevant Clearing Systems acting on the instructions of any holder of an interest in this Global Note may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur no later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Any such exchange as aforesaid will be made on any day (other than a Saturday or Sunday) on which banks are open for general business in London by the bearer of this Global Note. On an exchange of this Global Note, this Global Note shall be surrendered to or to the order of the Principal Paying Agent. The aggregate nominal amount of Definitive Bearer Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note at the time of such exchange.

Until the exchange of this Global Note as aforesaid, the bearer hereof shall in all respects (except as otherwise provided herein) be entitled to the same benefits as if he were the bearer of Definitive Bearer Notes and the relative Coupons, Receipts and/or Talons (if any) represented hereby. Accordingly, except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and any Paying Agent may deem and treat the holder hereof as the absolute owner of this Global Note for all purposes.

In the event that this Global Note (or any part hereof) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the bearer in accordance with the foregoing then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of this Global Note is received by the bearer in accordance with the foregoing, this Global Note will become void at 8.00 p.m. (London time) on such seventh day and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant executed by the Issuer on 28 July 2005 (as amended and/or replaced from time to time) in respect of the Notes issued under the Programme Agreement pursuant to which this Global Note is issued).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Global Note is governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Principal Paying Agent and, if the applicable Final Terms indicates that this Global Note is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safe-keeper by the Relevant Clearing Systems.

IN WITNESS whereof the Issuer has caused this Global Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
warranty or liability by

The Bank of New York

By:

Effectuated without recourse, warranty or liability by

.....
as common safe-keeper

By:

PART 3

FORM OF RULE 144A GLOBAL NOTE

THE ISSUER OF THE NOTES EVIDENCED HEREBY (THE NOTES) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE INVESTMENT COMPANY ACT) AND THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT). THESE NOTES MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN ACCORDANCE WITH THE AGENCY AGREEMENT AND IN COMPLIANCE WITH THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND FOREIGN JURISDICTIONS AND ONLY PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (RULE 144A) TO A U.S. PERSON WITHIN THE MEANING OF REGULATIONS OF THE SECURITIES ACT THAT ALSO (1) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A QIB), (2) IS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER) (A QUALIFIED PURCHASER) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT ALSO IS A QUALIFIED PURCHASER, (3) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN \$25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE AGENT AND (4) IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY BENEFICIARIES OF THE PLAN, WHOM THE SELLER HAS INFORMED, IN EACH CASE, THAT THE OFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND FOREIGN JURISDICTIONS. THE HOLDER OR BENEFICIAL OWNER OF THE NOTES WILL, AND EACH SUBSEQUENT HOLDER OR BENEFICIAL OWNER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF NOTES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

THE ISSUER HAS THE RIGHT TO FORCE ANY BENEFICIAL OWNER OF THE NOTES WHO WAS NOT A QUALIFIED PURCHASER AT THE TIME IT ACQUIRED THE NOTES TO TRANSFER SUCH BENEFICIAL INTEREST OR TO HAVE SUCH NOTE REDEEMED

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (DTC), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS

REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A NOTE REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL NOTE, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.

GLITNIR BANKI HF.

RULE 144A GLOBAL NOTE

Glitnir banki hf. (the **Issuer**) hereby certifies that Cede & Co is, at the date hereof, entered in the Register as the holder of the aggregate nominal amount of [] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in the attached Final Terms (the **Final Terms**). References in this Global Note to the Conditions shall be to the Terms and Conditions of the Notes set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in Part A of the Final Terms, but in the event of any conflict between the provisions of (i) that Schedule or (ii) this Global Note and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement** which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 23rd June, 2008 and made between the Issuer, The Bank of New York (the **Registrar**) and the other Agents named in it.

Subject to and in accordance with the Conditions, the registered holder of this Global Note is entitled to receive on each Instalment Date (if the Notes are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes on each such date and interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

On any redemption or payment of an instalment or interest being made in respect of or purchase and cancellation of, any of the Notes represented by this Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by the Registrar in the Register. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Notes held by the registered holder hereof shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid. The nominal amount of the Notes held by the registered holder hereof following any such redemption, payment of an instalment or purchase and cancellation or any transfer or exchange as referred to below shall be that amount most recently entered in the Register.

