

**EXECUTION VERSION**

## **AGENCY AGREEMENT**

**DATED 24th June, 2003**

**KAUPTHING BÚNAÐARBANKI HF.**

**as Issuer**

**and  
CITIBANK, N.A.**

**as Paying Agent**

**and**

**BANQUE GÉNÉRALE DU LUXEMBOURG S.A.**

**as Paying Agent**

**relating to**

**€2,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

**ALLEN & OVERY**

London

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## AGENCY AGREEMENT

in respect of a

€2,000,000,000

### EURO MEDIUM TERM NOTE PROGRAMME

**THIS AGREEMENT** is dated 24th June, 2003

**BETWEEN:**

- (1) **KAUPTHING BÚNAÐARBANKI HF.** (the **Issuer**);
- (2) **CITIBANK, N.A.** (the **Agent**, which expression shall include any successor agent appointed under clause 21); and
- (3) **BANQUE GÉNÉRALE DU LUXEMBOURG S.A.** (together with the Agent, the **Paying Agents** and each a **Paying Agent**, which expression shall include any additional or successor paying agent appointed under clause 21).

**IT IS AGREED:**

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 In this Agreement:

**Auditors** means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of this Agreement and/or the Conditions, such other independent firm of accountants as may be selected by the Issuer;

**Calculation Agency Agreement** in relation to any Series of Notes means an agreement in or substantially in the form of Schedule 1;

**Calculation Agent** means, in relation to the Notes of any Series, the person appointed as calculation agent in relation to the Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the Notes;

**Clearstream, Luxembourg** means Clearstream Banking, société anonyme;

**Conditions** means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting the Series, the terms and conditions being in or substantially in the form set out in Schedule 2 or in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the Issuer, the Agent and the relevant Dealer as modified and supplemented by the applicable Pricing Supplement;

**Coupon** means an interest coupon appertaining to a Definitive Note (other than a Zero Coupon Note), the coupon being:

- (a) if appertaining to a Fixed Rate Note, in the form or substantially in the form set out in Part 4A of Schedule 6 or in such other form, having regard to the terms of issue of the

Notes of the relevant Series, as may be agreed between the Issuer, the Agent and the relevant Dealer; or

- (b) if appertaining to a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note, in the form or substantially in the form set out in Part 4B of Schedule 6 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Agent and the relevant Dealer; or
- (c) if appertaining to a Definitive Note which is neither a Fixed Rate Note, a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note, in such form as may be agreed between the Issuer, the Agent and the relevant Dealer,

and includes, where applicable, the Talon(s) appertaining to the relevant Note and any replacements for Coupons and Talons issued pursuant to Condition 11;

**Couponholders** means the several persons who are for the time being holders of the Coupons and shall, unless the context otherwise requires, include the holders of Talons;

**Definitive Note** means a Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer in exchange for all or part of a Global Note, the Definitive Note being in or substantially in the form set out in Part 3 of Schedule 6 with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer and having the Conditions endorsed on it or, if permitted by the relevant authority or authorities and agreed by the Issuer and the relevant Dealer, incorporated in it by reference and having the applicable Pricing Supplement (or the relevant provisions of the applicable Pricing Supplement) either incorporated in it or endorsed on it and (except in the case of a Zero Coupon Note) having Coupons and, where appropriate, Receipts and/or Talons attached to it on issue;

**Distribution Compliance Period** has the meaning given to that term in Regulation S under the Securities Act;

**Dual Currency Interest Note** means a Note in respect of which payments of interest are made or to be made in such different currencies, and at rates of exchange calculated upon such basis or bases, as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Dual Currency Note** means a Dual Currency Interest Note and/or a Dual Currency Redemption Note, as applicable;

**Dual Currency Redemption Note** means a Note in respect of which payments of principal are made or to be made in such different currencies, and at rates of exchange calculated upon such basis or bases, as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Euroclear** means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

**Fixed Rate Note** means a Note on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Pricing Supplement;

**Floating Rate Note** means a Note on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Pricing Supplement;

**Global Note** means a Temporary Global Note and/or a Permanent Global Note, as the context may require;

**Index Linked Interest Note** means a Note in respect of which the amount in respect of interest payable is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Index Linked Note** means an Index Linked Interest Note and/or an Index Linked Redemption Note, as applicable;

**Index Linked Redemption Note** means a Note in respect of which the amount in respect of principal payable is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Interest Commencement Date** means, in the case of interest-bearing Notes, the date specified in the applicable Pricing Supplement from and including which the Notes bear interest, which may or may not be the Issue Date;

**Issue Date** means, in respect of any Note, the date of issue and purchase of the Note under clause 2 of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer being, in the case of any Definitive Note represented initially by a Global Note, the same date as the date of issue of the Global Note which initially represented the Note;

**Issue Price** means the price, generally expressed as a percentage of the nominal amount of the Notes, at which the Notes will be issued;

**Noteholders** means the several persons who are for the time being the bearers of Notes save that, in respect of the Notes of any Series, for so long as the Notes or any part of them are represented by a Global Note held on behalf of Euroclear and Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes of the Series (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of that nominal amount of Notes (and the bearer of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of the Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder**, **holder of Notes** and related expressions shall be construed accordingly;

**outstanding** means, in relation to the Notes of any Series, all the Notes issued other than:

- (a) those Notes which have been redeemed and cancelled pursuant to the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the

Conditions after that date) have been duly paid to or to the order of the Agent in the manner provided in this Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with the Conditions) and remain available for payment against presentation of the relevant Notes and/or Receipts and/or Coupons;

- (c) those Notes which have been purchased and cancelled in accordance with the Conditions;
- (d) those Notes in respect of which claims have become prescribed under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued under the Conditions;
- (f) (for the purpose only of ascertaining the nominal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued under the Conditions; and
- (g) any Temporary Global Note to the extent that it has been exchanged for Definitive Notes or a Permanent Global Note and any Permanent Global Note to the extent that it has been exchanged for Definitive Notes in each case under its provisions,

provided that for the purpose of:

- (i) attending and voting at any meeting of the Noteholders of the Series; and
- (ii) determining how many and which Notes of the Series are for the time being outstanding for the purposes of Condition 15 and paragraphs 2, 5 and 6 of Schedule 5,

those Notes (if any) which are for the time being held by or for the benefit of the Issuer or any Subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Permanent Global Note** means a global note in the form or substantially in the form set out in Part 2 of Schedule 6 together with the copy of the applicable Pricing Supplement attached to it with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer, comprising some or all of the Notes of the same Series issued by the Issuer under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

**Principal Subsidiary** of the Issuer means at any time a Subsidiary of the Issuer:

- (a) whose gross revenues attributable to the Issuer (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than five per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:

- (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts relate, the reference to the then latest audited consolidated accounts for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as stated above, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Auditors of the Issuer; and
  - (ii) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated gross revenues attributable to the Issuer and consolidated total assets shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared and audited for this purpose by the Auditors of the Issuer or the Auditors for the time being of the relevant Subsidiary; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary of the Issuer, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary of the Issuer and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or before, on or at any time after such date by virtue of the provisions of this subparagraph (b) or subparagraph (c) below; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and its Subsidiaries relate, generate gross revenues attributable to the Issuer equal to) not less than five per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or represent (or, in the case stated above, are equal to) not less than five per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary of the Issuer) shall upon such transfer forthwith cease to be a Principal Subsidiary of the Issuer unless immediately following such transfer its undertaking and assets generate (or, in the case stated above, generate gross revenues attributable to the Issuer equal to) not less than five per cent. of the consolidated gross revenues attributable to the shareholders of the Issuer, or its assets represent (or, in the case stated above, are equal to) not less than five per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date

on which such consolidated accounts have been prepared and audited as stated above by virtue of the provisions of subparagraph (a) above or before, on or at any time after such date by virtue of the provisions of this subparagraph (c) or subparagraph (b) above.

For the purposes of this definition if there shall at any time not be any relevant audited consolidated accounts of the Issuer and its Subsidiaries, references thereto herein shall be deemed to refer to a consolidation by the auditors of the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries.

A report by the Auditors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary of the Issuer shall, in the absence of manifest error, be conclusive and binding on all parties;

**Programme Agreement** means the programme agreement dated 24th June, 2003 between the Issuer and the Dealers named in it;

**Put Notice** means a notice in the form set out in Schedule 4;

**Receipt** means a receipt attached on issue to a Definitive Note redeemable in instalments for the payment of an instalment of principal, the receipt being in or substantially in the form set out in Part 5 of Schedule 6 or in such other form as may be agreed between the Issuer, the Agent and the relevant Dealer and includes any replacements for Receipts issued pursuant to Condition 11;

**Receiptholders** means the persons who are for the time being holders of the Receipts;

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Pricing Supplement;

**Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Notes of the relevant Series** and **holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR);

**Subsidiary** means any entity which is a subsidiary within the meaning of Section 736 of the Companies Act 1985;

**Talon** means a talon attached on issue to a Definitive Note (other than a Zero Coupon Note) which is exchangeable in accordance with its provisions for further Coupons appertaining to the Note, the talon being in or substantially in the form set out in Part 6 of Schedule 6 or in such other form as may be agreed between the Issuer, the Agent and the relevant Dealer and includes any replacements for Talons issued pursuant to Condition 11;



**Temporary Global Note** means a global note in the form or substantially in the form set out in Part 1 of Schedule 6 together with the copy of the applicable Pricing Supplement attached to it with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer, comprising some or all of the Notes of the same Series issued by the Issuer under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

**Tranche** means Notes which are identical in all respects (including as to listing); and

**Zero Coupon Note** means a Note on which no interest is payable.

- 1.2 (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, restatement or novation and **amended** is to be construed accordingly;
  - (ii) a **person** includes any individual, company, unincorporated association, government, state agency, international organisation or other entity;
  - (iii) a provision of a law is a reference to that provision as extended, amended or re-enacted;
  - (iv) a clause or schedule is a reference to a clause of, or a schedule to, this Agreement;
  - (v) a person includes its successors and assigns;
  - (vi) a document is a reference to that document as amended from time to time; and
  - (vii) a time of day is a reference to London time.
- (b) The headings in this Agreement do not affect its interpretation.
- (c) Terms defined in the Programme Agreement or the Notes or used in the applicable Pricing Supplement shall have the same meanings in this Agreement, except where the context otherwise requires.
- (d) All references in this Agreement to costs or charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof.
- (e) All references in this Agreement to Notes shall, unless the context otherwise requires, include any Global Note representing the Notes.
- (f) All references in this Agreement to principal and/or interest or both in respect of the Notes or to any moneys payable by the Issuer under this Agreement shall be construed in accordance with Condition 6.
- (g) All references in this Agreement to the **relevant currency** shall be construed as references to the currency in which payments in respect of the relevant Notes and/or Coupons are to be made.
- (h) All references in this Agreement to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent.

- 1.3 For the purposes of this Agreement, the Notes of each Series shall form a separate series of Notes and the provisions of this Agreement shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in this Agreement the expressions **Notes**, **Noteholders**, **Receipts**, **Receiptholders**, **Coupons**, **Couponholders**, **Talons** and related expressions shall be construed accordingly.
- 1.4 As used herein, in relation to any Notes which are to have a "listing" or be "listed" on the London Stock Exchange plc, **listing** and **listed** shall be construed to mean that such Notes have been admitted to the official list of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange plc's market for listed securities.

