

Form of Final Terms

March 21, 2007

Glitnir banki hf.
Issue of ISK 1.960,000,000 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:	3
3. Specified Currency or Currencies:	ISK
4. Aggregate Nominal Amount:	
– Series:	ISK 1,960,000,000
– Tranche:	ISK 615,000,000
5. Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
6. Specified Denominations:	ISK 5,000,000
7. (i) Original Issue Date:	2 February 2007
(ii) Issue Date, tranche 3:	3 April 2007
(iii) Interest Commencement Date :	3 April 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	Not Applicable

	Basis:	
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:	Reykjavik and London
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No.

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 5 April 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: | AAA |
| 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 615,000,000
- [(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 (permanent)
XS0293946108 (temporary)

- (ii) Common Code: 028641389 (permanent)
029394610 (temporary)

- (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:

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