Notes represented by this Global Note are transferable only in accordance with, and subject to, the provisions of this Global Note (including the legend set out above) and of Condition 1 and the rules and operating procedures of The Depository Trust Company (**DTC**).

This Global Note may be exchanged in whole but not in part (free of charge) for Definitive Registered Notes in the form set out in Part 8 of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Registered Notes and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Registered Notes) either, as specified in the applicable Final Terms:

- (a) upon not less than 60 days written notice being given to the Principal Paying Agent by DTC acting on the instructions of any holder of an interest in this Global Note; or
- (b) only upon the occurrence of any Exchange Event.

An **Exchange Event** means:

- (a) an Event of Default (as defined in Condition 10) has occurred and is continuing;
- (b) either DTC has notified the Issuer that it is unwilling or unable to continue as depository for this Global Note and no alternative clearing system is available or DTC has ceased to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, and no alternative clearing system is available; or
- (c) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by this Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, DTC, acting on the instructions of any holder of an interest in this Global Note may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 60 days after the date of receipt of the relevant notice by the Registrar.

Exchanges will be made upon presentation of this Global Note at the office of the Registrar at One Canada Square, London E14 5AL, by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in England. The aggregate nominal amount of Definitive Registered Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note.

On an exchange in whole of this Global Note, this Global Note shall be surrendered to the Registrar.

On any exchange details of the exchange shall be entered by the Registrar in the Register, following which the nominal amount of this Global Note shall be reduced by the nominal amount so exchanged.

Until the exchange of the whole of this Global Note, the registered holder of this Global Note shall in all respects (except as otherwise provided in this Global Note and in the Conditions) be entitled to the same benefits as if he were the registered holder of the Definitive Registered Notes represented by this Global Note.

In the event that this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the registered holder of this Global Note in accordance with the provisions set out above then unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of this Global Note is received by the bearer in accordance with the foregoing, this Global Note will become void at 8.00 p.m. (London time) on such seventh day and holders of interests in this Global Note will become entitled to proceed directly against the Issuer on the basis of statements of account provided by DTC and on the basis of but subject to the terms of a Deed of Covenant executed by the Issuer on 28 July 2005 in respect of the Notes issued under the Programme Agreement pursuant to which this Global Note is issued.

This Global Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Global Note.

Transfers of this Global Note shall be limited to transfers in whole, but not in part, to DTC or any other nominee of DTC.

The statements in the legend set out above are an integral part of the terms of this Global Note and, by acceptance of this Global Note, the registered holder of this Global Note agrees to be subject to and bound by the terms and provisions set out in the legend.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note is governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Registrar.

IN WITNESS whereof the Issuer has caused this Global Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
warranty or liability by

The Bank of New York

By:

PART 4

REGULATION S GLOBAL NOTE

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, (DTC), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A NOTE REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL NOTE, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.

Glitnir banki hf. (the Issuer) hereby certifies that Cede & Co is, at the date hereof, entered in the Register as the holder of the aggregate nominal amount of [] of a duly authorised issue of Notes (the Notes) described, and having the provisions specified, in Part A of the attached Final Terms (the Final Terms). References in this Global Note to the Conditions shall be to the Terms and Conditions of the Notes set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Final Terms, but in the event of any conflict between the provisions of (i) that Schedule or (ii) this Global Note and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement** which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 23rd June, 2008 and made between the Issuer, The Bank of New York (the **Registrar**) and the other Agents named in it.

Subject to and in accordance with the Conditions, the registered holder of this Global Note is entitled to receive on each Instalment Date (if the Notes are repayable in instalments) and on the

Maturity Date (if any) and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes on each such date and interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by the Registrar in the Register. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Notes held by the registered holder hereof shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid. The nominal amount of the Notes held by the registered holder hereof following any such redemption, payment of an instalment or purchase and cancellation or any transfer or exchange as referred to below shall be that amount most recently entered in the Register.

