

AMENDED AND RESTATED PROGRAMME AGREEMENT

23RD JUNE, 2008

**GLITNIR BANKI hf.
€15,000,000,000
GLOBAL MEDIUM TERM NOTE PROGRAMME**

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AMENDED AND RESTATED PROGRAMME 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.) of Kirkjusandur 2, 155 Reykjavik, Iceland (the **Issuer**); and
- (2) **BARCLAYS BANK PLC, BAYERISCHE HYPO - UND VEREINSBANK AG, BNP PARIBAS, CITIGROUP GLOBAL MARKETS LIMITED, DAIWA SECURITIES SMBC EUROPE LIMITED, DEUTSCHE BANK AG, LONDON BRANCH, GLITNIR BANKI hf., J. P. MORGAN SECURITIES LTD. and MERRILL LYNCH INTERNATIONAL** (the **Initial Dealers**).

WHEREAS:

- (A) The Issuer entered into an amended and restated programme agreement dated 5 July 2007 (the **Original Programme Agreement**) with the dealers named therein pursuant to which the Issuer may issue Notes up to a maximum aggregate amount of €15,000,000,000.
- (B) The parties to this Agreement have agreed to make certain modifications to the Original Programme Agreement.
- (C) This Agreement amends and restates the Original Programme Agreement.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 For the purposes of this Agreement, except where the context requires otherwise:

Affiliate (unless otherwise stated) has the meaning given to that term by Rule 405 under the Securities Act;

Agency Agreement means the amended and restated agency agreement dated 23rd June, 2008 between the Issuer, the Principal Paying Agent, the Registrar and the other Paying Agents and the Transfer Agent referred to therein under which, amongst other things, the Principal Paying Agent is appointed as issuing agent, principal paying agent, transfer agent and agent bank for the purposes of the Programme and includes any further amendment and/or supplement and/or restatement from time to time;

Agreement Date means, in respect of any Note, the date on which agreement is reached for the issue of such Note as contemplated in Clause 2 which, in the case of Notes in relation to which a Subscription Agreement is entered into, shall be the date upon which the Subscription Agreement is signed by or on behalf of all the parties thereto except that in all cases for the purposes of the

proviso to clause 5.2(b) any Agreement Date means the date on which the issue of Notes is first priced;

Agreements means each of this Agreement, the Agency Agreement, the Deed of Covenant and the Deed Poll;

Arranger means Glitnir banki hf., in its capacity as arranger, and any entity appointed as an arranger for the Programme or in respect of any particular issue of Notes under the Programme and references in this Agreement to the Arranger shall be references to the relevant Arranger;

Bearer Notes means those Notes which are issued in bearer form;

Closing Bank means the closing bank agreed between the Issuer, the Registrar, the Principal Paying Agent and the relevant Dealer or, as the case may be, the Lead Manager to which the relevant Dealer or, as the case may be, the Lead Manager shall pay the net purchase moneys for an issue of Registered Notes;

Confirmation Letter means:

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme, the Confirmation Letter substantially in the form set out in Part 2 of Schedule 3 hereto; and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issues of Notes under the Programme, the Confirmation Letter substantially in the form set out in Part 4 of Schedule 3 hereto;

Dealer means each of the Initial Dealers and any New Dealer and excludes any entity whose appointment has been terminated pursuant to Clause 10, and references in this Agreement to the **relevant Dealer** shall, in relation to any Note, be references to the Dealer or Dealers with whom the Issuer has agreed the issue and purchase of such Note;

Dealer Accession Letter means:

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme, the Dealer Accession Letter substantially in the form set out in Part 1 of Schedule 3 hereto; and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issues of Notes under the Programme, the Dealer Accession Letter substantially in the form set out in Part 3 of Schedule 3 hereto;

Deed of Covenant means the deed of covenant dated 28 July 2005, substantially in the form set out in Schedule 3 to the Agency Agreement, executed as a deed by the Issuer in favour of certain accountholders with Euroclear, Clearstream, Luxembourg and any other agreed clearing system;

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

EEA means the European Economic Area;

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

Final Terms means the final terms issued in relation to each Tranche of Notes (substantially in the form of Annex 3 to the Procedures Memorandum) and giving details of that Tranche and, in relation to a particular Tranche of Notes, **applicable Final Terms** means the Final Terms applicable to that Tranche;

Fitch means Fitch Ratings, Ltd.;

FSMA means the Financial Services and Markets Act 2000;

IFRS means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

Initial Documentation List means the lists of documents set out in Schedule 1 to this Agreement;

Investment Company Act means the United States Investment Company Act of 1940, as amended;

Lead Manager means, in relation to any Tranche of Notes, the person named as the Lead Manager in the applicable Subscription Agreement;

London Stock Exchange means the London Stock Exchange plc or such other body to which its functions have been transferred;

Moody's means Moody's Investors Service Limited;

New Dealer means any entity appointed as an additional Dealer in accordance with Clause 11;

Note means a note issued or to be issued by the Issuer pursuant to this Agreement, which Note may be represented by a Global Note or be in definitive form and which may be in either bearer or registered form including, if in bearer form, any receipts, coupons or talons relating thereto;

Offering Circular means the Offering Circular relating to the Notes prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as revised, supplemented or amended from time to time by the Issuer in accordance with Clause 5.2 including, (a) in relation to each Tranche of Notes, the applicable Final Terms and (b) such other documents as are from time to time incorporated therein by reference except that for the purposes of Clauses 4.1 and 4.2 in respect of the Agreement Date and the Issue Date, the Offering Circular means the Offering Circular as at the Agreement Date but without prejudice to (a) above not including any subsequent revision, supplement or amendment thereto or incorporation of information therein;

Official List has the meaning given to that term in Section 103 of the FSMA;

Principal Paying Agent means The Bank of New York as Principal Paying Agent under the Agency Agreement and any successor appointed in accordance with the Agency Agreement;

Procedures Memorandum means the Operating and Administrative Procedures Memorandum dated 23rd June, 2008 as amended or varied from time to time (in respect of any Tranche) by agreement between the Issuer and the relevant Dealer or Lead Manager with the approval in writing of the Principal Paying Agent and, if applicable, the Registrar;

Programme means the Global Medium Term Note Programme that is the subject of this Agreement;

Prospectus Directive means Directive 2003/71/EC;

Prospectus Regulation means Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive;

Prospectus Rules means, in the case of Notes which are to be listed on the London Stock Exchange's Regulated Market, the prospectus rules made under the FSMA;

QIB means a qualified institutional buyer as defined in Rule 144A;

Qualified Purchaser means a qualified purchaser as defined in Section 2(A)(51)(a) of the Investment Company Act;

Registered Notes means Notes which are issued in registered form;

Registrar means The Bank of New York as Registrar under the Agency Agreement, which expression shall include any successor or additional registrar appointed in accordance with the Agency Agreement;

Relevant Party means each Dealer, each of their respective affiliates and each person who controls them (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and each of their respective directors, officers, employees and agents;

Rule 144A means Rule 144A promulgated under the Securities Act;

Rule 144A Notes means Notes which are either beneficially owned by a QIB that is also a Qualified Purchaser or where the prospective purchaser is a QIB that is also a Qualified Purchaser (or a person purchasing on behalf of a QIB that is also a Qualified Purchaser) purchasing in reliance on Rule 144A;

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

S&P means Standard & Poor's Ratings Service;

Stock Exchange means the London Stock Exchange or any other stock exchange on which any Notes may from time to time be listed, and references in this Agreement to the relevant Stock Exchange shall, in relation to any Notes, be references to the stock exchange or stock exchanges on which such Notes are from time to time, or are intended to be, listed; and

Subscription Agreement means an agreement (by whatever name called) in or substantially in the form set out in Schedule 5 hereto or in such other form as may be agreed between the Issuer and the Lead Manager which agreement shall be supplemental to this Agreement.

- 1.2 Terms and expressions defined in the Agency Agreement, the Conditions and/or the applicable Final Terms and not otherwise defined in this Agreement shall have the same meanings in this Agreement, except where the context otherwise requires.
- 1.3 In this Agreement, clause headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Agreement.
- 1.4 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.
- 1.5 All references in this Agreement to an agreement, instrument or other document (including this Agreement, the Agency Agreement, the Deed of Covenant, any Series of Notes and any Conditions appertaining thereto) shall be construed as a reference to that agreement, instrument or document as the same may be amended, modified, varied, supplemented, replaced or novated from time to time including, but without prejudice to the generality of the foregoing, this Agreement as supplemented by any Subscription Agreement.
- 1.6 Words denoting the singular number only shall include the plural number also and vice versa; words denoting the masculine gender only shall include the feminine gender also; and words denoting persons only shall include firms and corporations and vice versa.
- 1.7 All references in this Agreement to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, wherever the context so permits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer and the Principal Paying Agent and, as applicable, the Registrar.
- 1.8 As used herein, in relation to any Notes which are to have a “listing” or be “listed” (a) 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 (b) on any other stock exchange in a jurisdiction within the EEA, **listing** and **listed** shall be construed to mean that the 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/EC).
- 1.9 Reference in this Agreement to a Directive include any relevant implementing measure of each Member State of the EEA which has implemented such Directive.

