

Form of Final Terms

January 31st 2007

Glitnir banki hf.
Issue of ISK 1.000,000,000 Index Linked Notes
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 26 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 Reykjavík, Iceland and copies may be obtained from the Principal Paying Agent at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

1.	Issuer:	Glitnir Banki hf.
2.	(i) Series Number:	318
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	ISK
4.	Aggregate Nominal Amount:	
	– Series:	ISK 1.000.000,000
	– Tranche:	ISK 1.000.000,000
5.	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
6.	Specified Denominations:	ISK 5,000,000
7.	(i) Issue Date:	2 February 2007
	(ii) Interest Commencement Date :	2 February 2007
8.	Maturity Date:	2 February 2012
9.	Interest Basis:	Not Applicable
10.	Redemption/Payment Basis:	Index Linked Redemption (further particulars specified in Appendix 1 hereto)
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable

- | | |
|--|----------------|
| 12. Put/Call Options: | Not Applicable |
| 13. (i) Status of Notes: | Senior |
| (ii) Date Board approval for issuance of Notes obtained: | Not Applicable |
| 14. Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | |
|---|----------------|
| 15. Fixed Rate Note Provisions: | Not Applicable |
| 16. Floating Rate Note Provisions | Not Applicable |
| 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: | See Appendix 1 |
| 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)): | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | |
|---|---|
| 24. Form of Notes: | |
| Bearer Notes: | Applicable
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: | Yes |
| 26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Reykjavík and London |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No. |

- | | |
|---|-------------------------------|
| 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 |
| 31. Other final terms: | Not Applicable |

DISTRIBUTION

- | | |
|--|---|
| 32. (i) If syndicated, names and addresses of Managers and underwriting commitments. | Not Applicable |
| (ii) Date of Subscription Agreement: | Not Applicable |
| (iii) Stabilising Manager (if any): | Not Applicable |
| 33. If non-syndicated, name and address of relevant Dealer: | Glitnir banki hf., Kirkjusandi, 155 Reykjavik |
| 34. Total commission and concession: | Not Applicable |
| 35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA D |
| 36. Additional selling restrictions: | Not Applicable |
| 37. ERISA Restrictions: | Not Applicable |

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the €15,000,000,000 Global Medium Term Note Programme of Glitnir banki hf.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:


Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on The London Stock Exchange with effect from 2 February 2007
- (iii) Estimate of total expenses related to admission to trading: GBP 100.-

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- | | |
|----------|----|
| Moody's: | A1 |
| Fitch: | A |
| S & P: | A- |

3. NOTIFICATION

Not Applicable

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

5. REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- [(i) Reasons for the Offer: General Funding
- [(ii)] Estimated net proceeds: ISK 1,000,000,000
- [(iii)] Estimated total expenses: Not Applicable

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: Not Applicable

7. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Not Applicable

8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

Not Applicable

9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

Not Applicable

10. OPERATIONAL INFORMATION

- | | |
|--|--------------------------|
| (i) Intended to be held in a manner which would allow Eurosystem eligibility: | No |
| (ii) ISIN Code: | XS0286413892 |
| (ii) Common Code: | 028641389 |
| (iii) CUSIP: | Not Applicable |
| (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 free of payment |
| (vi) Names and addresses of additional Paying Agent(s) and Transfer Agent(s) (if any): | Not Applicable |

APPENDIX 1

FINAL REDEMPTION AMOUNT

Settlement Currency:	ISK
Cash Settlement Payment Date	12.02.2012
Redemption amount	An amount in ISK on the Cash Settlement Payment Date, as determined by the Calculation Agent as of the Valuation Date, in accordance with the following formula:

$$\text{Notional} \cdot \left[1 + \text{Participation} \cdot \text{Max} \left[\text{Index}_i \times \frac{(FP_i - IP_i)}{IP_i}; 0; \text{Lock} - \text{In} \right] \right]$$

Initial Price (IP i)	The level of relevant Index i (where i = 1) at the Valuation Time on the Strike Price Date on the Exchange as determined by the Calculation Agent (which is set out in Appendix 2).
Final Price (FP i)	The arithmetic average of the levels of the relevant Index i (where i = 1) on each Averaging Date as determined by the Calculation Agent.
Participation	180%
Averaging Dates:	29 July 2011, 30 August 2011, 30 September 2011, 31 October 2011, 30 November 2011, 30 December 2011, 30 January 2012 (7 observations in total)
Valuation Date:	30 January 2012
“Lock-in” equals,	
(i)	0%, provided that Maximum Index Value is less than 150%
(ii)	50%, provided that Maximum Index Value is greater than or equal to 150%
Index Adjustment Event:	Index Calculation Agent Adjustment
Cancellation:	Index Calculation Agent Adjustment
Cancellation:	Index Calculation Agent Adjustment
Cancellation:	Index Calculation Agent Adjustment
Other Terms.	
Calculation Agent::	Glitnir banki hf

APPENDIX 2

Index

The Basket is composed of the following Index in the relative weightings set out in relation to each Index below.

<i>i</i>	<i>Index i</i>	<i>Country</i>	<i>Bloomberg Id</i>	<i>Weighting</i>	<i>IPi levels</i>
1	MSCI World in EUR	USA	MSDUWI Index (EUR)	100%	1154,911