Notes represented by this Global Note are transferable only in accordance with, and subject to, the provisions of this Global Note (including the legend set out above) and of Condition 1 and the rules and operating procedures of The Depository Trust Company (**DTC**).

This Global Note may be exchanged in whole but not in part (free of charge) for Definitive Registered Notes in the form set out in Part 10 of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Registered Notes and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Registered Notes) either, as specified in the applicable Final Terms:

- (a) upon not less than 60 days written notice being given to the Principal Paying Agent by DTC acting on the instructions of any holder of an interest in this Global Note; or
- (b) only upon the occurrence of any Exchange Event.

An **Exchange Event** means:

- (a) an Event of Default (as defined in Condition 10) has occurred and is continuing;
- (b) either DTC has notified the Issuer that it is unwilling or unable to continue as depository for this Global Note and no alternative clearing system is available or DTC has ceased to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, and no alternative clearing system is available; or
- (c) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by this Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, DTC, acting on the instructions of any holder of an interest in this Global Note may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 60 days after the date of receipt of the relevant notice by the Registrar.

Exchanges will be made upon presentation of this Global Note at the office of the Registrar at One Canada Square, London E14 5AL, London by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in England. The aggregate nominal amount of Definitive Registered Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note.

On an exchange in whole of this Global Note, this Global Note shall be surrendered to the Registrar.

On any exchange details of the exchange shall be entered by the Registrar in the Register, following which the nominal amount of this Global Note shall be reduced by the nominal amount so exchanged.

Until the exchange of the whole of this Global Note, the registered holder of this Global Note shall in all respects (except as otherwise provided in this Global Note and in the Conditions) be entitled to the same benefits as if he were the registered holder of the Definitive Registered Notes represented by this Global Note.

In the event that this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the registered holder of this Global Note in accordance with the provisions set out above then unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of this Global Note is received by the bearer in accordance with the foregoing, this Global Note will become void at 8.00 p.m. (London time) on such seventh day and holders of interests in this Global Note will become entitled to proceed directly against the Issuer on the basis of statements of account provided by DTC and on the basis of but subject to the terms of a Deed of Covenant executed by the Issuer on 28 July 2005 in respect of the Notes issued under the Programme Agreement pursuant to which this Global Note is issued.

This Global Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Global Note.

Transfers of this Global Note shall be limited to transfers in whole, but not in part, to DTC or any other nominee of DTC.

The statements in the legend set out above are an integral part of the terms of this Global Note and, by acceptance of this Global Note, the registered holder of this Global Note agrees to be subject to and bound by the terms and provisions set out in the legend.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note is governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Registrar.

IN WITNESS whereof the Issuer has caused this Global Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
warranty or liability by

The Bank of New York

By:

PART 5

FORM OF DEFINITIVE BEARER NOTE

[Face of Note]

00	000000	[ISIN]	00	000000
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[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]⁷

GLITNIR BANKI hf.

[Specified Currency and Nominal Amount of Tranche] Notes [Due [Year of Maturity]]

This Note is one of a duly authorised issue of Notes denominated in the Specified Currency maturing on the Maturity Date (if any) (the **Notes**) of Glitnir banki hf. (the **Issuer**). References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon/attached hereto/set out in Schedule 2 to the Agency Agreement (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as modified and supplemented by Part A of the Final Terms (the **Final Terms**) (or the relevant provisions of the Final Terms) endorsed hereon but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail.

This Note is issued subject to, and with the benefit of, the Conditions and an amended and restated agency agreement dated 23rd June, 2008 (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) and made between the Issuer, The Bank of New York (the **Principal Paying Agent**) and the other agents named therein.

For value received, the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer hereof [on each Instalment Date and] [on the Maturity Date and/or] on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Note on each such date and to pay interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions.

This Note shall not be validly issued unless authenticated by the Principal Paying Agent.

⁷ This legend can be deleted if the Notes have an initial maturity of 365 days or less.

IN WITNESS whereof the Issuer has caused this Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
warranty or liability by

The Bank of New York

By:

[Reverse of Note]

Terms and Conditions

*[Terms and Conditions to be as set out in
Schedule 2 to the Agency Agreement]*

Final Terms

*[Here may be set out text of Final Terms
relating to the Notes]*

PART 6
FORM OF COUPON

[Face of Coupon]

GLITNIR BANKI hf.

[Specified Currency and Nominal Amount of Tranche]
Notes [Due [Year of Maturity]]

Part A

For Fixed Rate Notes:

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the Notes to which it appertains.	Coupon for [] due on []
--	--

Part B

For Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes:

Coupon for the amount due in accordance with the Terms and Conditions of the Notes to which it appertains on the Interest Payment Date falling in [].	Coupon due in []
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This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]⁸

00	000000	[ISIN]	00	000000
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⁸ This legend can be deleted if the Notes have an initial maturity of 365 days or less.

PART 7
FORM OF RECEIPT

[Face of Receipt]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.⁹

GLITNIR BANKI hf.

[Specified Currency and Nominal Amount of Tranche] Notes Due [Year of Final Maturity]

Series No. []

Receipt for the sum of [] being the instalment of principal payable in accordance with the Terms and Conditions endorsed on the Note to which this Receipt appertains (the **Conditions**) on [].

This Receipt is issued subject to and in accordance with the Conditions which shall be binding upon the holder of this Receipt (whether or not it is for the time being attached to such Note) and is payable at the specified office of any of the Paying Agents set out on the reverse of the Note to which this Receipt appertains (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders).

This Receipt must be presented for payment together with the Note to which it appertains. The Issuer shall have no obligation in respect of any Receipt presented without the Note to which it appertains or any unmatured Receipts.

GLITNIR BANKI hf.

By:

By:

⁹ This legend can be deleted if the Notes have an initial maturity of 365 days or less.

PART 8
FORM OF TALON

[Face of Talon]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.¹⁰

GLITNIR BANKI hf.

[Specified Currency and Nominal Amount of Tranche] Notes [Due [Year of Maturity]]

Series No. []

On and after [] further Coupons [and a further Talon] appertaining to the Note to which this Talon appertains will be issued at the specified office of any of the Agents set out on the reverse hereof (and/or any other or further Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Notes to which this Talon appertains.

GLITNIR BANKI hf.

By:

By:

¹⁰ This legend can be deleted if the Notes have an initial maturity of 365 days or less.

[Reverse of Coupon, Receipt and Talon]

PRINCIPAL PAYING AGENT

The Bank of New York
One Canada Square
London E14 5AL
England

OTHER PAYING AGENTS

The Bank of New York (Luxembourg), S.A.
Aerogolf Center
1A Hoehenhof
L-1736 Senningerberg
Luxembourg

and/or such other or further Principal Paying Agent or other Paying Agents and/or specified offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Noteholders.

PART 9

FORM OF DEFINITIVE 144A REGISTERED NOTE

GLITNIR BANKI HF.

[*Specified Currency and Nominal Amount of Tranche*] Notes [Due [*Year of Maturity*]]

THE ISSUER OF THE NOTES EVIDENCED HEREBY (THE NOTES) HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE INVESTMENT COMPANY ACT) AND THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT). THESE NOTES MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN ACCORDANCE WITH THE AGENCY AGREEMENT AND IN COMPLIANCE WITH THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND FOREIGN JURISDICTIONS AND ONLY PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (RULE 144A) TO (A) A U.S. PERSON WITHIN THE MEANING OF REGULATION S OF THE SECURITIES ACT THAT ALSO (1) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, (2) IS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT) (A QUALIFIED PURCHASER) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER THAT ALSO IS A QUALIFIED PURCHASER, (3) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN \$25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE AGENT AND (4) IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY BENEFICIARIES OF THE PLAN, WHOM THE SELLER HAS INFORMED, IN EACH CASE, THAT THE OFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND FOREIGN JURISDICTIONS. THE HOLDER OR BENEFICIAL OWNER OF THE NOTES WILL, AND EACH SUBSEQUENT HOLDER OR BENEFICIAL OWNER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF NOTES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

Glitnir banki hf. (the *Issuer*) hereby certifies that [] is/are, at the date of this Note, entered in the Register as the holder(s) of the aggregate nominal amount of [] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Note to the Conditions shall be to the Terms and Conditions [endorsed on this Note/attached to this Note/set out in Schedule 2 to the Agency Agreement (as defined below)] as modified and supplemented by information set out

in the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Note.

This Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 23rd June, 2008 and made between the Issuer, The Bank of New York (the **Registrar**) and the other parties named in it.

Subject to and in accordance with the Conditions, the registered holder(s) of this Note is/are entitled to receive on each Instalment Date (if this Note is repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Note on each such due date and interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

This Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Note.

The statements in the legend set out above are an integral part of the terms of this Note and, by acceptance of this Note, the registered holder of this Note agrees to be subject to and bound by the terms and provisions set out in the legend.

This Note shall not be valid unless authenticated by the Registrar.

IN WITNESS whereof the Issuer has caused this Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
warranty or liability by

The Bank of New York

By:

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) to

(Please print or type name and address (including postal code) of transferee)

[*Specified Currency*][] nominal amount of this Note and all rights hereunder, hereby irrevocably constituting and appointing The Bank of New York as attorney to transfer such principal amount of this Note in the register maintained by Glitnir banki hf. with full power of substitution.

Signature(s).....

.....

Date:

NOTE:

1. This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions (including, if required a duly completed certification in the form set out in Schedule 8 to the Agency Agreement) and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer.
2. The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Note in every particular, without alteration or enlargement or any change whatever.

PART 10

FORM OF DEFINITIVE REGULATION S REGISTERED NOTE

GLITNIR BANKI HF.

*[Specified Currency and Nominal Amount of Tranche] Notes [Due [Year of Maturity]]*²⁴

THE ISSUER OF THE NOTES EVIDENCED HEREBY (THE NOTES) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED AND THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF APPLICABLE), IN EACH CASE IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

BY ACCEPTANCE OF THIS NOTE BEARING THE ABOVE LEGEND, WHETHER UPON ORIGINAL ISSUANCE OR SUBSEQUENT TRANSFER, EACH HOLDER OF THIS NOTE ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THIS NOTE SET FORTH ABOVE AND AGREES THAT IT SHALL TRANSFER THIS NOTE ONLY AS PROVIDED HEREIN AND IN THE AGENCY AGREEMENT.

BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER).

Glitnir banki hf. (the **Issuer**) hereby certifies that [] is/are, at the date of this Note, entered in the Register as the holder(s) of the aggregate nominal amount of [] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Note to the Conditions shall be to the Terms and Conditions [endorsed on this Note/attached to this Note/set out in Schedule 2 to the Agency Agreement (as defined below)] as modified and supplemented by information set out in the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Note.

This Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 23rd June, 2008 and made between the Issuer, The Bank of New York (the **Registrar**) and the other parties named in it.

Subject to and in accordance with the Conditions, the registered holder(s) of this Note is/are entitled to receive on each Instalment Date (if this Note is repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Note on each such due date and interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

This Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Note.

The statements in the legend set out above are an integral part of the terms of this Note and, by acceptance of this Note, the registered holder of this Note agrees to be subject to and bound by the terms and provisions set out in the legend.

This Note shall not be valid unless authenticated by the Registrar.

IN WITNESS whereof the Issuer has caused this Note to be duly executed on its behalf.

GLITNIR BANKI hf.

By:

By:

Authenticated without recourse,
warranty or liability by

The Bank of New York

By:

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) to

(Please print or type name and address (including postal code) of transferee)

[*Specified Currency*][] nominal amount of this Note and all rights hereunder, hereby irrevocably constituting and appointing The Bank of New York as attorney to transfer such principal amount of this Note in the register maintained by Glitnir banki hf. with full power of substitution.

Signature(s).....

.....

Date:

NOTE:

3. This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions (including, if required a duly completed certification in the form set out in [Schedule 8](#) to the Agency Agreement) and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer.
4. The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Note in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 7

FORM OF DEED POLL

THIS DEED POLL is made on 28 July 2005, by Íslandsbanki hf., a company incorporated in and with its office at Iceland (the **Issuer**), in favour of Holders and prospective purchasers (each term as defined below).

WHEREAS:

- (A) The Issuer has entered into a Programme Agreement dated 28 July 2005 with the Dealers (the Dealers) specified therein relating to the offering and sale of debt securities of the Issuer (the Securities) on the terms and conditions set forth therein (such agreement, as amended, supplemented, novated or restated from time to time is referred to below as the **Programme Agreement**).
- (B) The Issuer, in order to ensure compliance with Rule 144A under the United States Securities Act of 1933, as amended (the **Securities Act**), in connection with resales of the Securities, has agreed to comply with the information delivery requirements of Rule 144A(d)(4) under the Securities Act.

NOW THIS DEED WITNESSETH AS FOLLOWS and is made by way of deed poll:

1. DEFINITIONS

Capitalised terms used but not defined in this Deed shall have the same meanings given to them in the Programme Agreement.

2. FURNISHING OF INFORMATION

The Issuer undertakes that so long as any of the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, during any period when it is not subject to and in compliance with the reporting requirements of Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or it is not exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) under the Exchange Act, it will provide to each holder or beneficial owner (each a **Holder**) of such restricted securities and to each prospective purchaser (as designated by any Holder), upon the request of a Holder or prospective purchaser, the information required to be provided pursuant to Rule 144A(d)(4) under the Securities Act.

3. BENEFIT

This Deed shall take effect as a Deed Poll for the benefit of the Holders and the prospective purchasers from time to time and for the benefit of the Dealers. This Deed shall be deposited with and held by the Registrar until all the obligations of the Issuer under this Deed have been discharged in full.

The Issuer acknowledges the right of every Holder, prospective purchaser and Dealer to the production of, and the right of every Holder, prospective purchaser and Dealer to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained in this Deed are owed to, and shall be for the account of, each and every Holder, prospective purchaser and Dealer, and that each Holder, prospective purchaser and Dealer shall be entitled severally to enforce those obligations against the Issuer.

4. STAMP DUTIES

The Issuer will pay any stamp and other duties and taxes, including interest and penalties, payable on or in connection with the execution of this Deed and any action taken by any Holder, prospective purchaser or Dealer to enforce the provisions of this Deed.

5. WARRANTIES

The Issuer represents, warrants and covenants with each Holder, prospective purchaser and Dealer that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally.

6. GOVERNING LAW

- 6.1 This Deed is governed by, and shall be construed in accordance with, the laws of England.
- 6.2 The Issuer irrevocably agrees for the benefit of the Holders, the prospective purchasers and the Dealers that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed and accordingly any suit, action or proceedings (Proceedings) arising out of or in connection with this Deed may be brought in such courts. The Issuer irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this clause shall limit any right to take Proceedings against the Issuer 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.
- 6.3 The Issuer hereby appoints its London representative office at 2 Royal Exchange Buildings, London EC3V 3LF as its agent for service of process in England and agrees that, in the event of such agent ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

6.4 Nothing herein shall affect the right to serve process in any other manner permitted by law.

IN WITNESS whereof this Deed has been entered into as a deed poll by the Issuer on the date which appears first on page 1.

Executed as a deed)
Íslandsbanki hf., acting by)
acting on the authority)
of that company)
in the presence of:)

Witness:.....

Name:.....

Address:.....

SCHEDULE 8

FORM OF TRANSFER CERTIFICATE

[DATE]

To: The Bank of New York
Glitnir banki hf.

Glitnir banki hf. (the Issuer)
[Title of Series of Notes] (the Notes)
issued pursuant to a Global Medium Term Note Programme (the Programme)

Reference is made to the terms and conditions of the Notes (the **Conditions**) set out in Schedule 2 to the Agency Agreement (the **Agency Agreement**) dated 23rd June, 2008, as supplemented, amended, novated or restated from time to time, between the Issuer and the other parties named in it relating to the Programme. Terms defined in the Conditions or the Agency Agreement shall have the same meanings when used in this Certificate unless otherwise stated.