2. AGREEMENTS TO ISSUE AND PURCHASE NOTES

- 2.1 Subject to the terms and conditions of this Agreement, the Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to purchase, Notes.
- 2.2 Unless otherwise agreed between the parties, on each occasion upon which the Issuer and any Dealer agree on the terms of the issue by the Issuer and purchase by such Dealer of one or more Notes:

- (a) the Issuer shall cause such Notes which, in the case of Bearer Notes, shall be initially represented by a Temporary Global Note or a Permanent Global Note and, in the case of Registered Notes, shall be initially represented by a Rule 144A Global Note or Regulation S Global Note, as indicated in the applicable Final Terms, to be issued and delivered on the agreed Issue Date:
 - (i) in the case of a Temporary Global Note or a Permanent Global Note, if the Notes are CGNs, to a common depository or, if the Notes are NGNs, to a common safekeeper, in each case for Euroclear and Clearstream, Luxembourg; and
 - (ii) in the case of a Rule 144A Global Note, to a custodian for DTC;
 - (b) in the case of 2.2(a)(i) or 2.2(a)(ii) above, the securities account of the relevant Dealer (in the case of Notes issued on a syndicated basis) or the Principal Paying Agent (in the case of Notes issued on a non-syndicated basis) with Euroclear and/or Clearstream, Luxembourg and/or DTC (as specified by the relevant Dealer) will be credited with such Notes on the agreed Issue Date, as described in the Procedures Memorandum; and
 - (c) the relevant Dealer or, as the case may be, the Lead Manager shall, subject to such Notes being so credited, cause the net purchase moneys for such Notes to be paid in the relevant currency by transfer of funds to the designated account of the Issuer (in the case of Notes issued on a syndicated basis) or to the designated account of the Principal Paying Agent (in the case of Notes issued on a non-syndicated basis) so that such payment is credited to the account for value on such Issue Date, as described in the Procedures Memorandum.
- 2.3 Unless otherwise agreed between the Issuer and the relevant Dealer, where more than one Dealer has agreed with the Issuer to purchase a particular Tranche of Notes pursuant to this clause, the obligations of such Dealers so to purchase the Notes shall be joint and several.
- 2.4 Where the Issuer agrees with two or more Dealers to issue, and such Dealers agree to purchase, Notes on a syndicated basis, the Issuer shall enter into a Subscription Agreement with such Dealers. The Issuer may also enter into a Subscription Agreement with one Dealer only. For the avoidance of doubt, the Agreement Date in respect of such issue shall be the date on which the Subscription Agreement is signed on behalf of all parties thereto.
- 2.5 The procedures which the parties intend should apply for the purposes of issues to be subscribed on a non-syndicated basis are set out in Annex A, Part 1A (in the case of Bearer Notes) and Part 1B (in the case of Registered Notes) of the Procedures Memorandum. The procedures which the parties intend should apply for the purposes of issues to be subscribed on a syndicated basis are set out in Annex A, Part 2A (in the case of Bearer Notes) and Part 2B (in the case of Registered Notes) of the Procedures Memorandum. These procedures may be varied in respect of any issue by agreement between the parties to that issue.
- 2.6 Each of the Issuer and the Dealers acknowledges that any issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply may only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.

3. CONDITIONS OF ISSUE; UPDATING OF LEGAL OPINIONS

3.1 First issue

Before the Issuer reaches its first agreement with any Dealer for the issue and purchase of Notes after the date of this Agreement, each Dealer shall have received, and found satisfactory (in its reasonable opinion), all of the documents and confirmations described in Part 1 of the Initial Documentation List. Any Dealer must notify the Arranger and the Issuer within seven London business days of receipt of the documents and confirmations described in Part 1 of the Initial Documentation List if it considers any such document or confirmation to be unsatisfactory in its reasonable opinion and, in the absence of such notification, such Dealer shall be deemed to consider such documents and confirmations to be satisfactory and such further conditions precedent to be satisfied.

3.2 **Each issue**

The obligations of a Dealer under any agreement for the issue and purchase of Notes made pursuant to Clause 2 are conditional upon:

- (a) there having been, as at the proposed Issue Date, no adverse change from that set forth in the Offering Circular as at the relevant Agreement Date in the condition (financial or otherwise) of the Issuer which, in any case, is material in the context of the issue and offering of the Notes, nor the occurrence of any event making untrue or incorrect to an extent which is material as aforesaid any of the warranties contained in Clause 4 or resulting in a material misstatement in or omission from the Offering Circular;
- (b) there being no outstanding breach of any of the obligations of the Issuer under this Agreement, the Agency Agreement, the Deed of Covenant, the Deed Poll or any Notes which has not been expressly waived by the relevant Dealer on or prior to the proposed Issue Date;
- (c) subject to Clause 12, the aggregate nominal amount (or, in the case of Notes denominated in a currency other than euro, the euro equivalent (determined as provided in subclause 3.5) of the aggregate nominal amount) of the Notes to be issued, when added to the aggregate nominal amount (or, in the case of Notes denominated in a currency other than euro, the euro equivalent (determined as aforesaid) of the aggregate nominal amount) of all Notes outstanding (as defined in the Agency Agreement) on the proposed Issue Date (excluding for this purpose Notes due to be redeemed on such Issue Date) not exceeding €15,000,000,000;
- (d) in the case of Notes which are intended to be listed, the relevant authority or authorities having agreed to list such Notes, subject only to the issue of the relevant Notes;
- (e) no meeting of the holders of Notes (or any of them) having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and the Issuer not being aware of any circumstances which are likely to lead to the convening of such a meeting;
- (f) there having been, between the Agreement Date and the Issue Date for such Notes, in the opinion of the relevant Dealer, no such change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the opinion of the relevant Dealer, be likely to either (i) prejudice materially the sale by such Dealer of the Notes proposed to be issued or, where relevant, the dealing in such Notes in the secondary market or (ii) materially change the circumstances prevailing at the Agreement Date;

- (g) there being in full force and effect all governmental or regulatory resolutions, approvals or consents required for the Issuer to issue the Notes on the proposed Issue Date and for the Issuer to fulfil its obligations under such Notes and the Issuer having delivered to the relevant Dealer (and, to the extent not previously delivered, to the Arranger) certified copies of such resolutions, approvals or consents and, where applicable, certified English translations thereof;
- (h) there having been, between the Agreement Date and the Issue Date, no downgrading in the rating of any of the Issuer's debt by Moody's or the placing on Creditwatch with negative implications or similar publication of formal review by the relevant rating agency;
- (i) the form of each of the Final Terms, the applicable Global Notes, Notes in definitive form and Receipts, Coupons or Talons (each as applicable) in relation to the relevant Tranche and the relevant settlement procedures having been agreed by the Issuer, the relevant Dealer and the Principal Paying Agent and, if applicable, the Registrar;
- (j) the relevant currency being accepted for settlement by Euroclear and Clearstream, Luxembourg and, where relevant, DTC;
- (k) in the case of Notes being sold pursuant to and in reliance on Rule 144A, the Notes being eligible for clearance and settlement through DTC;
- (l) the delivery to the Registrar as custodian of the Rule 144A Global Note representing the relevant Registered Notes and/or the delivery to the common depository or, as the case may be, the common safe keeper of the Temporary Bearer Global Note and/or the Permanent Bearer Global Note representing the relevant Bearer Notes, in each case as provided in the Agency Agreement;
- (m) any calculations or determinations which are required by the relevant Conditions to have been made prior to the Issue Date having been duly made;
- (n) in the case of Notes which are intended to be listed on a EEA Stock Exchange or offered to the public in a EEA Member State in circumstances which require the publication of a prospectus under the Prospectus Directive:
 - (i) the denomination of the Notes being €1,000 or more (or its equivalent in any other currency);
 - (ii) either (A) there being no significant new factor, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes or (B) if there is such a significant new factor, material mistake or inaccuracy, a supplement to the Offering Circular having been published in accordance with the Prospectus Directive;
- (o) in the case of Notes which are intended to be listed on the London Stock Exchange the Offering Circular having been approved as a base prospectus by the Financial Services Authority and having been published in accordance with the Prospectus Directive; and
- (p) in the case of Notes which are intended to be listed on an EEA Stock Exchange (other than the London Stock Exchange) or offered to the public in a EEA Member State (other

than the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Directive, the competent authority of each relevant EEA Member State having been notified in accordance with the procedures set out in Articles 17 and 18 of the Prospectus Directive and all requirements under those Articles having been satisfied.

In the event that any of the foregoing conditions is not satisfied, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.

3.3 Further conditions precedent

In addition to the conditions precedent set out in Clauses 3.1 and 3.2 above, if so required by the relevant Dealer, the obligations of the relevant Dealer under any agreement for the issue and purchase of Notes made pursuant to Clause 2, some or all of which are being sold to QIBs that are also Qualified Purchasers in reliance upon Rule 144A under the Securities Act, will be conditional on the delivery to the relevant Dealer of any legal opinions, comfort letters, officers' certificates and other documents required by counsel to the relevant Dealer in order to give its legal opinion. In the event that the above condition is not satisfied, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.

3.4 Waiver

Subject to the discretion of the Lead Manager as provided in the Subscription Agreement relating to an issue of Notes, any Dealer, on behalf of itself only, may by notice in writing to the Issuer waive any of the conditions precedent contained in subclause 3.2 (save for the conditions precedent contained in subclause 3.2(c) and (m)) in so far as they relate to an issue of Notes to that Dealer.

3.5 Updating of legal opinions

On each occasion when the Offering Circular is updated or amended pursuant to subclause 5.2(a), the Issuer will procure that further legal opinions, in such form and with such content as the Dealers may reasonably require, are delivered, at the expense of the Issuer, to the Dealers from legal advisers (approved by the Dealers) in Iceland, England and the United States.

In addition, on such other occasions as a Dealer so requests the Issuer (on the basis of reasonable grounds which shall include, without limitation, the publication of a supplement to the Offering Circular in accordance with the Prospectus Directive), the Issuer will procure that a further legal opinion or further legal opinions, as the case may be, in such form and with such content as the Dealers may reasonably require, is or are delivered, at the expense of the Issuer to the Dealers from legal advisers (approved by the Dealers) in Iceland and/or England and/or the United States, as the case may be. If at or prior to the time of any agreement to issue and purchase Notes under Clause 2 such a request is made with respect to the Notes to be issued, the receipt of the relevant opinion or opinions by the relevant Dealer in a form satisfactory to the relevant Dealer shall be a further condition precedent to the issue of those Notes to that Dealer.

3.6 Determination of amounts outstanding

For the purposes of subclause 3.2(c):

- (a) the euro equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the Issuer, either as of the Agreement Date for such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the amount (or, where applicable, the euro equivalent) of Dual Currency Notes, Index Linked Notes and Partly Paid Notes shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the amount of the subscription price paid); and
- (c) the amount (or, where applicable, the euro equivalent) of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

4.1 As at the date of this Agreement, the Issuer hereby represents, warrants and undertakes to the Dealers and each of them as follows:

- (a) that:
 - (i) the most recently published audited consolidated and non-consolidated financial statements of the Issuer included in the Offering Circular (the audited accounts); and
 - (ii) the most recently published unaudited interim consolidated financial statements of the Issuer,

were in each case prepared in accordance with the requirements of law and IFRS, in each case consistently applied and that they give a true and fair view of (A) the financial condition of the Issuer as at the date to which they were prepared (the relevant date) and (B) the results of operations of the Issuer for the financial period ended on the relevant date and that there has been no material adverse change or any development involving a prospective material adverse change in the condition (financial or otherwise) of the Issuer since the date of the audited accounts, except as disclosed in the Offering Circular;

- (b) that (i) the Offering Circular contains all material information with respect to the Issuer and the Notes, (ii) the Offering Circular does not contain an untrue statement of material fact or omit to state a material fact that is necessary in order to make the statements made in the Offering Circular, in the light of the circumstances under which they were made, not misleading and there is no other fact or matter omitted from the Offering Circular which was or is necessary to enable investors and their professional advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes, (iii) the summary set out in the Offering Circular is not misleading, inaccurate or inconsistent when read with other parts of the Offering Circular, (iv) the statements of intention, opinion, belief or

expectation contained in the Offering Circular are honestly and reasonably made or held, (v) all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements and (vi) the Offering Circular has been published in accordance with the Prospectus Directive;

- (c) that the Offering Circular contains all the information required by Section 87A of the FSMA and otherwise complies with the Prospectus Rules and also contains all the information required by Icelandic law and regulations and otherwise complies with such law and regulations to the extent applicable to the Programme and has been published in accordance with the Prospectus Rules;
- (d) that the Issuer has been duly incorporated and is validly existing in good standing under Icelandic law (and the laws of any other jurisdiction in which it carries on business) with full power and authority to own, lease and operate its properties and conduct its business as described in the Offering Circular and, in the case of the Issuer, to execute and perform its obligations under the Agreements to which it is a party and that the Issuer is authorised under the Banking Consolidation Directive (No. 2000/12/EC) to provide cross-border deposit taking and other banking services in the U.K. market and, as such, is an authorised person permitted to accept deposits under the FSMA;
- (e) that the issue of Notes (subject, in the case of an issue of Subordinated Notes or an issue of Notes to be listed on a Stock Exchange outside the EEA, to the approval of the board of directors of the Issuer) and the execution and delivery of the Agreements by the Issuer have been duly authorised by the Issuer and, in the case of Notes, upon due execution, issue and delivery in accordance with the Agency Agreement, will constitute, and, in the case of the Agreements constitute, legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally;
- (f) that the execution and delivery of the Agreements, the issue, offering and distribution of Notes and the performance of the terms of any Notes and the Agreements will not infringe any law, regulation, order, rule, decree or statute applicable to the Issuer or to which its property may be subject and are not contrary to the provisions of the constitutional documents of the Issuer and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which the Issuer is a party or by which the Issuer or its property is bound;
- (g) that no Event of Default or event which with the giving of notice or lapse of time or other condition would constitute an Event of Default is subsisting in relation to any outstanding Note and no event has occurred which would constitute (after an issue of Notes) an Event of Default thereunder or which with the giving of notice or lapse of time or other condition would (after an issue of Notes) constitute such an Event of Default;
- (h) that the Issuer (i) is not in breach of the terms of, or in default under, any instrument, agreement or order to which it is a party or by which it or its property is bound and no event has occurred which with the giving of notice or lapse of time or other condition would constitute a default under any such instrument, agreement or order; or (ii) is engaged (whether as defendant or otherwise) in, nor has the Issuer knowledge of the existence of, or any threat of, any legal, arbitration, administrative or other proceedings the result of which might relate to claims or amounts which might be material in the context of the Programme and/or the issue and offering of Notes thereunder or which

might have or have had a material adverse effect on the financial condition, results of operations or business of the Issuer or (iii) has taken any action nor, to the best of its knowledge or belief having made all reasonable enquiries, have any steps been taken or legal proceedings commenced for the winding up or dissolution of the Issuer;

- (i) that no consent, approval, authorisation, order, filing, registration or qualification of or with any court or governmental authority is required and no other action or thing (including, without limitation, the payment of any stamp or other similar tax or duty) is required to be taken, fulfilled or done by the Issuer for or in connection with (i) the execution, issue and offering of Notes under the Programme and compliance by the Issuer with the terms of any Notes issued under the Programme or (ii) the execution and delivery of, and compliance with the terms of, the Agreements;
- (j) that all corporate approvals and authorisations required by the Issuer for or in connection with (i) the execution, issue and offering of Notes under the Programme and compliance by the Issuer with the terms of any Notes issued under the Programme and (ii) the execution and delivery of, and compliance with the terms of, the Agreements have been obtained and are in full force and effect;
- (k) that it is not necessary under the laws of Iceland that any Noteholder, Dealer or Agent should be licensed, qualified or otherwise entitled to carry on business in Iceland (i) to enable any of them to enforce their respective rights under the Notes or the Agreements or (ii) solely by reason of the execution, delivery or performance of the Agreements or the Notes;
- (l) that all payments of principal, premium (if any), interest and other amounts in respect of the Notes made to holders of the Notes who are non-residents of Iceland will be made without withholding for or deduction of any taxes or duties imposed or levied by or on behalf of Iceland or any political subdivision or any authority thereof or therein having the power to tax;
- (m) that all Senior Notes will, upon issue, constitute direct, unconditional, unsubordinated and 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;
- (n) that all Subordinated Notes will rank in accordance with Condition 2(b);
- (o) that in relation to each Tranche of Notes for which any Dealer is named as a Stabilising Manager in the applicable Final Terms, it has not issued and will not issue, without the prior consent of any such Dealer, any press or other public announcement referring to the proposed issue of Notes unless the announcement adequately discloses that stabilising action may take place in relation to the Notes to be issued and the Issuer authorised such Dealer to make all appropriate disclosure in relation to stabilisation instead of the Issuer, if so agreed between the Issuer and the Dealer;
- (p) that any translation prepared by the Issuer of the summary contained in the Offering Circular as required by Article 18 of the Prospectus Directive is accurate in all material respects;

- (q) that none of the Issuer, its affiliates, nor any persons acting on any of their behalf, has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) under the Securities Act) with respect to the Notes and each of the foregoing persons has complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act;
- (r) that the Notes have not been and will not be registered under the Securities Act and have not been registered or qualified under any state securities or “Blue Sky” laws of the states of the United States and, accordingly, the Issuer acknowledges that the Notes may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act (terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act);
- (s) that none of the Issuer, its affiliates, nor any persons acting on any of their behalf has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with any offer or sale of Notes in the United States;
- (t) that, as of its Issue Date, no Note will be, and no securities of the same class (within the meaning of Rule 144A(d)(3)(i) under the Securities Act) as that Note will be, (i) listed on a national securities exchange in the United States which is registered under Section 6 of the Exchange Act or (ii) quoted in any “automated inter-dealer quotation system” (as that term is used in the rules under the Exchange Act) in the United States;
- (u) that the Notes and the Agreements conform in all material respects to the descriptions of them contained in the Offering Circular and it is not necessary in connection with the Programme to qualify an indenture in respect of the Notes under the United States Trust Indenture Act of 1939;
- (v) that Notes issued by the Issuer will only be offered, sold or resold by the Issuer in the United States pursuant to private transactions to QIBs, who are also Qualified Purchasers in transactions that will meet the eligibility requirements under Rule 144A;
- (w) that it will not be, and the issuance of the Notes will not require the Issuer to be, registered under Section 8 of the Investment Company Act;
- (x) that, based upon its discussions with the relevant Dealer and the provisions contained herein, as the same may be modified, amended or supplemented, it reasonably believes that the initial sale and subsequent transfers of all beneficial interests in the Rule 144A Notes will be limited to QIBs who are Qualified Purchasers; and
- (y) that none of the Issuer, its affiliates, nor any persons acting on any of their behalf has made or will make offers or sales of any securities under circumstances that would require the registration of any of the Notes under the Securities Act.

4.2 With regard to each issue of Notes, the Issuer shall be deemed to repeat the representations, warranties and agreements contained in subclause 4.1 as at the Agreement Date for such Notes (any agreement on such Agreement Date being deemed to have been made on the basis of, and in reliance on, such representations, warranties and agreements) and as at the Issue Date of such Notes.

- 4.3 The Issuer shall be deemed to repeat the representations, warranties and agreements contained in subclause 4.1 on each date on which the Offering Circular is revised, supplemented or amended and on each date on which the aggregate nominal amount of the Programme is increased in accordance with Clause 12.
- 4.4 The representations, warranties and agreements contained in this clause shall continue in full force and effect notwithstanding the actual or constructive knowledge of any Dealer with respect to any of the matters referred to in the representations and warranties set out above, any investigation by or on behalf of the Dealers or completion of the subscription and issue of any Notes.

5. UNDERTAKINGS OF THE ISSUER

5.1 Notification of material developments

- (a) The Issuer shall promptly after becoming aware of the occurrence thereof notify each Dealer of:
- (i) (A) any Event of Default or any condition, event or act which would after an issue of Notes (or would with the giving of notice and/or the lapse of time) constitute an Event of Default or (B) any breach of the representations and warranties or undertakings contained in the Agreements; and
 - (ii) any development affecting the Issuer or its business which is material in the context of the Programme or any issue of Notes.
- (b) If, following the Agreement Date and before the Issue Date of the relevant Notes, the Issuer becomes aware that any of the conditions specified in Clause 3.2 will not be satisfied in relation to that issue, the Issuer shall forthwith notify the relevant Dealer to this effect giving full details thereof. In such circumstances, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.
- (c) Without prejudice to the generality of the foregoing, the Issuer shall from time to time promptly furnish to each Dealer such information relating to the Issuer as such Dealer may reasonably request.

5.2 Updating of Offering Circular

- (a) On or before each anniversary of the date of this Agreement, the Issuer shall update or amend the Offering Circular (following consultation with the Arranger who will consult with the Dealers) by the publication of a new Offering Circular, in each case in a form approved by the Dealers.
- (b) Subject as set out in the proviso below, in the event of (i) a significant new factor, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes arising or being noted, (ii) a change in the condition of the Issuer which is material in the context of the Programme or the issue of any Notes or (iii) the Offering Circular otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at

any time to amend the Offering Circular to comply with, or reflect changes in, the laws or regulations of Iceland or any other relevant jurisdiction, the Issuer shall update or amend the Offering Circular (following consultation with the Dealers and the relevant Dealer (if any)) by the publication in accordance with the Prospectus Directive of a supplement thereto or a new Offering Circular in a form approved by the Dealers other than where a supplement has been prepared in accordance with subclause (c) below, provided that the Issuer undertakes that in the period from and including an Agreement Date to and including the related issue date of the new Notes, it will only prepare and publish a supplement to, or replacement of, the Offering Circular if it is required, or has reasonable grounds to believe that it is required, to do so in order to comply with Section 87G of the FSMA and, in such circumstances, such supplement to, or replacement of, the Offering Circular shall, solely as between the Issuer and the relevant Dealer and solely for the purposes of Section 87Q(4) of the FSMA and Clause 3.2(a), be deemed to have been prepared and published so as to comply with the requirements of Section 87G of the FSMA.

- (c) On each occasion on which the Issuer publishes interim consolidated financial statements, which it undertakes to do in respect of at least the first six months of each financial year, the Issuer will prepare and publish in accordance with the Prospectus Directive a supplement to the Offering Circular either setting out those financial statements or incorporating them by reference in the Offering Circular.
- (d) If the terms of the Programme are modified or amended in a manner which would make the Offering Circular inaccurate or misleading, a new Offering Circular will be prepared and published in accordance with the Prospectus Directive in a form approved by the Dealers. A copy of the final version of each such supplement and each supplement and replacement Offering Circular prepared under this Clause 5.2 and Clause 5.3 will be provided to the Dealers.
- (e) Upon any supplement or replacement Offering Circular being prepared and published as provided above the Issuer shall promptly without cost to the Dealers supply to each Dealer such number of copies of such supplement or replacement Offering Circular as each Dealer may reasonably request. Until a Dealer receives such supplement or replacement Offering Circular, as the case may be, the definition of Offering Circular in subclause 1.1 shall, in relation to such Dealer, mean the Offering Circular prior to the publication of such supplement or replacement Offering Circular, as the case may be.

5.3 Listing

The Issuer confirms that it has made or caused to be made an application for the Programme to be listed on the London Stock Exchange. The Issuer undertakes that it shall comply with Section 87G of the FSMA (if applicable) and the Prospectus Rules in that regard.

If, in relation to any issue of Notes, it is agreed between the Issuer and the relevant Dealer or the Lead Manager, as the case may be, to list the Notes on a Stock Exchange, the Issuer undertakes to use its best endeavours to obtain and maintain the listing of the Notes on that Stock Exchange. If any Notes cease to be listed on the relevant Stock Exchange, the Issuer shall use its best endeavours promptly to list such Notes on a stock exchange to be agreed between the Issuer and the relevant Dealer or, as the case may be, the Lead Manager. For the avoidance of doubt, where the Issuer has obtained the listing of Notes on a regulated market in the EEA, the undertaking

extends to maintaining that listing or, if this is not possible, to obtaining listing of the relevant Notes on another EEA regulated market.

The Issuer shall comply with the rules of each relevant Stock Exchange (or any other relevant authority or authorities) and shall otherwise comply with any undertakings given by it from time to time to the relevant Stock Exchange (or any other relevant authority or authorities) in connection with any Notes listed on such Stock Exchange (or any other relevant authority or authorities) or the listing thereof and, without prejudice to the generality of the foregoing, shall furnish or procure to be furnished to the relevant Stock Exchange all such information as the relevant Stock Exchange (or any other relevant authority or authorities) may require in connection with the listing on such Stock Exchange of any Notes.

5.4 The Agreements

The Issuer undertakes that it will not:

- (a) except with the consent of the Dealers, terminate any of the Agreements or effect or permit to become effective any amendment to any such Agreement which, in the case of an amendment, would or might adversely affect the interests of any Dealer or of any holder of Notes issued before the date of such amendment; or
- (b) except with the consent of the Dealers, appoint a different Principal Paying Agent or Registrar under the Agency Agreement,

and the Issuer will promptly notify each of the Dealers of any termination of, or amendment to, any of the Agreements and of any change in the Principal Paying Agent or Registrar under the Agency Agreement.

5.5 Lawful compliance

The Issuer will at all times ensure that all necessary action is taken and all necessary conditions are fulfilled (including, without limitation, the obtaining and, where relevant, maintenance in full force and effect of all necessary permissions, consents or approvals of all relevant governmental authorities) so that it may lawfully comply with its obligations under all Notes and the Agreements and, further, so that it may comply with any applicable laws, regulations and guidance from time to time promulgated by any governmental and regulatory authorities relevant in the context of the issue of Notes.

5.6 U.S. covenants

The Issuer shall:

- (a) in relation to any Series of Notes to be accepted into the book-entry system of DTC, co-operate with the relevant Dealer or, as the case may be, the Lead Manager and use its best efforts to permit the relevant Notes to be eligible for clearance and settlement through DTC;
- (b) promptly from time to time take such action as the relevant Dealer or, as the case may be, the Lead Manager may request in order to ensure the qualification of any Notes for offering and sale under the securities laws of such jurisdictions in the United States as the Dealer may request, and to comply with those laws so as to permit the continuance of

sales and dealings in the Notes in those jurisdictions for as long as may be necessary to complete the distribution of the Notes;

- (c) not permit offers or sales of Bearer Notes to be made in the United States or its possessions or to United States persons (terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations under it);
- (d) at all times execute such further documents and do all such further acts or things as may be necessary to ensure compliance with Section 3(c)(7) of the Investment Company Act including all such acts or things which DTC may require from time to time or to take all reasonable steps within its control to ensure compliance by DTC with such acts or things as may be necessary to be taken or done by DTC in order to come within the Section 3(c)(7) exception;
- (e) comply with the procedures in this Clause 5.6(e) in connection with each issue and sale of Rule 144A Notes pursuant to this Agreement:
 - (i) *Security Description.* The Issuer will request DTC to use a 20-character security descriptor and 48-character additional descriptor that indicate with marker “3c7” that sales are limited to QIBs that are also Qualified Purchasers;
 - (ii) *Deliver Order Ticket.* The Issuer will request DTC to send a deliver order ticket to purchasers of interests in the Rule 144A Notes that (A) if issued in the form of a physical certificate, will have printed on it the 20-character security descriptor; and (B) if issued electronically, will have a “3c7” indicator and a related user manual for participants which contains a description of the relevant restrictions;
 - (iii) *DTC Important Notice.* The Issuer will request DTC to send a DTC Important Notice to all DTC participants in connection with the initial offering of Rule 144A Notes;
 - (iv) *DTC Reference Directory.* The Issuer will request DTC to include the Issuer and the CUSIP number of the Rule 144A Notes in the “Reference Directory” which DTC distributes periodically to all DTC participants including the names of all Section 3(c)(7) issuers and the CUSIP numbers of all Section 3(c)(7) securities in DTC; and
 - (v) *CUSIP Numbers.* The Issuer will obtain a nine digit CUSIP number for each issue of Rule 144A Notes from the CUSIP Service Bureau and request that the CUSIP Service Bureau establish a “fixed field” attached to such CUSIP number which contains the “3c7” and “144A” indicators;
- (f) send, or cause to be sent, each time it sends any reports to the holders of Rule 144A Notes, a notice to each participant in DTC holding an interest in a Rule 144A Note (together with a request to forward such notice to Beneficial Owners holding through such participant) to the effect that: (i) each beneficial owner of the relevant Rule 144A Note must be a QIB that is also a Qualified Purchaser who meets the requirements set out in the restrictive legend appearing on the face thereof; (ii) beneficial interests in the relevant Rule 144A Note can only be transferred in accordance with the restrictive legend appearing on the face thereof, and (iii) the Issuer has the right to force any beneficial owner of the relevant Rule 144A Note who was not a Qualified Purchaser at the time it

acquired the Rule 144A Note to transfer such beneficial interest or to have such Rule 144A Note redeemed;

- (g) endeavour to have any Bloomberg screen containing information about the Rule 144A Notes include the following information/features: (i) the “Note Box” on the bottom of the “Security Display” page describing the Securities should state “Iss’d Under 144A/3c7”; (ii) the “Security Display” page should have a flashing red indicator which states “See Other Available Information”; and (iii) the indicator on the “Security Display” page should link to the “Additional Security Information” page, which should state that the Securities “are being offered in reliance on Rule 144A of the Securities Act to persons who are both (A) qualified institutional buyers (as defined in Rule 144A under the Securities Act) and (B) qualified purchasers (as defined under Section 3(c)(7) under the 1940 Act)”;
- (h) only sell, or permit to be sold, any securities issued by it into the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act) in reliance on, and in compliance with, Section 3(c)(7) under the Investment Company Act;
- (i) for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, not, and shall permit any of its respective affiliates to, resell any Notes that have been acquired by it otherwise than pursuant to an exemption from the registration requirements of the Securities Act or pursuant to an effective registration statement under the Securities Act;
- (j) for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act it will maintain the Deed Poll in full force and effect and unamended (save in so far as is necessary to comply with applicable law); and
- (k) for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, provide to any holder of such restricted securities, or to any prospective purchaser of such restricted securities designated by a holder, upon the request of such holder or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the Securities Act as in effect as of the date of this Agreement, if at the time of such request the Issuer is not subject to the reporting requirements under Section 13 or Section 15(d) of the Exchange Act or is not exempt from such requirements pursuant to Rule 12g3-2(b) thereunder.

5.7 **Authorised representative**

The Issuer will notify the Dealers immediately in writing if any of the persons named in the list referred to in paragraph 3 of Part 1 of the Initial Documentation List ceases to be authorised to take action on its behalf or if any additional person becomes so authorised together, in the case of an additional authorised person, with evidence satisfactory to the Dealers that such person has been so authorised.

5.8 **Auditors’ comfort letters**

The Issuer will: (a) at the time of the preparation of the initial Offering Circular, (b) if so requested by the Arranger on behalf of the Dealers or the relevant Dealer or Lead Manager on any occasion when the same may be revised, supplemented or amended, (insofar as such revision,

supplement, amendment or update concerns or contains financial information about the Issuer) and (c) at other times whenever so requested by a Dealer (on the basis of reasonable grounds) deliver, at the expense of the Issuer to the Dealers a comfort letter or comfort letters from independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request provided that no such letter or letters will be delivered under paragraph (b) above if the only revision, supplement or amendment concerned is the publication or issue of any interim or annual financial statements of the Issuer.

If at or prior to the time of any agreement to issue and purchase Notes under Clause 2 such a request is made with respect to the Notes to be issued, the receipt of the relevant comfort letter or letters in a form satisfactory to the relevant Dealer shall be a further condition precedent to the issue of those Notes to that Dealer.

5.9 No other issues

During the period commencing on an Agreement Date and ending on the Issue Date with respect to any Notes which are to be listed, the Issuer will not, without the prior consent of the relevant Dealer or, as the case may be, the Lead Manager, issue or agree to issue any other listed notes, bonds or other debt securities of whatsoever nature (other than Notes to be issued to the same Dealer) where such notes, bonds or other debt securities would have the same maturity and currency as the Notes to be issued on the relevant Issue Date.

5.10 Information on Noteholders' meetings

The Issuer will, at the same time as it is despatched, furnish the Dealers with a copy of every notice of a meeting of the holders of the Notes (or any of them) which is despatched at the instigation of the Issuer and will notify the Dealers immediately upon its becoming aware that a meeting of the holders of the Notes (or any of them) has otherwise been convened.

5.11 Ratings

The Issuer undertakes promptly to notify the Dealers of any change in the ratings given by Moody's, S&P and Fitch of the Issuer's debt or upon it becoming aware that such ratings are listed on Creditwatch or other similar publication of formal review by the relevant rating agency.

5.12 Annual Information Statement

The Issuer undertakes that it will at least annually file a document that contains or refers to all information published or made available to the public by it over the preceding 12 months in compliance with applicable securities laws, as required by the Prospectus Rules.

5.13 Passporting

If, in relation to any issue of Notes, the Issuer has agreed with the relevant Dealer(s) that the home Member State that approved the Offering Circular will be requested to provide a certificate of approval to the competent authority of one or more host Member State(s) under Article 17 and Article 18 of the Prospectus Directive then the arrangements relating to such request (including, but not limited to, the cost of translating the summary contained in the Offering Circular for the purposes of the relevant host Member State) will be agreed between the Issuer and the relevant Dealer(s) at the relevant time.

In any such case, the Issuer undertakes that it will use all reasonable endeavours to procure the delivery of a certificate of approval by the competent authority in London to the competent authority in any host Member State in accordance with Article 17 and Article 18 of the Prospectus Directive and shall promptly notify each Dealer following receipt by the Issuer of confirmation that such certificate of approval has been so delivered.

6. INDEMNITY

6.1 Without prejudice to the other rights or remedies of the Dealers, the Issuer undertakes to the Dealers and each of them that if that Dealer or any Relevant Party relating to that Dealer incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) (a Loss) arising out of, in connection with, or based on:

- (a) any failure by the Issuer to issue on the agreed Issue Date any Notes which a Dealer has agreed to purchase (unless such failure is as a result of the failure by the relevant Dealer to pay the aggregate purchase price for such Notes); or
- (b) any actual or alleged breach of the representations, warranties and undertakings contained in, or made or deemed to be made by the Issuer pursuant to, this Agreement; or
- (c) any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from, the Offering Circular, in any case which is material in the context of the Programme and/or the issue and offering of Notes; or
- (d) any untrue or misleading (or allegedly untrue or misleading) statement in any additional written information provided by the Issuer to the Dealers pursuant to Clause 7 below,

the Issuer shall pay to that Dealer on demand an amount equal to the Loss. No Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under Clause 6.1.

6.2 In case any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer, the relevant Dealer shall promptly notify the Issuer in writing and shall employ such legal advisers as may be agreed between such Dealer and the Issuer or, in default of agreement, as such Dealer may select. The Issuer shall not be liable in respect of any settlement of any such action effected without its consent, such consent not to be unreasonably withheld or delayed. The Issuer shall not, without the prior written consent of such Dealer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not such Dealer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of such Dealer from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability of failure to act by or on behalf of such Dealer.

7. AUTHORITY TO DISTRIBUTE DOCUMENTS

Subject to Clause 8 below, the Issuer hereby authorises each of the Dealers on behalf of the Issuer to provide copies of and make oral statements consistent with the Offering Circular (and any translation of all or any part of the Offering Circular) and such additional written information as

the Issuer shall provide to the Dealers or approve for the Dealers to use or such other information as is in the public domain to actual and potential purchasers of Notes.

8. DEALERS' UNDERTAKINGS

Each Dealer agrees to comply with the restrictions and agreements set out in Schedule 2 hereto unless otherwise agreed with the Issuer.

9. FEES, EXPENSES AND STAMP DUTIES

9.1 The Issuer undertakes that it will:

- (a) pay to each Dealer all commissions agreed between the Issuer and such Dealer in connection with the sale of any Notes to that Dealer (and any value added or other tax thereon); and
- (b) pay (together with any value added tax or other tax thereon):
 - (i) the fees and expenses of its legal advisers and auditors;
 - (ii) the cost of listing and maintaining the listing of any Notes which are to be listed on a Stock Exchange;
 - (iii) the cost of obtaining any credit rating for the Notes;
 - (iv) the fees and expenses of the Paying Agents appointed under the Agency Agreement; and
 - (v) all expenses in connection with the establishment and each future update of the Programme including, but not limited to, the preparation and printing of the Offering Circular, all amendments and supplements to it, replacements of it and each future update to it and the cost of any publicity agreed by the Issuer.
- (c) pay to the Arranger the fees and disbursements of the legal advisers appointed to represent the Dealers (including any value added tax or other tax thereon) in connection with the establishment and each future update of the Programme;
- (d) pay promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar duty or tax (including any stamp duty reserve tax) payable in connection with the entry into, performance, enforcement or admissibility in evidence of any Note, any of the Agreements or any communication pursuant thereto and that it will indemnify each Dealer against any liability with respect to or resulting from any delay in paying or omission to pay any such duty or tax; and
- (e) reimburse each Dealer for its costs and expenses reasonably and properly incurred in protecting or enforcing any of its rights under this Agreement.

9.2 All payments by the Issuer under this Agreement shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed by Iceland or by any department, agency or other political subdivision or taxing

authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto (**Taxes**). If any Taxes are required by law to be deducted or withheld in connection with any such payment, the Issuer will increase the amount paid so that the full amount of such payment is received by the payee as if no such deduction or withholding had been made. In addition, the Issuer agrees to indemnify and hold the Dealers harmless against any Taxes which they are required to pay in respect of any amount paid by the Issuer under this Agreement.

10. TERMINATION OF APPOINTMENT OF DEALERS

The Issuer or (as to itself) a Dealer may terminate the arrangements described in this Agreement by giving not less than 30 days' written notice to the other parties hereto. The Issuer may terminate the appointment of a Dealer or Dealers by giving not less than 30 days' written notice to such Dealer or Dealers (with a copy promptly thereafter to all the other Dealers and the Principal Paying Agent). Termination shall not affect any rights or obligations (including but not limited to those arising under Clauses 6, 8 and/or 9) which have accrued at the time of termination or which accrue thereafter in relation to any act or omission or alleged act or omission which occurred prior to such time.

11. APPOINTMENT OF NEW DEALERS

11.1 Nothing in this Agreement shall prevent the Issuer from appointing one or more New Dealers for the duration of the Programme or, with regard to an issue of a particular Tranche of Notes, the Issuer from appointing one or more New Dealers for the purposes of that Tranche, in either case upon the terms of this Agreement and provided that, unless such appointment is effected pursuant to a Subscription Agreement:

- (a) any New Dealer shall have first delivered to the Issuer an appropriate Dealer Accession Letter; and
- (b) the Issuer shall have delivered to such New Dealer an appropriate Confirmation Letter.

11.2 Upon receipt of the relevant Confirmation Letter or execution of the relevant Subscription Agreement, as the case may be, each such New Dealer shall, subject to the terms of the relevant Dealer Accession Letter or the relevant Subscription Agreement, as the case may be, become a party to this Agreement, vested with all authority, rights, powers, duties and obligations of a Dealer as if originally named as a Dealer hereunder provided further that, except in the case of the appointment of a New Dealer for the duration of the Programme, following the Issue Date of the relevant Tranche, the relevant New Dealer shall have no further such authority, rights, powers, duties or obligations except such as may have accrued or been incurred prior to, or in connection with, the issue of such Tranche.

11.3 The Issuer shall promptly notify the other Dealers and the Principal Paying Agent of any appointment of a New Dealer for the duration of the Programme by supplying to such parties a copy of any Dealer Accession Letter and Confirmation Letter. Such notice shall be required to be given in the case of an appointment of a New Dealer for a particular Tranche of Notes to the Principal Paying Agent only.

12. INCREASE IN THE AGGREGATE NOMINAL AMOUNT OF THE PROGRAMME

12.1 From time to time the Issuer may wish to increase the aggregate nominal amount of the Notes that may be issued under the Programme. In such circumstances, the Issuer may give notification

of such an increase (subject as set out in subclause 12.2) by delivering to the Dealers with a copy to the Principal Paying Agent a letter substantially in the form set out in Schedule 4 hereto. Upon the date specified in such notice (which date may not be earlier than seven London business days after the date the notice is given) and subject to satisfaction of the conditions precedent set out in subclause 12.2, all references in the Agreements to a Global Medium Term Note Programme of a certain nominal amount shall be deemed to be references to a Global Medium Term Note Programme of the increased nominal amount.

- 12.2 Notwithstanding subclause 12.1, the right of the Issuer to increase the aggregate nominal amount of the Programme shall be subject to each Dealer having received and found satisfactory all the documents and confirmations described in Part 2 of the Initial Documentation List (with such changes as may be relevant with reference to the circumstances at the time of the proposed increase as are agreed between the Issuer and the Dealers), and the satisfaction of any further conditions precedent that any of the Dealers may reasonably require, including, without limitation, the production of a new Offering Circular or a supplement to the Offering Circular by the Issuer and any further or other documents required by the relevant Stock Exchange for the purpose of listing any Notes to be issued on the relevant Stock Exchange. The Arranger shall circulate to the Dealers all the documents and confirmations described in Part 2 of the Initial Documentation List and any further conditions precedent so required. Any Dealer must notify the Arranger and the Issuer within seven London business days of receipt if it considers, in its reasonable opinion, such documents, confirmations and, if applicable, such further conditions precedent to be unsatisfactory and, in the absence of such notification, such Dealer shall be deemed to consider such documents and confirmations to be satisfactory and such further conditions precedent to be satisfied.

13. STATUS OF THE DEALERS AND THE ARRANGER

- 13.1 Each of the Dealers agrees that Glitnir banki hf. in its capacity as the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Offering Circular, any Final Terms, this Agreement or any information provided in connection with the Programme or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Tranche. For the avoidance of doubt, the provisions contained in subclause 13.1 shall not limit the responsibility and/or liability of Glitnir banki hf. in its capacity as the Issuer.
- 13.2 The Arranger shall have only those duties, obligations and responsibilities expressly specified in this Agreement.

14. 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.

15. COMMUNICATIONS

- 15.1 All communications shall be by telex, fax or letter 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.

- 15.2 A communication shall be deemed received (if by telex) when a confirmed answer back is received at the end of the transmission, (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.

16. BENEFIT OF AGREEMENT

- 16.1 This Agreement shall be binding upon and shall inure for the benefit of the Issuer and each Dealer and their respective successors and permitted assigns.
- 16.2 A Dealer may only assign or transfer its rights or obligations under this Agreement with the prior written consent of the Issuer (such consent not to be unreasonably withheld or delayed) except for an assignment and/or transfer of all of a Dealer's rights and obligations hereunder in whatever form such Dealer determines may be appropriate to a partnership, corporation, trust or other organisation in whatever form that may succeed to, or to which the Dealer transfers, all or substantially all of the Dealer's assets and business and that assumes such obligations by contract, operation of law or otherwise. Upon any such transfer and assumption of obligations such Dealer shall be relieved of and fully discharged from all obligations under this Agreement, whether such obligations arose before or after such transfer and assumption.

17. CALCULATION AGENT

- 17.1 In the case of any Series of Notes which require the appointment of a Calculation Agent the Agent shall act as Calculation Agent, unless the relevant Dealer or, as the case may be, the Lead Manager requests the Issuer to appoint such Dealer or Lead Manager, or a person nominated by such Dealer or Lead Manager (a **Nominee**), as Calculation Agent.
- 17.2 Should such a request be made to the Issuer the appointment of that Dealer, Lead Manager or Nominee shall be automatic upon the issue of the relevant Series of Notes and shall, except as agreed, be on the terms set out in the Calculation Agency Agreement set out in Schedule 1 to the Agency Agreement, and no further action shall be required to effect the appointment of such Dealer, Lead Manager or Nominee as Calculation Agent in relation to that Series of Notes, and the Schedule to the Calculation Agency Agreement shall be deemed to be duly annotated to include such Series. The name of the Dealer, Lead Manager or Nominee so appointed will be entered in the applicable Final Terms.

18. STABILISATION

In connection with the distribution of any Notes, any Dealer designated as the Stabilising Manager in the applicable Final Terms may over allot or effect transactions which support the market price of such Notes and/or any associated securities at a level higher than that which might otherwise prevail, but in so doing, each such Dealer shall act as principal and not as agent

of the Issuer. Any Stabilisation will be conducted in accordance with all applicable regulations. Any loss resulting from over allotment and stabilisation shall be borne, and any net profit arising therefrom shall be retained, by the Stabilising Manager(s) for its or their own account.

19. 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.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 This Agreement and every agreement for the issue and purchase of Notes as referred to in Clause 2 shall be governed by, and construed in accordance with, the laws of England.

20.2 The Issuer hereby irrevocably agrees for the benefit of 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 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 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 the Issuer and may be enforced in the courts of any other jurisdiction.

Nothing contained herein 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 representative office at 7th Floor, 41 Lothbury, London EC2R7HF 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.

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

The Issuer hereby irrevocably and unconditionally waives with respect to this Agreement any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

21. EFFECTIVE DATE

Any Notes issued on or after the date hereof shall be issued under the Programme pursuant to this Agreement. This does not affect any Notes issued under the Programme prior to the date hereof.

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

SCHEDULE 1

INITIAL DOCUMENTATION LIST

PART 1

1. A certified copy of the articles of association of the Issuer.
2. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer:
 - (a) to approve its entry into the Agreements, the update of the Programme and the issue of Notes;
 - (b) to authorise appropriate persons to execute each of the Agreements and any Notes and to take any other action in connection therewith; and
 - (c) to authorise appropriate persons to enter into agreements with any Dealer on behalf of the Issuer to issue Notes in accordance with Clause 2 of this Agreement.
3. A certified list of the names, titles and specimen signatures of the persons authorised on behalf of the Issuer in accordance with paragraph 2(c) above.
4. Certified copies of any other governmental or other consents, authorisations and approvals required for the Issuer to issue Notes, for the Issuer to execute and deliver the Agreements and for the Issuer to fulfil its obligations under the Agreements.
5. Confirmation that one or more master Temporary Global Notes, master Permanent Global Notes and master Rule 144A Global Notes (from which copies can be made for each particular issue of Notes), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) above, have been delivered to the Principal Paying Agent and the Registrar, as appropriate.
6. Legal opinions addressed to each of the Dealers dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from:
 - (a) Morrison & Foerster LLP, legal advisers to the Issuer as to United States and English law;
 - (b) LOGOS, legal advisers to the Dealers as to Icelandic law; and
 - (c) Allen & Overy LLP, legal advisers to the Dealers as to English law.
7. A conformed copy of each Agreement and confirmation that executed copies of such documents have been delivered to the Principal Paying Agent (for itself and the other agents party thereto), in the case of the Deed of Covenant, to a common depositary for Euroclear and Clearstream, Luxembourg and, in the case of the Deed Poll, to the Principal Paying Agent.
8. Confirmation of the execution and delivery by the Issuer of its Programme effectuation authorisation to each of Euroclear and Clearstream, Luxembourg (the **ICSDs**) and the execution and delivery of an Issuer-ICSD Agreement by the parties thereto.

9. A printed final version of the Offering Circular and the Procedures Memorandum.
10. Confirmation that the Offering Circular has been approved as a base prospectus by the Financial Services Authority and has been published in accordance with the Prospectus Directive.
11. A copy of the Blanket DTC Letter of Representations duly signed by the Principal Paying Agent and DTC.
12. Comfort letter from Pricewaterhouse Coopers hf. as independent auditor of the Issuer in such form and with such content as the Dealers may reasonably request.
13. Confirmations from Moody's, S&P and Fitch in relation to the ratings assigned to the Issuer's debt.
14. Letter from the Issuer's London representative confirming its acceptance as agent for service of process of the Issuer.

PART 2

1. A certified copy of the articles of association of the Issuer or confirmation that they have not been changed since they were last submitted to the Dealers.
2. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer to approve the increase in the amount of the Programme.
3. Certified copies of any other governmental or other consents, authorisations and approvals required for the increase.
4. Confirmation that one or more master Temporary Global Notes, master Permanent Global Notes and master Rule 144A Global Notes (from which copies can be made for each particular issue of Notes), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) of Part 1 of the Initial Documentation List, have been delivered to the Principal Paying Agent and the Registrar, as appropriate.
5. Legal opinions addressed to each of the Dealers dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from:
 - (a) Morrison & Foerster LLP, legal advisers to the Issuer as to United States and English law;
 - (b) LOGOS, legal advisers to the Dealers as to Icelandic law; and
 - (c) Allen & Overy LLP, legal advisers to the Dealers as to English law.
6. A printed final version of the Offering Circular.
7. Confirmation that (a) the new Offering Circular has been approved as a base prospectus by the Financial Services Authority or (b) the supplement has been approved by the Financial Services Authority and, in each case, has been published in accordance with the Prospectus Directive.
8. A copy of the Blanket DTC Letter of Representations duly signed by the Principal Paying Agent and DTC.
9. Comfort letter from PricewaterhouseCoopers hf. as independent auditor of the Issuer in such form and with such content as the Dealers may reasonably request.
10. Confirmations from Moody's, S&P and Fitch that there has been no change in the rating assigned by it to the Issuer's debt as a result of the increase.

SCHEDULE 2

SELLING RESTRICTIONS

1. United States

- 1.1 The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in reliance on an exemption from the Securities Act, including, without limitation, Regulation S. The Notes are being offered and sold (1) outside the United States to or for the account of non-U.S. persons in reliance upon Regulation S, and (2) in the United States to QIBs that are Qualified Purchasers in accordance with Rule 144A who are purchasing notes for their own account or for the account of one or more QIBs who are Qualified Purchasers. In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer represents and agrees that it has not offered and sold any Regulation S Notes, and will not offer and sell any Regulation S Notes (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of all Regulation S Notes of the Tranche of which such Regulation S Notes are a part, as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who has purchased Regulation S Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Regulation S Notes issued to or through more than one Dealer, each of such Dealers as to the Regulation S Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Regulation S Notes of such Tranche. On the basis of such notification or notifications, the Principal Paying Agent agrees to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agrees that, at or prior to confirmation of sale of Regulation S Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Regulation S Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Each Dealer further represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Terms used in this paragraph 1.1 have the meanings given to them by Regulation S.

- 1.2 In addition in respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms:
- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the **D Rules**), each Dealer (i) represents that it has not offered or sold, and agrees that during

the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

- (b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each Dealer represents that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires Notes in bearer form from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph 1.2 have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

1.3 In respect of Bearer Notes where TEFRA C is specified in the applicable Final Terms, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer represents and agrees in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes.

1.4 Notwithstanding anything above to the contrary, it is understood that Registered Notes may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer represents and agrees that:

- (a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;
- (b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as QIBs who are also Qualified Purchasers;
- (c) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning

of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States; and

- (d) each Note sold as a part of a private placement in the United States shall contain a legend in substantially the form set out on the face of such Note in the Agency Agreement.

1.5 The Issuer represents and agrees that any resale or other transfer, or attempted resale or other transfer of Notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in paragraph 1.4 shall not be recognised by the Issuer or any agent of the Issuer and shall be void.

1.6 Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

2. **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer represents and agrees, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

3. United Kingdom

Each Dealer represents and agrees that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the **FIEL**) and each Dealer agrees that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

5. Iceland

Each Dealer agrees that, during the period up to but excluding the date on which the Prospectus Directive is implemented in Iceland, it will not offer Notes to the public in Iceland, except in compliance with the Icelandic Securities Transaction Law and any applicable laws or regulations of Iceland.

6. General

Each Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or

delivers Notes or possesses or distributes the Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any other Dealer shall have any responsibility therefor.

None of the Issuer and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

SCHEDULE 3

DEALER ACCESSION LETTERS

PART 1

FORM OF DEALER ACCESSION LETTER - PROGRAMME

[Date]

To: Glitnir banki hf.
(the **Issuer**)

Dear Sirs,

Glitnir Banki hf.
Global Medium Term Note Programme

We refer to the Amended and Restated Programme Agreement dated 23rd June, 2008 entered into in respect of the above Global Medium Term Note Programme and made between the Issuer and the Dealers party thereto (which agreement, as amended, supplemented or restated from time to time, is herein referred to as the **Programme Agreement**).

We confirm that we are in receipt of the documents referenced below:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of all documents referred to in Part 1 of Schedule 1 of the Programme Agreement,

and have found them to our satisfaction.¹

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the appointment by the Issuer of us as a Dealer under the Programme Agreement we hereby undertake, for the benefit of the Issuer and each of the other Dealers, that we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

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

Yours faithfully,
[Name of New Dealer]

By:

cc: The Bank of New York as Principal Paying Agent
The other Dealers

¹ It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to, and relied upon by, New Dealers, otherwise a side letter to this effect should be provided.

PART 2

FORM OF CONFIRMATION LETTER - PROGRAMME

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

**Glitnir Banki hf.
Global Medium Term Note Programme**

We refer to the Amended and Restated Programme Agreement dated 23rd June, 2008 (such agreement, as amended, supplemented or restated from time to time, the **Programme Agreement**) entered into in respect of the above Medium Term Note Programme and hereby acknowledge receipt of your Dealer Accession Letter to us dated [specify].

We hereby confirm that, with effect from the date hereof, you shall become a Dealer under the Programme Agreement in accordance with Clause 11.2 of the Programme Agreement.

Yours faithfully,
Glitnir banki hf.

By:

cc: The Bank of New York as Principal Paying Agent
The other Dealers

PART 3

FORM OF DEALER ACCESSION LETTER - NOTE ISSUE

[Date]

To: Glitnir banki hf.
(the **Issuer**)

Dear Sirs,

Glitnir Banki hf.
[Description Of Issue]
(the **Notes**)

We refer to the Amended and Restated Programme Agreement dated 23rd June, 2008 and made between the Issuer and the Dealers party thereto (which agreement, as amended, supplemented or restated from time to time, is herein referred to as the **Programme Agreement**).

We confirm that we are in receipt of the documents referenced below:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of such of the other documents referred to in Part 1 of Schedule 1 of the Programme Agreement as we have requested,

and have found them to our satisfaction or (in the case of the documents referred to in (b) above) have waived such production.²

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the appointment by the Issuer of us as a Dealer under the Programme Agreement solely in respect of the issue of the Notes we hereby undertake, for the benefit of the Issuer and each of the other Dealers, that, in relation to the issue of the Notes, we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

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

Yours faithfully,
[Name of New Dealer]

By:

cc: The Bank of New York as Principal Paying Agent

² It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to, and relied upon by, New Dealers, otherwise a side letter to this effect should be provided.

PART 4

FORM OF CONFIRMATION LETTER - NOTE ISSUE

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

Glitnir Banki hf.
[Description Of Issue]
(the Notes)

We refer to the Amended and Restated Programme Agreement dated 23rd June, 2008 (such agreement, as amended, supplemented or restated from time to time, the Programme Agreement) and hereby acknowledge receipt of your Dealer Accession Letter to us dated [specify].

We hereby confirm that, with effect from the date hereof, solely in respect of the issue of the Notes, you shall become a Dealer under the Programme Agreement in accordance with the provisions of Clause 11.2 of the Programme Agreement.

Yours faithfully,
Glitnir banki hf.

By:

cc: The Bank of New York as Principal Paying Agent

SCHEDULE 4

LETTER REGARDING INCREASE IN THE NOMINAL AMOUNT OF THE PROGRAMME

[Date]

To: The Dealers
(as defined in the
Amended and Restated Programme Agreement
dated 23rd June, 2008 as amended, supplemented or
restated from time to time (the **Programme Agreement**))

Dear Sirs,

Glitnir Banki hf. Global Medium Term Note Programme

We hereby require, pursuant to Clause 12.1 of the Programme Agreement, that the aggregate nominal amount of the above Programme be increased to euro [*specify*] from [*specify date which is no earlier than seven London business days after the date the notice is given*] whereupon (but subject as provided in the next paragraph) all references in the Agreements will be deemed amended accordingly.

We understand that this increase is subject to the satisfaction of the condition set out in Clause 12.2 of the Programme Agreement namely that each Dealer shall have received and found satisfactory all the documents and confirmations described in the Part 2 of the Initial Documentation List (with such changes as may be relevant, with reference to the circumstances at the time of the proposed increase, as are agreed between the Issuer and the Dealers) and the delivery of any further conditions precedent that any of the Dealers may reasonably require.

You must notify the Arranger and ourselves within seven London business days of receipt by you of those documents and confirmations and, if applicable, further conditions precedent if you consider (in your reasonable opinion) such documents, confirmations and, if applicable, such further conditions precedent to be unsatisfactory and, in the absence of such notification, you will be deemed to consider such documents and confirmations to be satisfactory and such further conditions precedent to be satisfied.

Terms used in this letter have the meanings given to them in the Programme Agreement.

Yours faithfully,
Glitnir banki hf.

By:

cc: The Bank of New York as Principal Paying Agent

SCHEDULE 5

FORM OF SUBSCRIPTION AGREEMENT

GLITNIR BANKI HF.

[DESCRIPTION OF ISSUE]

[Date]

To: [Names of Dealers]
(the **Managers**)

c/o [Name of Lead Manager]
(the **Lead Manager**)

cc: The Bank of New York as Principal Paying Agent and as Registrar

Dear Sirs,

Glitnir banki hf. (the **Issuer**) proposes to issue [*DESCRIPTION OF ISSUE*] (the **Notes**) pursuant to the €15,000,000,000 Global Medium Term Note Programme established by it. The terms of the issue shall be as set out in the form of Final Terms attached to this Agreement as Annex A.

This Agreement is supplemental to the Amended and Restated Programme Agreement dated 23rd June, 2008 (as amended, supplemented or restated from time to time, (the **Programme Agreement**) made between the Issuer and the Dealers party thereto. All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

We wish to record the arrangements agreed between us in relation to the issue:

- (a) This Agreement appoints each Manager which is not a party to the Programme Agreement (each a **New Dealer**) as a New Dealer in accordance with the provisions of Clause 11 of the Programme Agreement for the purposes of the issue of the Notes. The Lead Manager confirms that it is in receipt of the documents referenced below:
 - (i) a copy of the Programme Agreement; and
 - (ii) a copy of such of the documents delivered under Schedule 1 of the Programme Agreement as it has requested.

For the purposes of the Programme Agreement the details of the Lead Manager for service of notices are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the Issuer appointing each New Dealer as a Dealer in respect of the Notes under the Programme Agreement, each New Dealer hereby undertakes, for the benefit of the Issuer, the Lead Manager (for itself and each of the other Dealers) and the Managers, that, in relation to the issue of the Notes, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received from the Lead Manager. The Issuer hereby confirms that each New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the Notes as if originally named as a

Dealer under the Programme Agreement provided that following the Issue Date of the Notes each New Dealer shall have no further such authority, rights, powers, duties or obligations except such as may have accrued or been incurred prior to, or in connection with, the issue of the Notes.

- (b) Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer hereby agrees to issue the Notes and the Managers jointly and severally agree to subscribe or procure subscribers for the Notes at a price of [specify]% of the principal amount of the Notes (the **Purchase Price**), being the issue price of [specify]% less a selling concession of [specify]% of such principal amount and a combined management and underwriting commission of [specify]% of such principal amount.
- (c) The settlement procedures set out in Part [1B/2B] of Annex 1 to the Procedures Memorandum shall apply as if set out in this Agreement provided that, for the purposes of this Agreement:
 - (i) the sum payable on the Issue Date shall represent the Purchase Price less any amount payable in respect of Managers' expenses as provided in the agreement referred to in Clause 4 of this Agreement;
 - (ii) **Issue Date** means [specify] a.m. ([specify] time) on [specify] or such other time and/or date as the Issuer and the Lead Manager on behalf of the Managers may agree; and
 - (iii) **Payment Instruction Date** means the Issue Date unless there is to be a pre-closing for the issue in which case it means the business day (being a day on which banks and foreign exchange markets are open for general business in London) prior to the Issue Date.
- (d) The arrangements in relation to expenses have been separately agreed between the Issuer and the Lead Manager.
- (e) The obligation of the Managers to purchase the Notes is conditional upon:
 - (i) the conditions set out in Clause 3.2 [and 3.3] (other than that set out in Clause 3.2(f)) of the Programme Agreement being satisfied as of the Payment Instruction Date (on the basis that the references in therein to **relevant Dealer** shall be construed as references to the Lead Manager) and without prejudice to the aforesaid, the Offering Circular dated [specify] [, as supplemented by []], containing all material information relating to the assets and liabilities, financial position and profits and losses of the Issuer and nothing having happened or being expected to happen which would require the Offering Circular [, as so supplemented,] to be [further] supplemented or updated; and
 - (ii) the delivery to the Lead Manager on the Payment Instruction Date of:
 - (A) legal opinions addressed to the Managers dated the Payment Instruction Date in such form and with such contents as the Lead Manager, on behalf of the Managers, may reasonably require from LOGOS, the legal advisers to the Dealers as to Icelandic law, [and] from Allen & Overy LLP, the legal advisers to the Managers as to English law [and from Morrison & Foerster LLP, the legal advisers to the Issuers as to United States and English law];

- (B) a certificate dated as at the Payment Instruction Date signed by a duly authorised officer of the Issuer giving confirmation to the effect stated in paragraph (i) of this clause;
- (C) a comfort letter dated the date hereof and the Payment Instruction Date from the independent auditors of the Issuer, in such form and with such content as the Managers may reasonably request; and
- (D) such other conditions precedent as the Lead Manager may require.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on such date and the parties hereto shall be under no further liability arising out of this Agreement (except for any liability of the Issuer in relation to expenses as provided in the agreement referred to in Clause 4 and except for any liability arising before or in relation to such termination), provided that the Lead Manager, on behalf of the Managers, may in its discretion waive any of the aforesaid conditions (other than the condition precedent contained in Clause 3.2(c) of the Programme Agreement) or any part of them.

- (f) The Lead Manager, on behalf of the Managers, may, by notice to the Issuer, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the opinion of the Lead Manager there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market and, upon such notice being given, the parties to this Agreement shall (except for any liability of the Issuer in relation to expenses as provided in the agreement referred to in Clause 4 of this Agreement and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.
- (g) 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 terms 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.
- (h) Clause 20 of the Programme Agreement shall also apply to this Agreement as if expressly incorporated herein.
- (i) 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.

Please confirm that this letter correctly sets out the arrangements agreed between us.

Yours faithfully,

For: Glitnir banki hf.

By:

We agree to the foregoing.

For: *[NAMES OF MANAGERS]*

By:

ANNEX A TO THE SUBSCRIPTION AGREEMENT

[Form of Final Terms]

SIGNATORIES

The Issuer

GLITNIR BANKI hf.

By:

By:

The Dealers

**BARCLAYS BANK PLC
BAYERISCHE HYPO-UND VEREINSBANK AG
BNP PARIBAS
CITIGROUP GLOBAL MARKETS LIMITED
DAIWA SECURITIES SMBC EUROPE LIMITED
DEUTSCHE BANK AG, LONDON BRANCH
GLITNIR BANKI hf.
J. P. MORGAN SECURITIES LTD.
MERRILL LYNCH INTERNATIONAL**

By:

By: