

23 August 2006

Glitnir banki hf.

**Issue of AUD 200,000,000 Floating Rate Senior Notes due 2013
under the €15,000,000,000
Global Medium Term Note Programme**

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular dated 26th June, 2006 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Offering Circular. The Offering Circular is available for viewing at the office of the Issuer at Kirkjusandur 2, 155 Reykjavik, Iceland and copies may be obtained from the Principal Paying Agent at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

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| 1. | Issuer: | Glitnir banki hf. |
| 2. | Series Number | 307 |
| 3. | Specified Currency or Currencies: | Australian Dollars ("AUD") |
| 4. | Aggregate Nominal Amount: | |
| | - Series: | AUD 200,000,000 |
| 5. | Issue Price of Tranche: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | Specified Denominations: | AUD 500,000 |
- So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit(s), the Notes shall be tradable in principal amounts of AUD 500,000 and integral multiples of AUD 1,000 in excess thereof.*
- Definitive Notes in denominations of less than AUD 500,000 will not be issued in any circumstances. Should definitive Notes be required to be issued, any Noteholder who holds Notes in a clearing system in an amount that is not an integral multiple of AUD 500,000 will not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of AUD 500,000 and may not be able to exercise all of his rights and receive all of his entitlement in respect of his holding until such time.*

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| 7. | Issue Date and Interest Commencement Date: | 23 August 2006 |
| 8. | Maturity Date: | Interest Payment Date falling in or nearest to September 2013 |
| 9. | Interest Basis: | 3 month BBSW + 0.85 per cent. Floating Rate (further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |
| 13. | Status of Notes: | Senior |
| 14. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | Fixed Rate Note Provisions: | Not Applicable |
| 16. | Floating Rate Note Provisions | Applicable |
| | (i) Specified Period(s)/Specified Interest Payment Dates: | 20 March, 20 June, 20 September, 20 December in each year from and including 20 September 2006 |
| | (ii) Business Day Convention: | Modified Following Business Day Convention |
| | (iii) Additional Business Centre(s): | Not Applicable |
| | (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: | ISDA Determination |
| | (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): | Principal Paying Agent |
| | (vi) Screen Rate Determination: | No |
| | (vii) ISDA Determination: | Yes |
| | - Floating Rate Option: | AUD–BBR–BBSW |
| | - Designated Maturity: | (i) In respect of each Interest Period other than the Interest Period (the “First Interest Period”) from and including the Interest Commencement Date, three |

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| | | months; and |
| | (ii) | in respect of the First Interest Period, one month |
| - | Reset Date: | In respect of an Interest Period, the first day of such Interest Period |
| (viii) | Margin(s): | + 0.85 per cent. per annum |
| (ix) | Minimum Rate of Interest: | Not Applicable |
| (x) | Maximum Rate of Interest: | Not Applicable |
| (xi) | Day Count Fraction: | Actual/365 |
| (xii) | Fall back provisions, rounding provisions and | Condition 5(b)(i) (Interest Payment Dates) shall be amended by the deletion of the final paragraph thereof commencing "In these Conditions, "Business Day" means a day which is both...." and the substitution of the following therefor: "In these Conditions, "Business Day" means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing foreign exchange and foreign currency deposits) in London and Sydney and a day on which the Trans – European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "TARGET System") is open." |
| 17. | Zero Coupon Note Provisions | Not Applicable |
| 18. | Index Linked Interest Note Provisions | Not Applicable |
| 19. | Dual Currency Interest Note Provisions | Not Applicable |
| PROVISIONS RELATING TO REDEMPTION | | |
| 20. | Issuer Call: | Not Applicable |
| 21. | Investor Put | Not Applicable |
| 22. | Final Redemption Amount of each Note: | AUD 500,000 per Note of AUD 500,000 Specified Denomination |

For the avoidance of doubt, in the case of a holding of Notes in an integral multiple of AUD 1,000 in excess of AUD 500,000 as envisaged in paragraph 6 above for so long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit(s), such holding will be redeemed at its nominal amount.

23. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): See Condition 7(e)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
 Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
 Registered Notes: Not Applicable
25. New Global Note: No
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Sydney
27. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): If definitive Notes are to be issued, the Calculation Agent will determine whether a Talon is required and if so, the date on which such Talon matures
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
29. Details relating to Instalment Notes, including the amount of each instalment (each an "Instalment Amount") and the date on which each payment is to be made (each an "Instalment Date"): Not Applicable
30. Redenomination applicable: Redenomination not Applicable

lodged with ASIC.]

36. ERISA Restrictions:

Not Applicable

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

The image shows two handwritten signatures. The first signature is in blue ink and is written over a dotted line. The second signature is in black ink and is written below the first one. Both signatures are cursive and stylized.

PART B - OTHER INFORMATION

1. LISTING

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| (i) Listing: | None |
| (ii) Admission to trading: | Not Applicable |

2. OPERATIONAL INFORMATION

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| (i) Intended to be held in a manner which would allow Eurosystem eligibility: | No |
| (ii) ISIN Code: | XS0265328509 |
| (iii) Common Code: | 026532850 |
| (iv) Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | Not Applicable |
| (v) Delivery: | Delivery against payment |
| (vi) Names and addresses of additional Paying Agent(s) and Transfer Agent(s) (if any): | Not Applicable |