## **2. APPOINTMENT OF AGENTS**

- 2.1 The Agent is appointed, and the Agent agrees to act, as agent of the Issuer, upon the terms and subject to the conditions set out below, for the following purposes:
- (a) completing, authenticating and delivering Temporary Global Notes and Permanent Global Notes and (if required) authenticating and delivering Definitive Notes;
  - (b) exchanging Temporary Global Notes for Permanent Global Notes or Definitive Notes, as the case may be, in accordance with the terms of Temporary Global Notes and making all notations on Temporary Global Notes required by their terms;
  - (c) exchanging Permanent Global Notes for Definitive Notes in accordance with the terms of Permanent Global Notes and making all notations on Permanent Global Notes required by their terms;
  - (d) paying sums due on Global Notes, Definitive Notes, Receipts and Coupons;
  - (e) exchanging Talons for Coupons in accordance with the Conditions;
  - (f) determining the end of the Distribution Compliance Period applicable to each Tranche in accordance with clause 5;
  - (g) unless otherwise specified in the applicable Pricing Supplement, determining the interest and/or other amounts payable in respect of the Notes in accordance with the Conditions;
  - (h) arranging on behalf of and at the expense of the Issuer for notices to be communicated to the Noteholders in accordance with the Conditions;
  - (i) ensuring that, as directed by the Issuer, all necessary action is taken to comply with any reporting requirements of any competent authority in respect of any relevant currency as may be in force from time to time with respect to the Notes to be issued under the Programme;
  - (j) subject to the Procedures Memorandum, submitting to the relevant authority or authorities such number of copies of each Pricing Supplement which relates to Notes which are to be listed as the relevant authority or authorities may require;
  - (k) acting as Calculation Agent in respect of Notes where named as such in the applicable Pricing Supplement; and

- (l) performing all other obligations and duties imposed upon it by the Conditions, this Agreement and the Procedures Memorandum.
- 2.2 Each Paying Agent is appointed, and each Paying Agent agrees to act, as paying agent of the Issuer, upon the terms and subject to the conditions set out below, for the purposes of paying sums due on any Notes, Receipts and Coupons and performing all other obligations and duties imposed upon it by the Conditions and this Agreement.
- 2.3 The obligations of the Paying Agents under this Agreement are several and not joint.
- 3. ISSUE OF GLOBAL NOTES**
- 3.1 Subject to subclause 3.4, following receipt of a faxed copy of a Pricing Supplement signed by the Issuer, the Issuer authorises the Agent and the Agent agrees, to take the steps required of the Agent in the Procedures Memorandum.
- 3.2 For the purpose of subclause 3.1, the Agent will on behalf of the Issuer if specified in the applicable Pricing Supplement that a Temporary Global Note will initially represent the Tranche of Notes:
  - (a) prepare a Temporary Global Note by attaching a copy of the applicable Pricing Supplement to a copy of the signed master Temporary Global Note;
  - (b) authenticate the Temporary Global Note;
  - (c) deliver the Temporary Global Note to the specified common depositary for Euroclear and Clearstream, Luxembourg against receipt from the common depositary of confirmation that it is holding the Temporary Global Note in safe custody for the account of Euroclear and Clearstream, Luxembourg and instruct Euroclear or Clearstream, Luxembourg or both of them (as the case may be) unless otherwise agreed in writing between the Agent and the Issuer (i) in the case of Notes issued on a non-syndicated basis, to credit the Notes represented by the Temporary Global Note to the Agent's distribution account and (ii) in the case of Notes issued on a syndicated basis, to hold the Notes represented by the Temporary Global Note to the Issuer's order; and
  - (d) ensure that the Notes of each Tranche are assigned, as applicable, security numbers (including, but not limited to, common codes and ISINs) which are different from the security numbers assigned to Notes of any other Tranche of the same Series until at least expiry of the Distribution Compliance Period in respect of the Tranche.
- 3.3 For the purpose of subclause 3.1, the Agent will on behalf of the Issuer if specified in the applicable Pricing Supplement that a Permanent Global Note will represent the Notes on issue:
  - (a) in the case of the first Tranche of any Series of Notes, prepare a Permanent Global Note by attaching a copy of the applicable Pricing Supplement to a copy of the master Permanent Global Note;
  - (b) in the case of the first Tranche of any Series of Notes, authenticate the Permanent Global Note;
  - (c) in the case of the first Tranche of any Series of Notes, deliver the Permanent Global Note to the specified common depositary of Euroclear and/or Clearstream,

Luxembourg against receipt from the common depositary of confirmation that such common depositary is holding the Permanent Global Note in safe custody for the account of Euroclear and Clearstream, Luxembourg and instruct Euroclear or Clearstream, Luxembourg or both of them (as the case may be) unless otherwise agreed in writing between the Agent and the Issuer (i) in the case of Notes issued on a non-syndicated basis, to credit the Notes represented by the Permanent Global Note to the Agent's distribution account and (ii) in the case of Notes issued on a syndicated basis, to hold the Notes represented by the Permanent Global Note to the Issuer's order;

- (d) in any other case attach a copy of the applicable Pricing Supplement to the Permanent Global Note applicable to the relevant Series and instruct Euroclear or Clearstream, Luxembourg or both of them (as the case may be) unless otherwise agreed in writing between the Agent and the Issuer (i) in the case of Notes issued on a non-syndicated basis, to credit the Notes the subject of the applicable Pricing Supplement to the Agent's distribution account and (ii) in the case of Notes issued on a syndicated basis, to hold the Notes the subject of the applicable Pricing Supplement to the Issuer's order; and
- (e) ensure that the Notes of each Tranche are assigned, as applicable, security numbers (including, but not limited to, common codes and ISINs) which are different from the security numbers assigned to the Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period in respect of the Tranche.

3.4 The Agent shall only be required to perform its obligations under subclause 3.1 if it holds:

- (a) a master Temporary Global Note duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Agent for the purpose of preparing Temporary Global Notes in accordance with subclause 3.2; and
- (b) a master Permanent Global Note duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Agent for the purpose of preparing Permanent Global Notes in accordance with subclause 3.3 and clause 4.

#### **4. EXCHANGE OF GLOBAL NOTES**

4.1 The Agent shall determine the Exchange Date for each Temporary Global Note in accordance with its terms. Immediately after determining any Exchange Date, the Agent shall notify its determination to the Issuer, the other Paying Agents, the relevant Dealer, Euroclear and Clearstream, Luxembourg. On and after the Exchange Date, the Agent shall deliver, upon notice from Euroclear and Clearstream, Luxembourg, a Permanent Global Note or Definitive Notes, as the case may be, in accordance with the terms of the Temporary Global Note.

4.2 Where a Temporary Global Note is to be exchanged for a Permanent Global Note, the Agent is authorised by the Issuer and instructed:

- (a) in the case of the first Tranche of any Series of Notes, to prepare and complete a Permanent Global Note in accordance with the terms of the Temporary Global Note applicable to the Tranche by attaching a copy of the applicable Pricing Supplement to a copy of the master Permanent Global Note;

- (b) in the case of the first Tranche of any Series of Notes, to authenticate the Permanent Global Note;
  - (c) in the case of the first Tranche of any Series of Notes, to deliver the Permanent Global Note to the common depositary which is holding the Temporary Global Note representing the Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg either in exchange for the Temporary Global Note or, in the case of a partial exchange, on entering details of the partial exchange of the Temporary Global Note in the relevant spaces in Schedule 2 of both the Temporary Global Note and the Permanent Global Note; and
  - (d) in any other case, to attach a copy of the applicable Pricing Supplement to the Permanent Global Note applicable to the relevant Series and to enter details of any exchange in whole or part as stated above.
- 4.3 Where a Global Note is to be exchanged for Definitive Notes in accordance with its terms, the Agent is authorised by the Issuer and instructed:
  - (a) to authenticate the Definitive Notes in accordance with the provisions of this Agreement; and
  - (b) to deliver the Definitive Notes to or to the order of Euroclear and/or Clearstream, Luxembourg.
- 4.4 Upon any exchange of all or a part of an interest in a Temporary Global Note for an interest in a Permanent Global Note or upon any exchange of all or a part of an interest in a Global Note for Definitive Notes, the relevant Global Note shall be endorsed by or on behalf of the Agent to reflect the reduction of its nominal amount by the aggregate nominal amount so exchanged and, where applicable, the Permanent Global Note shall be endorsed by or on behalf of the Agent to reflect the increase in its nominal amount as a result of any exchange for an interest in the Temporary Global Note. Until exchanged in full, the holder of an interest in any Global Note shall in all respects be entitled to the same benefits under this Agreement as the holder of Definitive Notes, Receipts and Coupons authenticated and delivered under this Agreement, subject as set out in the Conditions. The Agent is authorised on behalf of the Issuer and instructed (a) to endorse or to arrange for the endorsement of the relevant Global Note to reflect the reduction in the nominal amount represented by it by the amount so exchanged and, if appropriate, to endorse the Permanent Global Note to reflect any increase in the nominal amount represented by it and, in either case, to sign in the relevant space on the relevant Global Note recording the exchange and reduction or increase and (b) in the case of a total exchange, to cancel or arrange for the cancellation of the relevant Global Note.
- 4.5 The Agent shall notify the Issuer immediately after it receives a request for the issue of Definitive Notes in accordance with the provisions of a Global Note and the aggregate nominal amount of the Global Note to be exchanged.
- 4.6 The Issuer undertakes to deliver to the Agent sufficient numbers of executed Definitive Notes with, if applicable, Receipts, Coupons and Talons attached, to enable the Agent to comply with its obligations under this Agreement.
- 5. DETERMINATION OF END OF DISTRIBUTION COMPLIANCE PERIOD**
- 5.1 In the case of a Tranche in respect of which there is only one Dealer, the Agent will determine the end of the Distribution Compliance Period in respect of the Tranche as being the fortieth

day following the date certified by the relevant Dealer to the Agent as being the date on which distribution of the Notes of that Tranche was completed.

- 5.2 In the case of a Tranche in respect of which there is more than one Dealer but which is not issued on a syndicated basis, the Agent will determine the end of the Distribution Compliance Period in respect of the Tranche as being the fortieth day following the last of the dates certified by all the relevant Dealers to the Agent as being the respective dates on which distribution of the Notes of that Tranche purchased by each Dealer was completed.
- 5.3 In the case of a Tranche issued on a syndicated basis, the Agent will determine the end of the Distribution Compliance Period in respect of the Tranche as being the fortieth day following the date certified by the Lead Manager to the Agent as being the date on which distribution of the Notes of that Tranche was completed.
- 5.4 Immediately after it determines the end of the Distribution Compliance Period in respect of any Tranche, the Agent shall notify the determination to the Issuer, Euroclear, Clearstream, Luxembourg and the relevant Dealer or Lead Manager, as the case may be.

## 6. TERMS OF ISSUE

- 6.1 The Agent shall cause all Notes delivered to and held by it under this Agreement to be maintained in safe custody and shall ensure that Notes are issued only in accordance with the provisions of this Agreement, the Conditions and, where applicable, the relevant Global Notes.
- 6.2 Subject to the procedures set out in the Procedures Memorandum, for the purposes of clause 3, the Agent is entitled to treat a telephone, telex or facsimile communication from a person purporting to be (and whom the Agent believes in good faith to be) the authorised representative of the Issuer named in the list referred to in, or notified pursuant to, clause 19.7, or any other list duly provided for the purpose by the Issuer to the Agent, as sufficient instructions and authority of the Issuer for the Agent to act in accordance with clause 3.
- 6.3 In the event that a person who has signed a master Global Note held by the Agent on behalf of the Issuer ceases to be authorised as described in clause 19.7, the Agent shall (unless the Issuer gives notice to the Agent that Notes signed by that person do not constitute valid and binding obligations of the Issuer or otherwise until replacements have been provided to the Agent) continue to have authority to issue Notes signed by that person, and the Issuer warrants to the Agent that those Notes shall be valid and binding obligations of the Issuer. Promptly upon any person ceasing to be authorised, the Issuer shall provide the Agent with replacement master Global Notes and the Agent shall, upon receipt of such replacements, cancel and destroy the master Global Notes held by it which are signed by that person and shall provide the Issuer with a certificate of destruction, specifying the master Global Notes so cancelled and destroyed.
- 6.4 The Agent shall provide Euroclear and/or Clearstream, Luxembourg with the notifications, instructions or information to be given by the Agent to Euroclear and/or Clearstream, Luxembourg.
- 6.5 If the Agent pays an amount (the **Advance**) to the Issuer on the basis that a payment (the **Payment**) has been or will be received from a Dealer and if the Payment is not received by the Agent on the date the Agent pays the Issuer, the Issuer shall repay to the Agent the Advance and shall pay interest on the Advance (or the unreimbursed portion thereof) from (and including) the date the Advance is made to (but excluding) the earlier of repayment of the Advance or receipt by the Agent of the Payment at a rate quoted at that time by the Agent

as its cost of funding the Advance provided that evidence of the basis of such rate is given to the Issuer. For the avoidance of doubt, the Agent shall not be obliged to pay any amount to the Issuer if it has not received satisfactory confirmation that it is to receive the amount from a Dealer.

- 6.6 Except in the case of issues where the Agent does not act as receiving bank for the Issuer in respect of the purchase price of the Notes being issued, if on the Issue Date a Dealer does not pay the full purchase price due from it in respect of any Note (the **Defaulted Note**) and, as a result, the Defaulted Note remains in the Agent's distribution account with Euroclear and/or Clearstream, Luxembourg after the Issue Date, the Agent will continue to hold the Defaulted Note to the order of the Issuer. The Agent shall notify the Issuer immediately of the failure of the Dealer to pay the full purchase price due from it in respect of any Defaulted Note and, subsequently, shall (a) notify the Issuer immediately on receipt from the Dealer of the full purchase price in respect of any Defaulted Note and (b) pay to the Issuer the amount so received.

## 7. PAYMENTS

- 7.1 The Issuer will, before 10.00 a.m. (local time in the relevant financial centre of the payment or, in the case of a payment in euro, London time), on each date on which any payment in respect of any Note becomes due under the Conditions, transfer to an account specified by the Agent an amount in the relevant currency sufficient for the purposes of the payment in funds settled through such payment system as the Agent and the Issuer may agree.
- 7.2 Any funds paid by or by arrangement with the Issuer to the Agent under subclause 7.1 shall be held in the relevant account referred to in subclause 7.1 for payment to the Noteholders, Receiptholders or Couponholders, as the case may be, until any Notes or matured Receipts and Coupons become void under Condition 9. In that event the Agent shall repay to the Issuer sums equivalent to the amounts which would otherwise have been repayable on the relevant Notes, Receipts or Coupons.
- 7.3 The Issuer will ensure that no later than 10.00 a.m. (London time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the Agent under subclause 7.1, the Agent shall receive a payment confirmation by telex from the paying bank of the Issuer. For the purposes of this subclause, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Iceland and London.
- 7.4 The Agent shall notify each of the other Paying Agents immediately:
- (a) if it has not by the relevant date set out in clause 7.1 received unconditionally the full amount in the Specified Currency required for the payment; and
  - (b) if it receives unconditionally the full amount of any sum payable in respect of the Notes, Receipts or Coupons after that date.

The Agent shall, at the expense of the Issuer, immediately on receiving any amount as described in subparagraph (b), cause notice of that receipt to be published under Condition 14.

- 7.5 The Agent shall ensure that payments of both principal and interest in respect of a Temporary Global Note will only be made if certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations (in the form set out in the Temporary Global Note) has been

received from Euroclear and/or Clearstream, Luxembourg in accordance with the terms of the Temporary Global Note.

- 7.6 Unless it has received notice under subclause 7.4(a), each Paying Agent shall pay or cause to be paid all amounts due in respect of the Notes on behalf of the Issuer in the manner provided in the Conditions. If any payment provided for in subclause 7.1 is made late but otherwise in accordance with the provisions of this Agreement, the relevant Paying Agent shall nevertheless make payments in respect of the Notes as stated above following receipt by it of such payment.
- 7.7 If for any reason the Agent considers in its sole discretion that the amounts to be received by it under subclause 7.1 will be, or the amounts actually received by it are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Notes, no Paying Agent shall be obliged to pay any such claims until the Agent has received the full amount of all such payments.
- 7.8 Without prejudice to subclauses 7.6 and 7.7, if the Agent pays any amounts to the holders of Notes, Receipts or Coupons or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Notes in accordance with subclause 7.1 (the excess of the amounts so paid over the amounts so received being the **Shortfall**), the Issuer will, in addition to paying amounts due under subclause 7.1, pay to the Agent on demand interest (at a rate which represents the Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Agent of the Shortfall.
- 7.9 The Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Notes properly made by each Paying Agent in accordance with this Agreement and the Conditions unless the Agent has notified the relevant Paying Agent, prior to its opening of business on the due date of a payment in respect of the Notes, that the Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of the Notes.
- 7.10 Whilst any Notes are represented by Global Notes, all payments due in respect of the Notes shall be made to, or to the order of, the holder of the Global Notes, subject to and in accordance with the provisions of the Global Notes. On the occasion of each payment, the Paying Agent to which any Global Note was presented for the purpose of making the payment shall cause the appropriate Schedule to the relevant Global Note to be annotated so as to evidence the amounts and dates of the payments of principal and/or interest as applicable.
- 7.11 If the amount of principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made or a certification required by the terms of a Note not being received), the Paying Agent to which a Note, Receipt or Coupon (as the case may be) is presented for the purpose of making the payment shall make a record of the shortfall on the relevant Note, Receipt or Coupon and the record shall, in the absence of manifest error, be prima facie evidence that the payment in question has not to that extent been made.

## **8. DETERMINATIONS AND NOTIFICATIONS IN RESPECT OF NOTES AND INTEREST DETERMINATION**

### **8.1 Determinations and notifications**

- (a) The Agent shall, unless otherwise specified in the applicable Pricing Supplement, make all the determinations and calculations which it is required to make under the Conditions, all subject to and in accordance with the Conditions.



- (b) The Agent shall not be responsible to the Issuer or to any third party as a result of the Agent having acted on any quotation given by any Reference Bank which subsequently may be found to be incorrect.
- (c) The Agent shall promptly notify (and confirm in writing to) the Issuer, the other Paying Agents and (in respect of a Series of Notes listed on a Stock Exchange) the relevant Stock Exchange of each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions as soon as practicable after their determination and of any subsequent amendments to them under the Conditions.
- (d) The Agent shall use its best endeavours to cause each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation.
- (e) If the Agent does not at any time for any reason determine and/or calculate and/or publish the Rate of Interest, Interest Amount and/or Interest Payment Date in respect of any Interest Period or any other amount, rate or date as provided in this clause, it shall immediately notify the Issuer and the other Paying Agents of that fact.
- (f) Determinations with regard to Notes (including, without limitation, Index Linked Notes and Dual Currency Notes) required to be made by a Calculation Agent specified in the applicable Pricing Supplement shall be made in the manner so specified. Unless otherwise agreed between the Issuer and the relevant Dealer or the Lead Manager, as the case may be, or unless the Agent is the Calculation Agent (in which case the provisions of this Agreement shall apply), those determinations shall be made on the basis of a Calculation Agency Agreement substantially in the form of Schedule 1. Notes of any Series may specify additional duties and obligations of any Paying Agent, the performance of which will be agreed between the Issuer and the relevant Paying Agent prior to the relevant Issue Date.

## **8.2 Interest determination, Screen Rate Determination including Fallback Provisions**

- (a) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:
  - (i) the offered quotation; or
  - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.
- (b) If the Relevant Screen Page is not available or if, in the case of subclause 8.2(a)(i), no offered quotation appears or, in the case of subclause 8.2(a)(ii), fewer than three offered quotations

appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).
- (d) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Pricing Supplement.

## **9. NOTICE OF ANY WITHHOLDING OR DEDUCTION**

- 9.1 If the Issuer is, in respect of any payment, compelled to withhold or deduct any amount for or on account of taxes, duties, assessments or governmental charges as specifically contemplated under the Conditions, it shall give notice of that fact to the Agent as soon as it becomes aware of the requirement to make the withholding or deduction and shall give to the Agent such information as it shall require to enable it to comply with the requirement.
- 9.2 If any Paying Agent is, in respect of any payment of principal or interest in respect of the Notes, compelled to withhold or deduct any amount for or on account of any taxes, duties, assessments or governmental charges as specifically contemplated under the Conditions, other than arising under subclause 9.1 or by virtue of the relevant holder failing to satisfy any certification or other requirement in respect of its Notes, it shall give notice of that fact to the Issuer and the Agent as soon as it becomes aware of the compulsion to withhold or deduct.

## **10. DUTIES OF THE PAYING AGENTS IN CONNECTION WITH EARLY REDEMPTION**

- 10.1 If the Issuer decides to redeem any Notes for the time being outstanding before their Maturity Date (if any) in accordance with the Conditions, the Issuer shall give notice of the decision to the Agent stating the date on which the Notes are to be redeemed and the nominal amount of Notes to be redeemed not less than 15 days before the date on which the Issuer will give notice to the Noteholders in accordance with the Conditions of the redemption in order to enable the Agent to carry out its duties in this Agreement and in the Conditions.
- 10.2 If some only of the Notes are to be redeemed on such date, the Agent shall, in the case of Definitive Notes, make the required drawing in accordance with the Conditions but shall give the Issuer reasonable notice of the time and place proposed for the drawing and the Issuer shall be entitled to send representatives to attend the drawing and shall, in the case of Notes in global form, co-ordinate the selection of Notes to be redeemed with Euroclear and Clearstream, Luxembourg, all in accordance with the Conditions.
- 10.3 The Agent, at the expense of the Issuer, shall publish the notice required in connection with any redemption and shall, if applicable, at the same time also publish a separate list of the serial numbers of any Notes in definitive form previously drawn and not presented for redemption. The redemption notice shall specify the date fixed for redemption, the redemption amount, the manner in which redemption will be effected and, in the case of a partial redemption of Definitive Notes, the serial numbers of the Notes to be redeemed. The notice will be published in accordance with the Conditions. The Agent will also notify the other Paying Agents of any date fixed for redemption of any Notes.
- 10.4 Each Paying Agent will keep a stock of Put Notices and will make them available on demand to holders of Definitive Notes, the Conditions of which provide for redemption at the option of Noteholders. Upon receipt of any Note deposited in the exercise of a put option in accordance with the Conditions, the Paying Agent with which the Note is deposited shall hold the Note (together with any Receipts, Coupons and Talons relating to it deposited with it) on behalf of the depositing Noteholder (but shall not, save as provided below, release it) until the due date for redemption of the relevant Note consequent upon the exercise of the option, when, subject as provided below, it shall present the Note (and any such unmatured Receipts, Coupons and Talons) to itself for payment of the amount due together with any interest due on the date of redemption in accordance with the Conditions and shall pay those moneys in accordance with the directions of the Noteholder contained in the relevant Put Notice. If, prior to the due date for its redemption, an Event of Default has occurred and is continuing or the Note becomes immediately due and repayable or if upon due presentation payment of the redemption moneys is improperly withheld or refused, the Paying Agent concerned shall post the Note (together with any such Receipts, Coupons and Talons) by uninsured post to, and at the risk of, the relevant Noteholder (unless the Noteholder has otherwise requested and paid the costs of insurance to the relevant Paying Agent at the time of depositing the Notes) at the address given by the Noteholder in the relevant Put Notice. At the end of each period for the exercise of any put option, each Paying Agent shall promptly notify the Agent of the principal amount of the Notes in respect of which the option has been exercised with it together with their serial numbers and the Agent shall promptly notify those details to the Issuer.

## **11. RECEIPT AND PUBLICATION OF NOTICES**

- 11.1 Immediately after it receives a demand or notice from any Noteholder in accordance with the Conditions, the Agent shall forward a copy to the Issuer.

- 11.2 On behalf of and at the request and expense of the Issuer, the Agent shall cause to be published all notices required to be given by the Issuer to the Noteholders in accordance with the Conditions.

## **12. CANCELLATION OF NOTES, RECEIPTS, COUPONS AND TALONS**

- 12.1 All Notes which are redeemed, all Global Notes which are exchanged in full, all Receipts or Coupons which are paid and all Talons which are exchanged shall be cancelled by the Paying Agent by which they are redeemed, exchanged or paid. In addition, all Notes which are purchased on behalf of the Issuer or any of its Subsidiaries and are surrendered to a Paying Agent for cancellation, together (in the case of Definitive Notes) with all unmatured Receipts, Coupons or Talons (if any) attached to them or surrendered with them, shall be cancelled by the Paying Agent to which they are surrendered. Each of the Paying Agents shall give to the Agent details of all payments made by it and shall deliver all cancelled Notes, Receipts, Coupons and Talons to the Agent or as the Agent may specify.
- 12.2 The Agent shall deliver to the Issuer as soon as reasonably practicable and in any event within three months after the date of each repayment, payment, cancellation or replacement, as the case may be, a certificate stating:
- (a) the aggregate nominal amount of Notes which have been redeemed and the aggregate amount paid in respect of them;
  - (b) the number of Notes cancelled together (in the case of Notes in definitive form) with details of all unmatured Receipts, Coupons or Talons attached to them or delivered with them;
  - (c) the aggregate amount paid in respect of interest on the Notes;
  - (d) the total number by maturity date of Receipts, Coupons and Talons cancelled; and
  - (e) (in the case of Definitive Notes) the serial numbers of the Notes.
- 12.3 The Agent shall destroy all cancelled Notes, Receipts, Coupons and Talons and, immediately following their destruction, send to the Issuer, upon written request, a certificate stating the serial numbers of the Notes (in the case of Notes in definitive form) and the number by maturity date of Receipts, Coupons and Talons destroyed.
- 12.4 Without prejudice to the obligations of the Agent under subclause 12.2, the Agent shall keep a full and complete record of all Notes, Receipts, Coupons and Talons (other than serial numbers of Coupons) and of their redemption, purchase on behalf of the Issuer or any of its Subsidiaries and cancellation, payment or replacement (as the case may be) and of all replacement Notes, Receipts, Coupons or Talons issued in substitution for mutilated, defaced, destroyed, lost or stolen Notes, Receipts, Coupons or Talons. The Agent shall in respect of the Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of ten years from the Relevant Date in respect of such Coupons and (in the case of Talons) indefinitely either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged. The Agent shall at all reasonable times make the record available to the Issuer and any persons authorised by it for inspection and for the taking of copies of it or extracts from it.

### **13. ISSUE OF REPLACEMENT NOTES, RECEIPTS, COUPONS AND TALONS**

- 13.1 The Issuer will cause a sufficient quantity of additional forms of Notes, Receipts, Coupons and Talons to be available, upon request, to the Agent at its specified office for the purpose of issuing replacement Notes, Receipts, Coupons and Talons as provided below.
- 13.2 The Agent will, subject to and in accordance with the Conditions and this clause, cause to be delivered any replacement Notes, Receipts, Coupons and Talons which the Issuer may determine to issue in place of Notes, Receipts, Coupons and Talons which have been lost, stolen, mutilated, defaced or destroyed.
- 13.3 In the case of a mutilated or defaced Note, the Agent shall ensure that (unless otherwise covered by such indemnity as the Issuer may reasonably require) any replacement Note will only have attached to it Receipts, Coupons and Talons corresponding to those (if any) attached to the mutilated or defaced Note which is presented for replacement.
- 13.4 The Agent shall obtain verification in the case of an allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon in respect of which the serial number is known, that the Note, Receipt, Coupon or Talon has not previously been redeemed, paid or exchanged, as the case may be. The Agent shall not issue any replacement Note, Receipt, Coupon or Talon unless and until the claimant shall have:
- (a) paid the costs and expenses incurred in connection with the issue;
  - (b) provided it with such evidence and indemnity as the Issuer may reasonably require; and
  - (c) in the case of any mutilated or defaced Note, Receipt, Coupon or Talon, surrendered it to the Agent.
- 13.5 The Agent shall cancel any mutilated or defaced Notes, Receipts, Coupons and Talons in respect of which replacement Notes, Receipts, Coupons and Talons have been issued under this clause and shall furnish the Issuer with a certificate stating the serial numbers of the Notes, Receipts, Coupons and Talons cancelled and, unless otherwise instructed by the Issuer in writing, shall destroy the cancelled Notes, Receipts, Coupons and Talons and give to the Issuer a destruction certificate containing the information specified in subclause 12.3.
- 13.6 The Agent shall, on issuing any replacement Note, Receipt, Coupon or Talon, immediately inform the Issuer and the other Paying Agents of the serial number of the replacement Note, Receipt, Coupon or Talon issued and (if known) of the serial number of the Note, Receipt, Coupon or Talon in place of which the replacement Note, Receipt, Coupon or Talon has been issued. Whenever replacement Receipts, Coupons or Talons are issued, the Agent shall also notify the other Paying Agents of the maturity dates of the lost, stolen, mutilated, defaced or destroyed Receipts, Coupons or Talons and of the replacement Receipts, Coupons or Talons issued.
- 13.7 The Agent shall keep a full and complete record of all replacement Notes, Receipts, Coupons and Talons issued and shall make the record available at all reasonable times to the Issuer and any persons authorised by it for inspection and for the taking of copies of it or extracts from it.
- 13.8 Whenever any Note, Receipt, Coupon or Talon for which a replacement Note, Receipt, Coupon or Talon has been issued and in respect of which the serial number is known is

presented to a Paying Agent for payment, the relevant Paying Agent shall immediately send notice of that fact to the Issuer and the other Paying Agents.

- 13.9 The Paying Agents shall issue further Coupon sheets against surrender of Talons. A Talon so surrendered shall be cancelled by the relevant Paying Agent who (except where the Paying Agent is the Agent) shall inform the Agent of its serial number. Further Coupon sheets issued on surrender of Talons shall carry the same serial number as the surrendered Talon.

#### **14. COPIES OF DOCUMENTS AVAILABLE FOR INSPECTION**

Each Paying Agent shall hold available for inspection at its specified office during normal business hours copies of all documents required to be so available by the Conditions of any Notes or the rules of any relevant Stock Exchange (or any other relevant authority). For these purposes, the Issuer shall provide the Paying Agents with sufficient copies of each of the relevant documents.

#### **15. MEETINGS OF NOTEHOLDERS**

- 15.1 The provisions of Schedule 5 shall apply to meetings of the Noteholders and shall have effect in the same manner as if set out in this Agreement.
- 15.2 Without prejudice to subclause 15.1, each of the Paying Agents on the request of any holder of Notes shall issue voting certificates and block voting instructions in accordance with Schedule 5 and shall immediately give notice to the Issuer in writing of any revocation or amendment of a block voting instruction. Each of the Paying Agents will keep a full and complete record of all voting certificates and block voting instructions issued by it and will, not less than 24 hours before the time appointed for holding a meeting or adjourned meeting, deposit at such place as the Agent shall approve, full particulars of all voting certificates and block voting instructions issued by it in respect of the meeting or adjourned meeting.

#### **16. COMMISSIONS AND EXPENSES**

- 16.1 The Issuer agrees to pay to the Agent such fees and commissions as the Issuer and the Agent shall separately agree in respect of the services of the Paying Agents under this Agreement together with any out-of-pocket expenses (including legal, printing, postage, fax, cable and advertising expenses) incurred by the Paying Agents in connection with their services.
- 16.2 The Agent will make payment of the fees and commissions due under this Agreement to the other Paying Agents and will reimburse their expenses promptly after the receipt of the relevant moneys from the Issuer. The Issuer shall not be responsible for any payment or reimbursement by the Agent to the other Paying Agents.

#### **17. INDEMNITY**

- 17.1 The Issuer shall indemnify each of the Paying Agents against any losses, liabilities, costs, claims, actions, demands or expenses (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in disputing or defending any Losses) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except for any Losses or Expenses resulting from its own default, negligence or bad faith or that of its officers, directors or employees or the breach by it of the terms of this Agreement.
- 17.2 The indemnity set out above shall survive any termination of this Agreement.

- 17.3 Under no circumstances will the Paying Agents be liable to the Issuer or any other party to this Agreement for any consequential loss (being loss of business, goodwill, opportunity or profit) even if advised of the possibility of such loss or damage.

## **18. RESPONSIBILITY OF THE PAYING AGENTS**

- 18.1 No Paying Agent shall be responsible to anyone with respect to the validity of this Agreement or the Notes, Receipts or Coupons or for any act or omission by it in connection with this Agreement or any Note, Receipt or Coupon except for its own negligence, default or bad faith, including that of its officers and employees.
- 18.2 No Paying Agent shall have any duty or responsibility in the case of any default by the Issuer in the performance of its obligations under the Conditions or, in the case of receipt of a written demand from a Noteholder or Couponholder, with respect to such default, provided however that immediately on receiving any notice given by a Noteholder in accordance with Condition 10, the Agent notifies the Issuer of the fact and furnishes it with a copy of the notice.
- 18.3 Whenever in the performance of its duties under this Agreement a Paying Agent shall deem it desirable that any matter be established by the Issuer prior to taking or suffering any action under this Agreement, the matter may be deemed to be conclusively established by a certificate signed by the Issuer and delivered to the Paying Agent and the certificate shall be a full authorisation to the Paying Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon the certificate.

## **19. CONDITIONS OF APPOINTMENT**

- 19.1 Each Paying Agent shall be entitled to deal with money paid to it by the Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:
- (a) that it shall not exercise any right of set-off, lien or similar claim in respect of the money;
  - (b) that it shall not be liable to account to the Issuer for any interest on the money; and
  - (c) money held by it need not be segregated except as required by law.
- 19.2 In acting under this Agreement and in connection with the Notes, each Paying Agent shall act solely as an agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Notes, Receipts, Coupons or Talons.
- 19.3 Each Paying Agent undertakes to the Issuer to perform its duties, and shall be obliged to perform the duties and only the duties, specifically stated in this Agreement, the Conditions and the Procedures Memorandum, and no implied duties or obligations shall be read into any of those documents against any Paying Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances.
- 19.4 The Agent may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of the advisers.

- 19.5 Each Paying Agent shall be protected and shall incur no liability in respect of any action taken, omitted or suffered in reliance on any instruction from the Issuer or any document which it reasonably believes to be genuine and to have been delivered by the proper party or on written instructions from the Issuer.
- 19.6 Any Paying Agent and its officers, directors and employees may become the owner of, and/or acquire any interest in, any Notes, Receipts, Coupons or Talons with the same rights that it or he would have had if the Paying Agent concerned were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or Coupons or in connection with any other obligations of the Issuer as freely as if the Paying Agent were not appointed under this Agreement.
- 19.7 The Issuer shall provide the Agent with a certified copy of the list of persons authorised to execute documents and take action on its behalf in connection with this Agreement and shall notify the Agent immediately in writing if any of those persons ceases to be authorised or if any additional person becomes authorised together, in the case of an additional authorised person, with evidence satisfactory to the Agent that the person has been authorised.
- 19.8 Except as otherwise permitted in the Conditions or as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and each of the Paying Agents shall be entitled to treat the bearer of any Note, Receipt or Coupon as the absolute owner of it (whether or not it is overdue and notwithstanding any notice of ownership or writing on it or notice of any previous loss or theft of it).
- 19.9 The amount of the Programme may be increased by the Issuer in accordance with the procedure set out in the Programme Agreement. Upon any increase being effected, all references in this Agreement to the amount of the Programme shall be deemed to be references to the increased amount.

## **20. COMMUNICATIONS BETWEEN THE PARTIES**

A copy of all communications relating to the subject matter of this Agreement between the Issuer and any Paying Agent (other than the Agent) shall be sent to the Agent.

## **21. CHANGES IN PAYING AGENTS**

- 21.1 The Issuer agrees that, for so long as any Note is outstanding, or until moneys for the payment of all amounts in respect of all outstanding Notes have been made available to the Agent and have been returned to the Issuer, as provided in this Agreement:
- (a) so long as any Notes are listed on any Stock Exchange, there will at all times be a Paying Agent, which may be the Agent, with a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any other relevant authority;
  - (b) there will at all times be an Agent; and
  - (c) if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.



In addition, the Issuer shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency (as provided in subclause 21.5), when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice shall have been given to the Noteholders in accordance with Condition 14.

- 21.2 The Agent may (subject as provided in subclause 21.4) at any time resign by giving at least 90 days' written notice to the Issuer specifying the date on which its resignation shall become effective.
- 21.3 The Agent may (subject as provided in subclause 21.4) be removed at any time by the Issuer on at least 45 days' notice in writing from the Issuer specifying the date when the removal shall become effective.
- 21.4 Any resignation under subclause 21.2 or removal of the Agent under subclauses 21.3 or 21.5 shall only take effect upon the appointment by the Issuer of a successor Agent and (other than in cases of insolvency of the Agent) on the expiry of the notice to be given under clause 23. The Issuer agrees with the Agent that if, by the day falling 10 days before the expiry of any notice under subclause 21.2, the Issuer has not appointed a successor Agent then the Agent shall be entitled, on behalf of the Issuer, to appoint in its place as a successor Agent in its place a reputable financial institution of good standing which the Issuer shall approve (such approval not to be unreasonably withheld or delayed).
- 21.5 In case at any time any Paying Agent resigns, or is removed, or becomes incapable of acting or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature or suspends payment of its debts, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor Paying Agent which shall be a reputable financial institution of good standing may be appointed by the Issuer. Upon the appointment of a successor Paying Agent and acceptance by it of its appointment and (other than in case of insolvency of the Paying Agent when it shall be of immediate effect) upon expiry of the notice to be given under clause 23, the Paying Agent so superseded shall cease to be a Paying Agent under this Agreement.
- 21.6 Subject to subclause 21.1, the Issuer may, after prior consultation with the Agent, terminate the appointment of any of the other Paying Agents at any time and/or appoint one or more further or other Paying Agents by giving to the Agent and to the relevant other Paying Agent at least 45 days' notice in writing to that effect (other than in the case of insolvency).
- 21.7 Subject to subclause 21.1, all or any of the Paying Agents (other than the Agent) may resign their respective appointments under this Agreement at any time by giving the Issuer and the Agent at least 45 days' written notice to that effect.
- 21.8 Upon its resignation or removal becoming effective, a Paying Agent shall:
  - (a) in the case of the Agent, immediately transfer all moneys and records held by it under this Agreement to the successor Agent; and

- (b) be entitled to the payment by the Issuer of the commissions, fees and expenses payable in respect of its services under this Agreement before termination in accordance with the terms of clause 16.

- 21.9 Upon its appointment becoming effective, a successor or new Paying Agent shall, without any further action, become vested with all the authority, rights, powers, duties and obligations of its predecessor or, as the case may be, a Paying Agent with the same effect as if originally named as a Paying Agent under this Agreement.

## **22. MERGER AND CONSOLIDATION**

Any corporation into which any Paying Agent may be merged or converted, or any corporation with which a Paying Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which a Paying Agent shall be a party, or any corporation to which a Paying Agent shall sell or otherwise transfer all or substantially all of its assets shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties to this Agreement, unless otherwise required by the Issuer and after the said effective date all references in this Agreement to the relevant Paying Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the Issuer by the relevant Paying Agent.

## **23. NOTIFICATION OF CHANGES TO PAYING AGENTS**

Following receipt of notice of resignation from a Paying Agent and immediately after appointing a successor or new Paying Agent or on giving notice to terminate the appointment of any Paying Agent, the Agent (on behalf of and at the expense of the Issuer) shall give or cause to be given not more than 45 days' nor less than 30 days' notice of the fact to the Noteholders in accordance with the Conditions.

## **24. CHANGE OF SPECIFIED OFFICE**

If any Paying Agent determines to change its specified office it shall give to the Issuer and the Agent written notice of that fact giving the address of the new specified office which shall be in the same city and stating the date on which the change is to take effect, which shall not be less than 45 days after the notice. The Agent (on behalf and at the expense of the Issuer) shall within 15 days of receipt of the notice (unless the appointment of the relevant Paying Agent is to terminate pursuant to clause 21 on or prior to the date of the change) give or cause to be given not more than 45 days' nor less than 30 days' notice of the change to the Noteholders in accordance with the Conditions.

## **25. COMMUNICATIONS**

- 25.1 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 others 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.

- 25.2 A communication shall be deemed received (if by telex) when a confirmed answerback 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 at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.
- 25.3 Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:
- (a) in English; or
  - (b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

## 26. TAXES AND STAMP DUTIES

The Issuer agrees to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement.

## 27. CURRENCY INDEMNITY

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or any similar process of the Issuer or for any other reason, any payment under or in connection with this Agreement is made or falls to be satisfied in a currency (the **other currency**) other than that in which the relevant payment is expressed to be due (the **required currency**) under this Agreement, then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for the relevant Paying Agent to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the relevant Paying Agent falls short of the amount due under the terms of this Agreement, the Issuer undertakes that it shall, as a separate and independent obligation, indemnify and hold harmless the Paying Agent against the amount of the shortfall. For the purpose of this clause, **rate of exchange** means the rate at which the relevant Paying Agent is able on the London foreign exchange market on the relevant date to purchase the required currency with the other currency and shall take into account any premium and other reasonable costs of exchange.

## 28. AMENDMENTS

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of this Agreement which is not prejudicial to the interests of the Noteholders; or

- (b) any modification (except as mentioned in the Conditions) of the Notes, the Receipts, the Coupons or this Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any modification made under subparagraph (a) or (b) shall be binding on the Noteholders, the Receipholders and the Couponholders and shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable after it has been agreed.

## **29. 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.

## **30. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

- 30.1 This Agreement is governed by, and shall be construed in accordance with, the laws of England.
- 30.2 The Issuer irrevocably agrees for the benefit of the Paying Agents 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.
- 30.3 The Issuer 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 further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- 30.4 Nothing contained in this clause 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.
- 30.5 The Issuer appoints the Ambassador of the Republic of Iceland to the Court of St James' of 2A Hans Street, London SW1X 0JE, England as its agent for service of process, and undertakes that, in the event of the Ambassador ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Agent may approve, as its agent for service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.
- 30.6 The Issuer 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.

## **31. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

**SCHEDULE 1**

**FORM OF CALCULATION AGENCY AGREEMENT**

**CALCULATION AGENCY AGREEMENT**

**DATED [            ]**

**KAUPTHING BÚNAÐARBANKI HF.**

**€2,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

**ALLEN & OVERY**

London

## CALCULATION AGENCY AGREEMENT

in respect of a

€2,000,000,000

### EURO MEDIUM TERM NOTE PROGRAMME

THIS AGREEMENT is dated [ ]

BETWEEN:

- (1) KAUPTHING BÚNADARBANKI HF. (the **Issuer**); and
- (2) [ ] of [ ] (the **Calculation Agent**, which expression shall include any successor calculation agent appointed under this Agreement).

IT IS AGREED:

#### 1. APPOINTMENT OF THE CALCULATION AGENT

The Calculation Agent is appointed, and the Calculation Agent agrees to act, as Calculation Agent in respect of each Series of Notes described in the Schedule (the **Relevant Notes**) for the purposes set out in clause 2 and on the terms of this Agreement. The agreement of the parties that this Agreement is to apply to each Series of Relevant Notes shall be evidenced by the manuscript annotation and signature in counterpart of the Schedule.

#### 2. DUTIES OF CALCULATION AGENT

The Calculation Agent shall in relation to each series of Relevant Notes (each a **Series**) perform all the functions and duties imposed on the Calculation Agent by the terms and conditions of the Relevant Notes (the **Conditions**) including endorsing the Schedule appropriately in relation to each Series of Relevant Notes.

#### 3. EXPENSES

The arrangements in relation to expenses will be separately agreed in relation to each issue of Relevant Notes.

#### 4. INDEMNITY

- 4.1 The Issuer shall indemnify the Calculation Agent against any losses, liabilities, costs, claims, actions, demands or expenses (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in disputing or defending any Losses) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except for any Losses or Expenses resulting from its own default, negligence or bad faith or that of its officers, directors or employees or the breach by it of the terms of this Agreement.
- 4.2 The Calculation Agent shall indemnify the Issuer against any Losses, (including, but not limited to, all reasonable Expenses paid or incurred in disputing or defending any Losses) which the Issuer may incur or which may be made against the Issuer as a result of the breach by the Calculation Agent of the terms of this Agreement or its default, gross negligence or bad faith or that of its officers, directors or employees.

## **5. CONDITIONS OF APPOINTMENT**

- 5.1 In acting under this Agreement and in connection with the Relevant Notes, the Calculation Agent shall act solely as an agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Relevant Notes or the receipts or coupons (if any) appertaining to the Relevant Notes (the **Receipts** and the **Coupons**, respectively).
- 5.2 In relation to each issue of Relevant Notes, the Calculation Agent shall be obliged to perform the duties and only the duties specifically stated in this Agreement and the Conditions and no implied duties or obligations shall be read into this Agreement or the Conditions against the Calculation Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent expert in comparable circumstances.
- 5.3 The Calculation Agent may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of the advisers.
- 5.4 The Calculation Agent shall be protected and shall incur no liability in respect of any action taken, omitted or suffered in reliance on any instruction from the Issuer or any document which it reasonably believes to be genuine and to have been delivered by the proper party or on written instructions from the Issuer.
- 5.5 The Calculation Agent and any of its officers, directors and employees may become the owner of, or acquire any interest in, any Notes, Receipts or Coupons (if any) with the same rights that it or he would have had if the Calculation Agent were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or Coupons or in connection with any other obligations of the Issuer as freely as if the Calculation Agent were not appointed under this Agreement.

## **6. TERMINATION OF APPOINTMENT**

- 6.1 The Issuer may terminate the appointment of the Calculation Agent at any time by giving to the Calculation Agent at least 45 days' prior written notice to that effect, provided that, so long as any of the Relevant Notes is outstanding:
- (a) the notice shall not expire less than 45 days before any date on which any calculation is due to be made in respect of any Relevant Notes; and
  - (b) notice shall be given in accordance with the Conditions to the holders of the Relevant Notes at least 30 days before any removal of the Calculation Agent.
- 6.2 Notwithstanding the provisions of subclause 6.1, if at any time:
- (a) the Calculation Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they may mature or suspends payment of its debts, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if

any officer takes charge or control of the Calculation Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; or

- (b) the Calculation Agent fails duly to perform any function or duty imposed on it by the Conditions and this Agreement,

the Issuer may immediately without notice terminate the appointment of the Calculation Agent, in which event notice of the termination shall be given to the holders of the Relevant Notes in accordance with the Conditions as soon as practicable.

- 6.3 The termination of the appointment of the Calculation Agent under subclause 6.1 or 6.2 shall not entitle the Calculation Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due.
- 6.4 The Calculation Agent may resign its appointment under this Agreement at any time by giving to the Issuer at least 90 days' prior written notice to that effect. Following receipt of a notice of resignation from the Calculation Agent, the Issuer shall promptly give notice of the resignation to the holders of the Relevant Notes in accordance with the Conditions.
- 6.5 Notwithstanding the provisions of subclauses 6.1, 6.2 and 6.4, so long as any of the Relevant Notes is outstanding, the termination of the appointment of the Calculation Agent (whether by the Issuer or by the resignation of the Calculation Agent) shall not be effective unless upon the expiry of the relevant notice a successor Calculation Agent has been appointed. The Issuer agrees with the Calculation Agent that if, by the day falling 10 days before the expiry of any notice under subclause 6.4, the Issuer has not appointed a replacement Calculation Agent, the Calculation Agent shall be entitled, on behalf of the Issuer, to appoint as a successor Calculation Agent in its place a reputable financial institution of good standing which the Issuer shall approve (such approval not to be unreasonably withheld or delayed).
- 6.6 Upon its appointment becoming effective, a successor Calculation Agent shall without any further action, become vested with all the authority, rights, powers, duties and obligations of its predecessor with the same effect as if originally named as the Calculation Agent under this Agreement.
- 6.7 If the appointment of the Calculation Agent under this Agreement is terminated (whether by the Issuer or by the resignation of the Calculation Agent), the Calculation Agent shall on the date on which the termination takes effect deliver to the successor Calculation Agent any records concerning the Relevant Notes maintained by it (except those documents and records which it is obliged by law or regulation to retain or not to release), but shall have no other duties or responsibilities under this Agreement.
- 6.8 Any corporation into which the Calculation Agent may be merged or converted, or any corporation with which the Calculation Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent shall be a party, or any corporation to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its assets shall, on the date when the merger, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Calculation Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, unless otherwise required by the Issuer, and after the said effective date all references in this Agreement to the Calculation Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the Issuer and the Agent by the Calculation Agent.



## **7. COMMUNICATIONS**

- 7.1 All communications shall be by telex, fax or letter delivered by hand. Each communication shall be made to the relevant party at the telex number, fax number or address and marked for the attention of the person or department from time to time specified in writing by that party to the other for the purpose. The initial telex number, fax number and person or department so specified by each party are set out in the Procedures Memorandum or, in the case of the Calculation Agent, on the signature page of this Agreement.
- 7.2 A communication shall be deemed received (if by telex) when a confirmed answerback is received at the end of the transmission, (if by fax) when an acknowledgement of receipt is received 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 at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.
- 7.3 Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:
- (a) in English; or
  - (b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

## **8. DESCRIPTIVE HEADINGS AND COUNTERPARTS**

- 8.1 The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.
- 8.2 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## **9. 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.

## **10. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

- 10.1 This Agreement is governed by, and shall be construed in accordance with, the laws of England.
- 10.2 The Issuer irrevocably agrees for the benefit of the Calculation Agent 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.
- 10.3 The Issuer 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 Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings

brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

- 10.4 Nothing contained in this clause 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.
- 10.5 The Issuer appoints the Ambassador of the Republic of Iceland to the Court of St James' of 2A Hans Street, London SW1X 0JE, England as its agent for service of process, and undertakes that, in the event of the Ambassador ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Calculation Agent may approve, as its agent for the service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.
- 10.6 The Issuer 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.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**KAUPTHING BÚNAÐARBANKI HF.**

By:

[CALCULATION AGENT]

[Address of Calculation Agent]

Telex No: ●

Telefax No: ●

Attention: ●

By:

## **SCHEDULE TO THE CALCULATION AGENCY AGREEMENT**

Series number	Issue Date	Maturity Date (if any)	Title and Nominal Amount	Annotation by Calculation Agent/Issuer
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**SCHEDULE 2**  
**TERMS AND CONDITIONS OF THE NOTES**



















































**AGENT**

**Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA**

**OTHER PAYING AGENT**

**Banque Générale du Luxembourg S.A.  
50 Avenue J F Kennedy  
L-2951 Luxembourg**

and/or any other or further Agent or Paying Agents and/or specified offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Noteholders.

### SCHEDULE 3

#### FORM OF DEED OF COVENANT

##### DEED OF COVENANT

**THIS DEED OF COVENANT** is made on 24th June, 2003 by **KAUPTHING BÚNAÐARBANKI HF.** (the **Issuer**) in favour of the account holders specified below of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and/or any other additional clearing system or systems as is specified in the Pricing Supplement relating to any Note (as defined below) (each a **Clearing System**).

##### WHEREAS:

- (A) The Issuer has entered into a Programme Agreement (the **Programme Agreement**, which expression includes the same as it may be amended or supplemented from time to time) dated 24th June, 2003 with the Dealers named therein under which the Issuer proposes from time to time to issue Notes (the **Notes**).
- (B) Certain of the Notes will initially be represented by, and comprised in, Global Notes, in each case representing a certain number of underlying Notes (the **Underlying Notes**).
- (C) Each Global Note may, after issue, be deposited with a depositary for one or more Clearing Systems (each such Clearing System or all such Clearing Systems together, the **Relevant Clearing System**). Upon such deposit of a Global Note the Underlying Notes represented by such Global Note will be credited to a securities account or securities accounts with the Relevant Clearing System. Any account holder with the Relevant Clearing System which has Underlying Notes credited to its securities account from time to time (each a **Relevant Account Holder**) will, subject to and in accordance with the terms and conditions and operating procedures or management regulations of the Relevant Clearing System, be entitled to transfer such Underlying Notes and (subject to and upon payment being made by the Issuer to the bearer in accordance with the terms of the relevant Global Note) will be entitled to receive payments from the Relevant Clearing System calculated by reference to the Underlying Notes credited to its securities account.
- (D) In certain circumstances specified in each Global Note, a Global Note will become void. The time at which a Global Note becomes void is hereinafter referred to as the **Relevant Time**. In such circumstances, each Relevant Account Holder will, subject to and in accordance with the terms of this Deed, acquire against the Issuer all those rights which such Relevant Account Holder would have had if, prior to the Global Note becoming void, duly executed and authenticated Definitive Notes had been issued in respect of its Underlying Notes and such Definitive Notes were held and beneficially owned by such Relevant Account Holder.

##### NOW THIS DEED WITNESSES AS FOLLOWS:

1. If any Global Note becomes void in accordance with the terms thereof the Issuer hereby undertakes and covenants with each Relevant Account Holder (other than when any Relevant Clearing System is an account holder of any other Relevant Clearing System) that each Relevant Account Holder shall automatically acquire at the Relevant Time (as defined in the Global Note), without the need for any further action on behalf of any person, against the Issuer all those rights which such Relevant Account Holder would have had if at the Relevant Time it held and beneficially owned executed and authenticated Definitive Notes in respect of

each Underlying Note represented by such Global Note which such Relevant Account Holder has credited to its securities account with the Relevant Clearing System at the Relevant Time.

The Issuer's obligation pursuant to this clause shall be a separate and independent obligation by reference to each Underlying Note which a Relevant Account Holder has credited to its securities account with the Relevant Clearing System and the Issuer agrees that a Relevant Account Holder may assign its rights hereunder in whole or in part.

2. The records of the Relevant Clearing System shall be conclusive evidence of the identity of the Relevant Account Holders and the number of Underlying Notes credited to the securities account of each Relevant Account Holder. For the purposes hereof a statement issued by the Relevant Clearing System stating:

- (a) the name of the Relevant Account Holder to which such statement is issued; and
- (b) the aggregate nominal amount of Underlying Notes credited to the securities account of such Relevant Account Holder as at the opening of business on the first day following the Relevant Time on which the Relevant Clearing System is open for business,

shall be conclusive evidence of the records of the Relevant Clearing System at the Relevant Time.

3. In the event of a dispute, the determination of the Relevant Time by the Relevant Clearing System (in the absence of manifest error) shall be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with the Relevant Clearing System.
4. All payments of principal and interest in respect of the Underlying 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 Iceland or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Relevant Account Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of their Underlying Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Underlying Note of a Relevant Account Holder:
  - (a) who is liable for such taxes or duties in respect of such Underlying Note by reason of his having some connection with Iceland other than the mere holding of such Underlying Note; or
  - (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27th November, 2000 (the **Directive**) or any law implementing or complying with, or introduced in order to conform to, the Directive.
5. The Issuer will pay any stamp and other duties and taxes, including interest and penalties, payable on or in connection with the execution of this Deed and any action taken by any Relevant Account Holder to enforce the provisions of this Deed.

6. The Issuer hereby warrants, represents and covenants with each Relevant Account Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally.
7. This Deed shall take effect as a Deed Poll for the benefit of the Relevant Account Holders from time to time and for the time being. This Deed shall be deposited with and held by the common depositary for Euroclear and Clearstream, Luxembourg (being at the date hereof Citibank, N.A., 5 Carmelite Street, London EC4Y 0PA) until all the obligations of the Issuer hereunder have been discharged in full.
8. The Issuer hereby acknowledges the right of every Relevant Account Holder to the production of, and the right of every Relevant Account Holder to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Relevant Account Holder, and that each Relevant Account Holder shall be entitled severally to enforce the said obligations against the Issuer.
9. This Deed is governed by, and shall be construed in accordance with, the laws of England.

The Issuer hereby irrevocably agrees, for the exclusive benefit of the Relevant Account Holders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with this Deed may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this clause 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 The Ambassador of the Republic of Iceland to the Court of St James' of 2A Hans Street, London SW1X 0JE, England as its agent for service of process, and undertakes that, in the event of The Ambassador 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 manner permitted by law.

The Issuer hereby irrevocably and unconditionally waives with respect to this Deed of Covenant 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.

**IN WITNESS** whereof the Issuer has caused this Deed to be duly executed the day and year first above mentioned.

Executed as a deed )  
by **KAUPTHING BÚNAÐARBANKI HF.** )  
acting by )  
acting on the authority )  
of that company )  
in the presence of: )

Witness:

Name:

Address:

## SCHEDULE 4

### FORM OF PUT NOTICE

**KAUPTHING BÚNAÐARBANKI HF.**

**[title of relevant Series of Notes]**

By depositing this duly completed Notice with any Paying Agent for the above Series of Notes (the **Notes**) the undersigned holder of the Notes surrendered with this Notice and referred to below irrevocably exercises its option to have [the full/.....]<sup>(1)</sup> nominal amount of the Notes redeemed in accordance with Condition 7.4 on [redemption date].

This Notice relates to Notes in the aggregate nominal amount of ..... bearing the following serial numbers:

.....

If the Notes referred to above are to be returned<sup>(2)</sup> to the undersigned under clause [10.4] of the Agency Agreement, they should be returned by post to:

.....

#### Payment Instructions

Please make payment in respect of the above-mentioned Notes by [cheque posted to the above address/transfer to the following bank account]<sup>(1)</sup>:

Bank: ..... Branch Address: .....

Branch Code: ..... Account Number: .....

Signature of holder: .....

*[To be completed by recipient Paying Agent]*

Details of missing unmatured Coupons .....<sup>(3)</sup>

Received by: .....

*[Signature and stamp of Paying Agent]*

At its office at: .....

On: .....

#### NOTES:

- (1) Complete as appropriate.
- (2) The Agency Agreement provides that Notes so returned will be sent by post, uninsured and at the risk of the Noteholder, unless the Noteholder otherwise requests and pays the costs of such insurance to the relevant Paying Agent at the time of depositing the Note referred to above.
- (3) Only relevant for Fixed Rate Notes (which are not also Index Linked Redemption Notes or Dual Currency Redemption Notes) in definitive form.

**N.B. The Paying Agent with whom the above-mentioned Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of such Paying Agent in relation to the said Notes or any of them unless such loss or damage was caused by the fraud or negligence of such Paying Agent or its directors, officers or employees.**

This Put Notice is not valid unless all of the paragraphs requiring completion are duly completed. Once validly given this Put Notice is irrevocable except in the circumstances set out in clause 10.4 of the Agency Agreement.



## SCHEDULE 5

### PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
  - (i) **voting certificate** means an English language certificate issued by a Paying Agent and dated in which it is stated:
    - (A) that on its date Notes (not being Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in the voting certificate and any adjournment of the meeting) bearing specified serial numbers were deposited with the Paying Agent or (to the satisfaction of the Paying Agent) were held to its order or under its control and that none of the Notes will cease to be so deposited or held until the first to occur of:
      - I. the conclusion of the meeting specified in the certificate or, if applicable, any adjourned meeting; and
      - II. the surrender of the certificate to the Paying Agent which issued the same; and
    - (B) that the bearer of the voting certificate is entitled to attend and vote at the meeting and any adjourned meeting in respect of the Notes represented by the certificate;
  - (ii) **block voting instruction** means an English language document issued by a Paying Agent and dated in which:
    - (A) it is certified that Notes (not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in the block voting instruction and any adjournment of the meeting) have been deposited with the Paying Agent or (to the satisfaction of the Paying Agent) were held to its order or under its control and that none of the Notes will cease to be so deposited or held until the first to occur of:
      - I. the conclusion of the meeting specified in the document or, if applicable, any adjourned meeting; and
      - II. the surrender to the Paying Agent not less than 48 hours before the time for which the meeting or any adjourned meeting is convened of the receipt issued by the Paying Agent in respect of each deposited Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 17 of the necessary amendment to the block voting instruction;

- (B) it is certified that each holder of the Notes has instructed the Paying Agent that the vote(s) attributable to the Note or Notes so deposited or held should be cast in a particular way in relation to the resolution or resolutions to be put to the meeting or any adjourned meeting and that all instructions are during the period commencing 48 hours before the time for which the meeting or any adjourned meeting is convened and ending at the conclusion or adjournment of the meeting neither revocable nor capable of amendment;
- (C) the total number, total nominal amount and the serial numbers (if available) of the Notes so deposited or held are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the relevant votes should be cast in favour of the resolution and those in respect of which instructions have been given that the relevant votes should be cast against the resolution; and
- (D) one or more persons named in such document (each a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in subparagraph (C) as set out in such document.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which the voting certificate or block voting instruction relates and the Paying Agent with which the Notes have been deposited or the person holding the same to the order or under the control of such Paying Agent shall be deemed for those purposes not to be the holder of those Notes.

- (b) References in this Schedule to the **Notes** are to the Notes in respect of which the relevant meeting is convened.
2. The Issuer may at any time and, upon a requisition in writing of Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Issuer makes default for a period of seven days in convening the meeting the meeting may be convened by the requisitionists. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the Agent and the Dealers of the day, time and place of the meeting and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place approved by the Agent.
  3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the place, day and hour of the meeting shall be given to the Noteholders in the manner provided in Condition 14. The notice shall state generally the nature of the business to be transacted at the meeting but (except for an Extraordinary Resolution) it shall not be necessary to specify in the notice the terms of any resolution to be proposed. The notice shall include a statement to the effect that Notes may be deposited with Paying Agents for the purpose of obtaining voting certificates or appointing proxies not less than 24 hours before the time fixed for the meeting or that, in the case of corporations, they may appoint representatives by resolution of their directors or other governing body. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

4. The person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within fifteen minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman.
5. At any meeting one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than twenty per cent. in nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. The quorum at any meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution) namely:
  - (a) modification of the Maturity Date (if any) of the Notes or reduction or cancellation of the nominal amount payable upon maturity; or
  - (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes; or
  - (c) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Pricing Supplement; or
  - (d) modification of the currency in which payments under the Notes are to be made; or
  - (e) modification of the majority required to pass an Extraordinary Resolution; or
  - (f) the sanctioning of any scheme or proposal described in paragraph 18(f); or
  - (g) alteration of this proviso or the proviso to paragraph 6 below,the quorum shall be one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two-thirds in nominal amount of the Notes for the time being outstanding.
6. If within fifteen minutes after the time appointed for any meeting a quorum is not present the meeting shall if convened upon the requisition of Noteholders be dissolved. In any other case it shall be adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall be adjourned for a period being not less than 14 days nor more than 42 days and at a place appointed by the Chairman and approved by the Agent) and at the adjourned meeting one or more persons present holding Notes or voting certificates or being proxies (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to paragraph 5 the quorum shall be one or more persons present

holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third in nominal amount of the Notes for the time being outstanding.

7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 and the notice shall (except in cases where the proviso to paragraph 6 shall apply when it shall state the relevant quorum) state that one or more persons present holding Notes or voting certificates or being proxies at the adjourned meeting whatever the nominal amount of the Notes held or represented by them will form a quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy.
9. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by one or more persons present holding Notes or voting certificates or being proxies (whatever the nominal amount of the Notes so held by them), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
10. Subject to paragraph 12, if at any meeting a poll is demanded it shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of **outstanding** in clause 1 of this Agreement, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requisitioning the convening of a meeting unless he either produces the Note or Notes of which he is the holder or a voting certificate or is a proxy. Neither the Issuer nor any of its Subsidiaries shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any such company and no other person shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any such company. Nothing contained in this paragraph shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.
14. Subject as provided in paragraph 13 at any meeting:

- (a) on a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote; and
- (b) on a poll every person who is so present shall have one vote in respect of:
  - (i) in the case of a meeting of the holders of Notes all of which are denominated in a single currency, each minimum integral amount of that currency; and
  - (ii) in the case of a meeting of the holders of Notes denominated in more than one currency, each €1.00 or, in the case of a Note denominated in a currency other than euro, the equivalent of €1.00 in that currency (calculated as specified in paragraph 23),

or such other amount as the Agent shall in its absolute discretion stipulate in nominal amount of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligations of the proxies named in any block voting instruction any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

- 15. The proxies named in any block voting instruction need not be Noteholders.
- 16. Each block voting instruction together (if so requested by the Issuer) with proof satisfactory to the Issuer of its due execution on behalf of the relevant Paying Agent shall be deposited not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote at a place approved by the Agent and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business. A certified copy of each block voting instruction shall be deposited with the Agent before the commencement of the meeting or adjourned meeting but the Agent shall not as a result be obliged to investigate or be concerned with the validity of or the authority of the proxies named in the block voting instruction.
- 17. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Noteholders' instructions under which it was executed provided that no notice in writing of the revocation or amendment shall have been received from the relevant Paying Agent by the Issuer at its registered office (or any other place approved by the Agent for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.
- 18. A meeting of the Noteholders shall in addition to the powers set out above have the following powers exercisable by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6) only, namely:
  - (a) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Noteholders, Receiptholders and Couponholders or any of them;
  - (b) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders, Receiptholders and Couponholders against the Issuer or against any of its property whether such rights shall arise under this Agreement, the Notes, the Receipts or the Coupons or otherwise;

- (c) power to assent to any modification of the provisions contained in this Agreement or the Conditions, the Notes, the Receipts, the Coupons or the Deed of Covenant which shall be proposed by the Issuer;
  - (d) power to give any authority or sanction which under the provisions of this Agreement or the Notes is required to be given by Extraordinary Resolution;
  - (e) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon any committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
  - (f) power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and
  - (g) power to approve the substitution of any entity in place of the Issuer (or any previous substitute) as the principal debtor in respect of the Notes, the Receipts and the Coupons.
19. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these provisions shall be binding upon all the Noteholders whether present or not present at the meeting and whether or not voting and upon all Couponholders and Receiptholders and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 14 by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.
20. The expression **Extraordinary Resolution** when used in this Agreement or the Conditions means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these provisions by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or if a poll was duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on the poll.
21. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any minutes signed by the Chairman of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters contained in them and until the contrary is proved every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had at the meeting to have been duly passed or had.
22. Subject to all other provisions contained in this Schedule the Agent may without the consent of the Issuer, the Noteholders, the Receiptholders or the Couponholders prescribe any further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting at them as the Agent may in its sole discretion think fit.

23. (a) if and whenever the Issuer shall have issued and have outstanding Notes of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:
- (i) a resolution which affects the Notes of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Series;
  - (ii) a resolution which affects the Notes of more than one Series but does not give rise to a conflict of interest between the holders of Notes of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the Series so affected;
  - (iii) a resolution which affects the Notes of more than one Series and gives or may give rise to a conflict of interest between the holders of the Notes of one Series or group of Series so affected and the holders of the Notes of another Series or group of Series so affected shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the Notes of all such Series it shall be duly passed at separate meetings of the holders of the Notes of each Series or group of Series so affected; and
  - (iv) to all such meetings all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Notes, Noteholders and holders were references to the Notes of the Series or group of Series in question or to the holders of such Notes, as the case may be.
- (b) If the Issuer shall have issued and have outstanding Notes which are not denominated in euro, in the case of any meeting of holders of Notes of more than one currency the nominal amount of such Notes shall (i) for the purposes of paragraph 2 above be the equivalent in euro at the spot rate of a bank nominated by the Agent for the conversion of the relevant currency or currencies into euro on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer and (ii) for the purposes of paragraphs 5, 6 and 14 above (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting and, in any such case, the equivalent in euro of Dual Currency Notes, Index Linked Notes, Zero Coupon Notes, Partly Paid Notes or any other Notes issued at a discount or a premium shall be calculated by reference to the original nominal amount of such Notes. In such circumstances, on any poll each person present shall have one vote for each €1 in nominal amount of the Notes (converted as above) which he holds or represents.

## SCHEDULE 6

### FORMS OF GLOBAL AND DEFINITIVE NOTES, RECEIPTS, COUPONS AND TALONS

#### PART 1

##### FORM OF TEMPORARY GLOBAL NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>1</sup>

##### KAUPTHING BÚNAÐARBANKI HF.

##### TEMPORARY GLOBAL NOTE

This Global Note is a Temporary Global Note in respect of a duly authorised issue of Notes (the **Notes**) of Kaupthing Búnaðarbanki hf. (the **Issuer**) described, and having the provisions specified, in the attached Pricing Supplement (the **Pricing Supplement**). References in this Global Note to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Pricing Supplement, but in the event of any conflict between the provisions of (a) that Schedule or (b) this Global Note and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

Words and expressions defined or set out in the Conditions and/or the Pricing Supplement shall have the same meaning when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 24th June, 2003 and made between the Issuer, Citibank, N.A. (the **Agent**) and the other agents named in it.

For value received the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer of this Global Note on each Instalment Date (if the Notes are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon presentation and, at maturity, surrender of this Global Note at the office of the Agent at 5 Carmelite Street, London EC4Y 0PA or at the specified office of any of the other paying agents located outside the United States (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes, but in each case subject to the requirements as to certification provided below.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in

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<sup>1</sup> This legend can be deleted if the Notes have an initial maturity of 365 days or less.



Schedule 1 and the relevant space in Schedule 1 recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid. The nominal amount of the Notes represented by this Global Note following any such redemption, payment of an instalment or purchase and cancellation or any exchange as referred to below shall be the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part 2, 3 or 4 of Schedule 1 or in Schedule 2.

Prior to the Exchange Date (as defined below), all payments (if any) on this Global Note will only be made to the bearer hereof to the extent that there is presented to the Agent by Clearstream, Luxembourg or Euroclear a certificate, substantially in the form set out in Schedule 3, to the effect that it has received from or in respect of a person entitled to a particular nominal amount of the Notes (as shown by its records) a certificate in or substantially in the form of Certificate "A" as set out in Schedule 3. The bearer of this Global Note will not be entitled to receive any payment of interest due on or after the Exchange Date unless upon due certification exchange of this Global Note is improperly withheld or refused.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date this Global Note may be exchanged in whole or in part (free of charge) for, as specified in the Pricing Supplement, either (a) security printed Definitive Notes and (if applicable) Coupons, Receipts and Talons in the form set out in Parts 3, 4, 5 and 6 respectively of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons, Receipts and Talons and the Pricing Supplement (or the relevant provisions of the Pricing Supplement) have been endorsed on or attached to such Definitive Notes) or (b) a Permanent Global Note in or substantially in the form set out in Part 2 of Schedule 6 to the Agency Agreement (together with the Pricing Supplement attached to it), in each case upon notice being given by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note.

If Definitive Notes and (if applicable) Coupons, Receipts and/or Talons have already been issued in exchange for all the Notes represented for the time being by the Permanent Global Note, then this Global Note may only thereafter be exchanged for Definitive Notes and (if applicable) Coupons, Receipts and/or Talons in accordance with the terms of this Global Note.

Presentation of this Global Note for exchange shall be made by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for general business in London at the office of the Agent specified above. The Issuer shall procure that the Definitive Notes or (as the case may be) the Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Global Note in respect of which there shall have been presented to the Agent by Euroclear or Clearstream, Luxembourg a certificate, substantially in the form set out in Schedule 3, to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular nominal amount of the Notes (as shown by its records) a certificate from such person in or substantially in the form of Certificate "A" as set out in Schedule 3. The aggregate nominal amount of Definitive Notes or interests in a Permanent Global Note issued upon an exchange of this Global Note will, subject to the terms hereof, be equal to the aggregate nominal amount of this Global Note submitted by the bearer for exchange (to the extent that such nominal amount does not exceed the aggregate nominal amount of this Global Note).

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to the Agent. On an exchange of part only of this Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule 2 and the relevant space in Schedule 2 recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount so exchanged. On any

exchange of this Global Note for a Permanent Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule 2 to the Permanent Global Note and the relevant space in Schedule 2 to the Permanent Global Note recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Note, the bearer of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if he were the bearer of Definitive Notes and the relative Coupons, Receipts and/or Talons (if any) represented by this Global Note. Accordingly, except as ordered by a court of competent jurisdiction or as required by law or applicable regulation, the Issuer and any Paying Agent may deem and treat the holder of this Global Note as the absolute owner of this Global Note for all purposes. All payments of any amounts payable and paid to such holder shall, to the extent of the sums so paid, discharge the liability for the moneys payable on this Global Note and on the relevant Definitive Notes and/or Receipts and/or Coupons.

In the event that this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the bearer in accordance with the provisions set out above then this Global Note will become void at 8.00 p.m. (London time) on such day and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant executed by the Issuer on 24th June, 2003 in respect of the Notes issued under the Programme Agreement pursuant to which this Global Note is issued).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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

This Global Note shall not be valid unless authenticated by the Agent.

**IN WITNESS** whereof the Issuer has caused this Global Note to be duly executed on its behalf.

**KAUPTHING BÚNAÐARBANKI HF.**

By:

Authenticated without recourse,  
warranty or liability by

**Citibank, N.A.**

By:

## Schedule 1 to the Temporary Global Note

## PART 1

## INTEREST PAYMENTS

[illegible]

## PART 2

### PAYMENT OF INSTALMENT AMOUNTS

[illegible]

<sup>2</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.

## PART 3

## REDEMPTIONS

[illegible]

<sup>3</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.

## PART 4

## PURCHASES AND CANCELLATIONS

[illegible]

<sup>4</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.

**EXCHANGES  
FOR DEFINITIVE NOTES OR PERMANENT GLOBAL NOTE**

[illegible]

13-Jun-03

**Schedule 3 to the Temporary Global Note**

**FORM OF CERTIFICATE TO BE PRESENTED BY EUROCLEAR OR CLEARSTREAM,  
LUXEMBOURG**

KAUPTHING BÚNAÐARBANKI HF.

[*Title of Securities*]

(the **Securities**)

This is to certify that, based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organisations appearing in our records as persons being entitled to a beneficial interest in a portion of the principal amount set forth below (our **Member Organisations**) substantially to the effect set forth in the Agency Agreement, as of the date hereof, [ ] principal amount of the above-captioned Securities (a) is owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source (**United States persons**), (b) is owned by United States persons that (i) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Sections 1.165-12(c)(1)(iv)) (**financial institutions**) purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution has agreed, on its own behalf or through its agent, that we may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) is owned by United States or foreign financial institutions for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and to the further effect that United States or foreign financial institutions described in clause (c) above (whether or not also described in clause (a) or (b)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, **United States** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its **possessions** include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

If the Securities are of the category contemplated in Section 230.903(c)(3) of Regulation S under the Securities Act of 1933, as amended (the **Act**) then this is also to certify with respect to such principal amount of Securities set forth above that, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from our Member Organisations entitled to a portion of such principal amount, certifications with respect to such portion, substantially to the effect set forth in the Agency Agreement.

We further certify (A) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the temporary global Security excepted in such certifications and (B) that as of the date hereof we have not received any notification from any of our Member Organisations to the effect that the statements made by such Member Organisations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: [ ]<sup>6</sup>

Yours faithfully,

[Euroclear Bank S.A./N.V. as operator of the Euroclear System]/[Clearstream Banking, société anonyme]

By:

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<sup>6</sup> To be dated no earlier than the Exchange Date



## CERTIFICATE "A"

KAUPTHING BÚNAÐARBANKI HF.

[*Title of Securities*]

(the **Securities**)

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (a) are owned by person(s) that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source (**United States person(s)**), (b) are owned by United States person(s) that (i) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) (**financial institutions**) purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and in addition if the owner of the Securities is a United States or foreign financial institution described in clause (c) above (whether or not also described in clause (a) or (b)) this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, **United States** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its **possessions** include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your documented procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certification excepts and does not relate to [ ] of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and delivery of definitive Securities (or, if relevant, exercise of any right or collection of any interest) cannot be made until we do so certify.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: [ ]<sup>7</sup>

[Name of Person Making Certification]

By:

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<sup>7</sup> To be dated no earlier than the fifteenth day prior to the Exchange Date.

## PART 2

### FORM OF PERMANENT GLOBAL NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>8</sup>

### KAUPTHING BÚNAÐARBANKI HF.

#### PERMANENT GLOBAL NOTE

This Global Note is a Permanent Global Note in respect of a duly authorised issue of Notes (the **Notes**) of Kaupthing Búnaðarbanki hf. (the **Issuer**) described, and having the provisions specified, in the attached Pricing Supplement or Pricing Supplements (together the **Pricing Supplement**). References in this Global Note to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Pricing Supplement, but in the event of any conflict between the provisions of (a) that Schedule or (b) this Global Note and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

Words and expressions defined or set out in the Conditions and/or the Pricing Supplement shall have the same meaning when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 24th June, 2003 and made between the Issuer, Citibank, N.A. (the **Agent**) and the other agents named in it.

For value received the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer of this Global Note on each Instalment Date (if the Notes are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon presentation and, at maturity, surrender of this Global Note at the office of the Agent at 5 Carmelite Street, London EC4Y 0PA or at the specified office of any of the other paying agents located outside the United States (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule 1 and the relevant space in Schedule 1 recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid. The nominal amount of the

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<sup>8</sup> This legend can be deleted if the Notes have an initial maturity of 365 days or less.

Notes represented by this Global Note following any such redemption, payment of an instalment or purchase and cancellation or any exchange as referred to below shall be the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part 2, 3 or 4 of Schedule 1 or in Schedule 2.

Where TEFRA D is specified in the applicable Pricing Supplement, the Notes will initially have been represented by a Temporary Global Note. On any exchange of any such Temporary Global Note for this Global Note or any part of it, details of such exchange shall be entered by or on behalf of the Issuer in Schedule 2 and the relevant space in Schedule 2 recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of the Notes represented by this Global Note shall be increased by the nominal amount of any such Temporary Global Note so exchanged.

This Global Note may be exchanged in whole but not in part (free of charge) for Definitive Notes and (if applicable) Coupons, Receipts and/or Talons in the form set out in Parts 3, 4, 5 and 6 respectively of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons, Receipts and Talons and the Pricing Supplement (or the relevant provisions of the Pricing Supplement) have been endorsed on or attached to such Definitive Notes) either, as specified in the applicable Pricing Supplement:

- (a) upon not less than 60 days' written notice being given to the Agent by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note; or
- (b) only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (a) an Event of Default (as defined in Condition 10) has occurred and is continuing;
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by this Global Note in definitive form.

If this Global Note is only exchangeable following the occurrence of an Exchange Event:

- (A) the Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event; and
- (B) in the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 60 days after the date of receipt of the first relevant notice by the Agent.

Any such exchange will be made upon presentation of this Global Note at the office of the Agent specified above by the bearer of this Global Note on any day (other than a Saturday or Sunday) on which banks are open for general business in London. The aggregate nominal amount of Definitive Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note.

On an exchange of this Global Note, this Global Note shall be surrendered to the Agent.

Until the exchange of this Global Note, the bearer of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if he were the bearer of Definitive Notes and the relative Coupons, Receipts and/or Talons (if any) represented by this Global Note. Accordingly, except as ordered by a court of competent jurisdiction or as required by law or applicable regulation, the Issuer and any Paying Agent may deem and treat the holder of this Global Note as the absolute owner of this Global Note for all purposes. All payments of any amounts payable and paid to such holder shall, to the extent of the sums so paid, discharge the liability for the moneys payable on this Global Note and on the relevant definitive Notes and/or Receipts and/or Coupons.

In the event that this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the bearer in accordance with the provisions set out above then this Global Note will become void at 8.00 p.m. (London time) on such day and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant executed by the Issuer on 24th June, 2003 in respect of the Notes issued under the Programme Agreement pursuant to which this Global Note is issued).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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

This Global Note shall not be valid unless authenticated by the Agent.

**IN WITNESS** whereof the Issuer has caused this Global Note to be duly executed on its behalf.

**KAUPTHING BÚNAÐARBANKI HF.**

By:

Authenticated without recourse,  
warranty or liability by

**Citibank, N.A.**

By:

## Schedule 1 to the Permanent Global Note

## PART 1

## INTEREST PAYMENTS

[illegible]

## PART 2

### PAYMENT OF INSTALMENT AMOUNTS

[illegible]

<sup>9</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.

## PART 3

## REDEMPTIONS

[illegible]

<sup>10</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.

## PART 4

## PURCHASES AND CANCELLATIONS

[illegible]

<sup>11</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.



## Schedule 2 to the Permanent Global Note

## SCHEDULE OF EXCHANGES

The following exchanges affecting the nominal amount of this Global Note have been made:

[illegible]

<sup>12</sup> See the most recent entry in Part 2, 3 or 4 of Schedule 1 or in Schedule 2 in order to determine this amount.

### PART 3

#### FORM OF DEFINITIVE NOTE

[Face of Note]

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**[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>13</sup>**

#### KAUPTHING BÚNAÐARBANKI HF.

[Specified Currency and Nominal Amount of Tranche] Notes [Due [Year of Maturity]]

This Note is one of a duly authorised issue of Notes denominated in the Specified Currency and maturing on the Maturity Date (if any) (the **Notes**) of Kaupthing Búnaðarbanki hf. (the **Issuer**). References in this Note to the Conditions shall be to the Terms and Conditions [endorsed on this Note/attached to this Note/set out in Schedule 2 to the Agency Agreement (as defined below) which shall be incorporated by reference in this Note and have effect as if set out in it] as modified and supplemented by the Pricing Supplement (the **Pricing Supplement**) (or the relevant provisions of the Pricing Supplement) endorsed on this Note but, in the event of any conflict between the provisions of the Conditions and the information in the Pricing Supplement, the Pricing Supplement will prevail.

This Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 24th June, 2003 and made between the Issuer, Citibank, N.A. (the **Agent**) and the other agents named in it.

For value received, the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer of this Note [on each Instalment Date and] on the Maturity Date (if any) and/or on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Note on each such date and to pay interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions.

This Note shall not be validly issued unless authenticated by the Agent.

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<sup>13</sup> This legend can be deleted if the Notes have an initial maturity of 365 days or less.

**IN WITNESS** whereof the Issuer has caused this Note to be duly executed on its behalf.

**KAUPTHING BÚNAÐARBANKI HF.**

By:

Authenticated without recourse,  
warranty or liability by

**Citibank, N.A.**

By:

**[Reverse of Note]**

**Terms and Conditions**

*[Terms and Conditions to be as set out in Schedule 2 to the Agency Agreement]*

**Pricing Supplement**

*[Here may be set out text of Pricing Supplement relating to the Notes]*

## PART 4

### FORM OF COUPON

[Face of Coupon]

**KAUPTHING BÚNAÐARBANKI HF.**

**[Specified Currency and Nominal Amount of Tranche]  
Notes [Due [Year of Maturity]]**

#### Part A

##### ***For Fixed Rate Notes:***

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the Notes to which it appertains.

Coupon  
for [ ]  
due on  
[ ]

#### Part B

##### ***For Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes:***

Coupon for the amount due in accordance with the Terms and Conditions of the Notes to which it appertains on the Interest Payment Date falling in [ ].

Coupon  
due in  
[ ]

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.

**ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.**

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## PART 5

### FORM OF RECEIPT

*[Face of Receipt]*

**ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.**

**KAUPTHING BÚNAÐARBANKI HF.**

***[Specified Currency and Nominal Amount of Tranche] Notes Due [Year of Final Maturity]***

Series No. [    ]

Receipt for the sum of [                    ] being the instalment of principal payable in accordance with the Terms and Conditions endorsed on the Note to which this Receipt appertains (the **Conditions**) on [            ].

This Receipt is issued subject to and in accordance with the Conditions which shall be binding upon the holder of this Receipt (whether or not it is for the time being attached to the Note) and is payable at the specified office of any of the Paying Agents set out on the reverse of the Note to which this Receipt appertains (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders).

This Receipt must be presented for payment together with the Note to which it appertains. The Issuer shall have no obligation in respect of any Receipt presented without the Note to which it appertains or any unmatured Receipts.

**KAUPTHING BÚNAÐARBANKI HF.**

By:

**PART 6**  
**FORM OF TALON**

*[Face of Talon]*

**ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.**

**KAUPTHING BÚNAÐARBANKI HF.**

***[Specified Currency and Nominal Amount of Tranche] Notes [Due [Year of Maturity]]***

Series No. [     ]

On and after [                      ] further Coupons [and a further Talon] appertaining to the Note to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Note to which this Talon appertains.

**KAUPTHING BÚNAÐARBANKI HF.**

By:

*[Reverse of Coupon, Receipt and Talon]*

**AGENT**

**Citibank, N.A.  
5 Carmelite Street  
London EC4Y 0PA**

**OTHER PAYING AGENT**

**Banque Générale du Luxembourg S.A.  
50 Avenue J F Kennedy  
L-2951 Luxembourg**

and/or such other or further Agent or other Paying Agents and/or specified offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Noteholders.



## **SIGNATORIES**

This Agreement has been entered into on the date stated at the beginning of this Agreement.

### **The Issuer**

**KAUPTHING BÚNAÐARBANKI HF.**

By:

### **The Agent**

**CITIBANK, N.A.**

By:

### **The other Paying Agent**

**BANQUE GÉNÉRALE DU LUXEMBOURG S.A.**

By: