

SECURITIES NOTE

GLB 08 1201

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1. RISK FACTORS

1.1 GENERAL

The following risk factors are material to the securities admitted to trading in order to assess the market risk associated with these securities. Most of these risk factors are contingencies which may or may not occur and do not necessarily have an impact on the Notes.

The factors described below represent the principal risks inherent in investing in the Notes but the inability of the issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons that do not currently exist, that are not presently considered material, or of which the Issuer is unaware. Prospective investors should base their decision about investing in any Notes on their own independent review and such professional advice as they deem appropriate.

1.2 ISSUER'S LIABILITY TO MAKE PAYMENTS

The Issuer is liable to make payments when due on the Notes. The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu among themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Thus, they rank behind secured obligations and other priority claims but have priority over subordinate and remaining obligations.

The Notes are subject to credit risk. Credit risk is essentially the risk that the principal will not be repaid by the Issuer. If the Issuer fails to repay the principal, the Issuer will default on the Notes. As with other debt instruments investors must evaluate the issuer's liquidity and capacity to meet his obligations. They must also evaluate whether the premium on the Notes is in line with the risk they involve.

The Issuer is not subject to any kind of limits on further borrowings and can therefore take on further debt with equal ranking as the Notes in this issue.

1.3 MARKET RISK

Market risk refers to the risk related to all commercial papers of the same type. The most important market risk related to Notes is changes in the level of interest rates in the relevant market. If general interest rates rise, the market price of the Notes will fall and vice versa. Interest rate risk is higher for Notes with longer maturities/duration. Investors shall study the market risk related to Notes and evaluate the impact caused by changes in the interest rate level on the Notes' market price.

1.4 CHANGES IN LAW

The terms and conditions of the Notes are based on Icelandic law in force as of the date of this Securities Note. No assurance can be given as to the impact of any possible judicial decision or change to Icelandic law or administrative practice after the date of this Securities Note.

1.5 TRADING IN THE SECONDARY MARKET

Trading with the Notes in the secondary market needs to be active and the volume sufficient for investors to profit from their investment. The possibility exists that investors will not be able to sell their Notes easily or only at a discount to comparable securities from other issuers.

1.6 THE NOTES ARE NOT SUITABLE FOR ALL INVESTORS

Investors must make their own decision on whether investing in the Notes is suitable for them. In particular, the following must be kept in mind:


1. Investors must possess sufficient knowledge and experience to adequately evaluate the Notes and the Issuer's liquidity.
2. Investors must appreciate the risks related to investment in the Notes and familiarize themselves thoroughly with the information provided in the prospectus or other documents about the Issuer which are publicly available.
3. Investors must be able to estimate what impact an investment in the Notes has on their asset position and financial resources. Investors must have sufficient resources and liquidity to bear all of the risks of an investment in the Notes.
4. Investors must study and understand the terms that apply to the Notes and be familiar with the behaviour of the financial markets.
5. Investors must be able to evaluate (either on their own accord or with the aid of advisor) the impact of business cycles, changes in the level of interest rates and other comparable factors that may affect investment in the Notes.


2. PERSONS RESPONSIBLE

Glitnir banki hf., ("Glitnir") ID No. 550500-3530, Kirkjusandur 2, 155 Reykjavík, Iceland, in its capacity as the Issuer and Manager, declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 4.9.2008

On behalf of Glitnir banki hf.


Hörður F. Harðarson, General Counsel
ID number: 030770-5529


Andri Úlfarsson, Treasury
ID number: 140878-3329

GLITNIR Hörður F. Harðarson
General Counsel

3. NOTICE TO INVESTORS

This Securities Note, GLB 08 1201, concerns admission to trading of, Notes issued by Glitnir banki hf., ID No. 550500-3530 for the amount of up to ISK 10,000,000,000 on OMX Nordic Exchange Iceland hf. It has been prepared in accordance with chapter VI in the Act No. 108/2007 on securities transactions. This Securities Note is part of a Prospectus that consists of two independent documents; this Securities Note and a Registration Document dated 14.7.2008 . The admission to trading will proceed pursuant to Icelandic law and regulations. OMX Nordic Exchange Iceland hf. has scrutinized and approved the Prospectus.

Only the Issuer is entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

This Securities Note is not an offer to sell or a request to buy Notes.

The content of the Securities Note does not constitute legal, financial or tax advice and note owners should seek legal, financial and/or tax advice.

This Securities Note and any document forming a part of the prospectus shall not be distributed or mailed or otherwise distributed or sent within or into any country in which distribution would require any additional registration measures or other measures apart from those applicable under Icelandic law and regulations, or where it would be in conflict with any law or regulation in such country.

The documents forming the Prospectus are available at Glitnir banki hf.'s website; www.glitnir.is and can also be obtained by contacting the Issuer at its address; Kirkjusandur 2, 155 Reykjavik.

4. GENERAL INFORMATION

4.1 CONFLICT OF INTEREST

The Issuer is not aware of any conflict of interest related to this issue.

4.2 REASONS FOR THE ISSUE AND THE USE OF PROCEEDS

The issue is part of regular financing. The proceeds from the issue are used to finance the Issuer's regular activities. An estimate of the total expenses related to the admission to trading is ISK 805,573.-.

5. INFORMATION CONCERNING THE SECURITIES

Authorisation

The Board of Glitnir banki hf., ID No. 550500-3530, Kirkjusandur 2, 155 Reykjavík, Iceland, authorised, on 31 July 2007, a short term note issue in eight classes, for up to ISK 10,000,000,000 in each class.

Issue and Note characteristics

The Notes are issued electronically at the Icelandic Securities Depository (Verðbréfasíkráning Íslands hf.), ID No. 500797-3209, Laugavegur 182, 105 Reykjavík, in accordance with Act No. 131/1997 on electronic registration of title securities and registered there under the name of the relevant noteholder or his/her nominee. The Notes will bear the symbol GLB 08 1201 and the ISIN code IS0000016152.

The issue date of the Notes was 21 August, 2008. The maximum amount which can be issued under this securities note is ISK 10,000,000,000. As of 4.9.2008, notes in the amount of ISK 60,000,000 have been sold and will be admitted to trading. Denomination of each Note is ISK 10,000,000.-. The indication of yield is 18.1% at 1.9.2008.

The Notes 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.

The Notes are denominated in ISK. They do not influence the Issuer's other commitments and they do not include any fringe benefits.

The Notes bear no interest. The principal will be repaid in one payment on the final maturity date, 1 December 2008.

All amounts payable under the Notes will be paid to the relevant financial institution where the registered owner has his/her VS account.

The depository agent is the Icelandic Securities Depository. The calculating and paying agent is Glitnir banki hf.

The Notes shall in change of ownership be endorsed to a named party. No other restrictions are on transferring the Notes.

Event of default, Acceleration and Enforcement

If payment of the Notes default, it is permitted to declare the Notes immediately due and payable. The Issuer shall then pay penalty interest as determined by the Central Bank of Iceland, cf. paragraph 1, article 6 of Act No. 38/2001, on a mature or called amount according to the aforesaid.

Prescription

The Notes will become void in accordance with paragraph 70 of Act No. 93/1933 unless presented for payment within 3 years after the relevant date.

Taxation

All payments in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any tax jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will not pay any additional amounts in respect of amounts withheld pursuant to such withholding or deduction.

The Issuer's Notes are exempt from stamp duty in Iceland according to Art. 115 of Act No. 161/2002.

Governing law

The governing law is Icelandic law. The Issuer irrevocably agrees that any dispute shall be subject to the exclusive jurisdiction of the District Court of Reykjavík. Legal action regarding the Notes may be initiated in accordance with the Act on Civil Procedure No. 91/1991, Chapter 17.

6. ADMISSION TO TRADING AND MARKET MAKING

Glitnir banki hf. is the manager. Glitnir banki hf. is also the market maker and is committed to post bid and sell offers on OMX Nordic Exchange Iceland hf. before markets open. Offers shall be no lower than ISK 100,000,000,- at nominal value, although until sufficient number of notes have been sold, lower values will be traded. The maximum spread between bid and sell offers shall be 0.1%. An offer shall be renewed no later than 10 minutes from when it is accepted. If Glitnir banki hf.'s market making trades for more than ISK 500,000,000,- at nominal value or more in one day, Glitnir banki hf. is permitted to stop posting bid and sell offers for that day. If Glitnir banki hf. does not own Notes, it reserves the right not to post a bid or sales offer.

The maximum amount of notes which can be issued under this securities note is ISK 10,000,000,000. As of 22.8.2008, notes in the amount of ISK 60,000,000 have been sold. Glitnir banki hf. has applied for the Notes to be admitted to trading in a regulated securities market, run by OMX Nordic Exchange Iceland hf. OMX Nordic Exchange Iceland hf. operates in pursuance of the Act. No. 110/2007 on stock exchanges.

The Notes are expected to be admitted to trading on 5.9.2008.

7. FURTHER INFORMATION

7.1 EXTERNAL INFORMATION

This Securities Note is not based on the statements of external specialists or another third party.

7.2 CREDIT RATING

Glitnir banki hf. is rated by three, independent, international rating agencies: Standard and Poor's (Long term rating: BBB+, outlook negative – April 2008), Moody's Investors Service (Long term rating: A2, outlook stable – March 2008) and Fitch Ratings (Long term rating: A-, outlook negative – May 2008).

Further information can be found on Glitnir banki hf.'s website: <http://www.glitnirbank.com/investor-relations/debt-investors/credit-ratings/>

7.3 NEW DEVELOPMENTS

7.3.1.- Financial results

Glitnir banki hf. has announced the financial results for the 6 months from 1 January to 30 June 2008. The financial statements were reviewed by PriceWaterhouseCoopers. The Reviewed consolidated interim financial statements of Glitnir banki hf. for this period shall be deemed to be incorporated by reference, and to form part of the Prospectus. Copies of the statements can be obtained from Glitnir banki hf.'s registered office and from its website: <http://glitnirbank.com/investor-relations/financial-reports/>

7.4 MAJOR SHAREHOLDERS

The following table shows the percentage ownership of the 20 largest shareholders of Glitnir banki hf. as of 3 September 2008:

FL GLB Holding B.V.	13.3
GL Group Holding Netherlands B.V.	11.1
FL Group hf.	5.8
Páttur International ehf.	5.6
Saxbygg invest ehf.	5.0
GLB Hedge	4.9
Glitnir banki hf.	4.8
Landsbanki Luxembourg S.A.	2.4
Salt Investments ehf.	2.3
Lífeyrissjóðir Bankastræti 7	2.1
Sund ehf.	2.0
Rákungur ehf.	2.0
IceProperties ehf.	1.8
Kristinn ehf.	1.7
LI-Hedge	1.3
Gildi - lífeyrissjóður	1.3
Icebank hf.	1.0
Langflug ehf.	0.9
Bygg invest ehf.	0.9
Stím ehf.	0.9
Total:	71.1

To the extent known to Glitnir banki hf., Glitnir is not owned or controlled, directly or indirectly, by any one person or entity, or persons or entities working in tandem.

There are no arrangements known to Glitnir banki hf., the operation of which may at a subsequent date result in a change in control of Glitnir banki hf.

7.5 SIGNIFICANT CHANGES FROM THE LATEST FINANCIAL STATEMENT

Apart from the above no significant changes in the financial or trading position of Glitnir banki hf. have occurred since the end of the last financial period on 30 June 2008. There has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements.

7.6 LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or the group's financial position or profitability.

7.7 DOCUMENTS ON DISPLAY

For the life of the Prospectus, the following documents may be inspected on the Company's registered office Kirkjusundur 2, 155 Reykjavik, Iceland:

- The Articles of Association of Glitnir banki hf., dated 19 March 2008.
- The Company's audited financial statements in respect of the years ended December 31, 2006 and 2007, together with the audit reports prepared in connection therewith.
- The Company's reviewed financial statements in respect of the six months ended June 30, 2008.