This certificate relates to [*insert Specified Currency and nominal amount of Notes*] of Notes which are held in the form of beneficial interests in [one or more Rule 144A Global Notes (ISIN No. [*specify*])] represented by a Rule 144A Global Note/one or more Regulation S Notes (ISIN No. [*specify*]) represented by a Regulation S Global Note. [*transferor*] (the **Transferor**) has requested an exchange or transfer of such beneficial interest for an interest in [Rule 144A Global Notes/Regulation S Global Notes/Definitive Notes].

In connection therewith, the Transferor certifies that such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Notes and in accordance with any applicable securities laws of the United States of America, any State of the United States of America or any other jurisdiction and any applicable rules and regulations of DTC, from time to time and, accordingly, the Transferor certifies as follows

EITHER:

Such Notes are being transferred in accordance with Rule 144A to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account or any account with respect to which the transferee and any such account is (i) a “qualified institutional buyer” within the meaning of Rule 144A and (ii) a qualified purchaser (as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940), in each case 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 (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein).

OR:

1. the offer of the Notes was not made to a person in the United States;

2. either (i) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on the Transferor's behalf knows that the transaction was pre-arranged with a transferee in the United States or (ii) the transferee is outside the United States, or the Transferor and any person acting on its behalf reasonably believes that the transferee is outside the United States;
3. no directed selling efforts have been made in contravention of the requirement of Rule 903(b) or 904(b) of Regulation S, as applicable; and
4. the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act (terms used in this paragraph that are defined in Regulation S are used herein as defined therein).

The Transferor understands that this certificate is required in connection with certain securities or other legislation in the United States and/or in connection with the Notes being eligible for clearance in one or more clearance systems. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or might be relevant, the Transferor irrevocably authorises each entity to which this certificate is addressed to produce this certificate or a copy hereof to any interested party in such proceedings.

This certificate and the statements contained herein are made for the benefit of the addressees hereof and for the benefit of the Dealers of the Notes.

[Insert name of Transferor]

By:

Name:

Title:

Dated:

SCHEDULE 9

REGISTER AND TRANSFER OF REGISTERED NOTES

1. The Registrar shall at all times maintain in a place agreed by the Issuer the Register showing the amount of the Registered Notes from time to time outstanding and the dates of issue and all subsequent transfers and changes of ownership of the Registered Notes and the names and addresses of the holders of the Registered Notes. The holders of the Registered Notes or any of them and any person authorised by any of them may at all reasonable times during office hours inspect the Register and take copies of or extracts from it. The Register may be closed by the Issuer for such periods and at such times (not exceeding in total 30 days in any one year) as it may think fit.
2. Each Registered Note shall have an identifying serial number which shall be entered on the Register.
3. The Registered Notes are transferable by execution of the form of transfer endorsed on them under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing.
4. The Registered Notes to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information (including, but not limited to, a Transfer Certificate) as may be required pursuant to the Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Registered Notes and, if the form of transfer is executed by some other person on his behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so.
5. The executors or administrators of a deceased holder of Registered Notes (not being one of several joint holders) and in the case of the death of one or more of several joint holders the survivor or survivors of such joint holders shall be the only person or persons recognised by the Issuer as having any title to such Registered Notes.
6. Any person becoming entitled to Registered Notes in consequence of the death or bankruptcy of the holder of such Registered Notes may upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Issuer shall require be registered himself as the holder of such Registered Notes or, subject to the preceding paragraphs as to transfer, may transfer such Registered Notes. The Issuer shall be at liberty to retain any amount payable upon the Registered Notes to which any person is so entitled until such person shall be registered or shall duly transfer the Registered Notes.
7. Unless otherwise requested by him, the holder of Registered Notes of any Series shall be entitled to receive only one Registered Note in respect of his entire holding of the Series.

8. The joint holders of Registered Notes of any Series shall be entitled to one Registered Note only in respect of their joint holding of the Series which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of such joint holding.
9. Where a holder of Registered Notes has transferred part only of his holding of Notes represented by a single Registered Note there shall be delivered to him without charge a Registered Note in respect of the balance of his holding.
10. The Issuer shall make no charge to the Noteholders for the registration of any holding of Registered Notes or any transfer of it or for the issue or delivery of Registered Notes in respect of the holding at the specified office of the Registrar or by uninsured mail to the address specified by the holder. If any holder entitled to receive a Registered Note wishes to have the same delivered to him otherwise than at the specified office of the Registrar, such delivery shall be made, upon his written request to the Registrar, at his risk and (except where sent by uninsured mail to the address specified by the holder) at his expense.
11. The holder of a Registered Note may (to the fullest extent permitted by applicable laws) be treated at all times, by all persons and for all purposes as the absolute owner of the Registered Note notwithstanding any notice any person may have of the right, title, interest or claim of any other person to the Registered Note. The Issuer shall not be bound to see to the execution of any trust to which any Registered Note may be subject and no notice of any trust shall be entered on the Register. The holder of a Registered Note will be recognised by the Issuer as entitled to his Registered Note free from any equity, set off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Registered Note.
12. A Registered Note may not be exchanged for a Bearer Note or *vice versa*.
13. Registered Notes shall bear the legend set out on the forms thereof in Schedule 6 (the **Legend**), such Notes being referred to herein as **Legended Notes**. Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth in it are required to ensure compliance with the provisions of the Securities Act.

SCHEDULE 10

ADDITIONAL DUTIES OF THE PRINCIPAL PAYING AGENT

In relation to each Series of Notes that are NGNs, the Principal Paying Agent will comply with the following provisions:

1. The Principal Paying Agent will inform each of Euroclear and Clearstream, Luxembourg (the ICSDs), through the common service provider appointed by the ICSDs to service the Notes (the CSP), of the initial issue outstanding amount (IOA) for each Tranche on or prior to the relevant Issue Date.
2. If any event occurs that requires a mark up or mark down of the records which an ICSD holds for its customers to reflect such customers' interest in the Notes, the Principal Paying Agent will (to the extent known to it) promptly provide details of the amount of such mark up or mark down, together with a description of the event that requires it, to the ICSDs (through the CSP) to ensure that the IOA of the Notes remains at all times accurate.
3. The Principal Paying Agent will regularly reconcile its record of the IOA of the Notes with information received from the ICSDs (through the CSP) with respect to the IOA maintained by the ICSDs for the Notes and will promptly inform the ICSDs (through the CSP) of any discrepancies.
4. The Principal Paying Agent will promptly assist the ICSDs (through the CSP) in resolving any discrepancy identified in the IOA of the Notes.
5. The Principal Paying Agent will promptly provide to the ICSDs (through the CSP) details of all amounts paid by it under the Notes (or, where the Notes provide for delivery of assets other than cash, of the assets so delivered).
6. The Principal Paying Agent will (to the extent known to it) promptly provide to the ICSDs (through the CSP) notice of any changes to the Notes that will affect the amount of, or date for, any payment due under the Notes.
7. The Principal Paying Agent will (to the extent known to it) promptly provide to the ICSDs (through the CSP) copies of all information that is given to the holders of the Notes.
8. The Principal Paying Agent will promptly pass on to the Issuer all communications it receives from the ICSDs directly or through the CSP relating to the Notes.
9. The Principal Paying Agent will (to the extent known to it) promptly notify the ICSDs (through the CSP) of any failure by the Issuer to make any payment or delivery due under the Notes when due.

SIGNATORIES

The Issuer

GLITNIR BANKI hf.

By: _____
Name:
Title:

By: _____
Name:
Title:

The Principal Paying Agent and Registrar

THE BANK OF NEW YORK

By: _____
Name:
Title:

The Other Paying and Transfer Agent

THE BANK OF NEW YORK (LUXEMBOURG), S.A.

By: _____
Name:
Title: