



Date: August 14, 2014

To: Hafnarfjarðarkaupstaður
("Counterparty")

Attn: Kristján Sturluson

Fax No: 440-3926

From: Íslandsbanki hf

Subject: **Mark-to-market Currency Swap
Transaction: This Confirmation
supersedes** and replaces all prior
communication between the parties
hereto with respect to the Transaction
described below.

**Íslandsbanki hf Ref:Deal ID 4095 (the
"Transaction")**

Dear Sirs,

The purpose of this communication is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below. This Confirmation constitutes a "Confirmation" as referred to in the Master Agreement or Agreement specified below.

This Confirmation represents an amendment and restatement of any prior written communication between the parties with respect to the Transaction.

The definitions and provisions contained in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to the ISDA Master Agreement dated as of December 18, 2015 as amended and supplemented from time to time (the "Agreement") between Counterparty and Íslandsbanki hf. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The terms of the particular Rate Swap Transaction to which this Confirmation relates are as follows:

General Terms

Trade Date: August 14, 2014

Effective Date: August 18, 2014



Termination Date: December 18, 2015, subject to adjustment in accordance with the Modified Following Business Day Convention.

Calculation Agent: Íslandsbanki, unless otherwise stated in the Schedule to the Master Agreement

Business Days: Reykjavík and Target

Constant Currency Payer: Íslandsbanki hf

Variable Currency Payer: Counterparty

Floating Amounts (1)

Floating Rate Payer (1): Íslandsbanki hf

Floating Rate Payer Currency Amount (1): EUR 25,793,193.03

Floating Rate Option (1): Euribor-3M
Floating Rate fixing (1): 2 banking days prior to the beginning of each interest period

Designated Maturity (1): 3 months, except the first period which is shorter

Floating Rate Day Count Fraction (1): Actual/360

Spread (1): None

Floating Rate Payer Payment Dates (1): 18 September, 18 December, 18 March and 18 June, up to and including the Termination Date, subject to adjustment in accordance with the Business Day Convention specified immediately below

Business Day Convention (1): Modified Following

Floating Amounts (2)

Floating Rate Payer (2): Counterparty

Floating Rate Payer Currency Amount (2): Initially ISK 4,000,000,000.00 subject to changes in Mark-to-Market section

Floating Rate Option (2): Reibor-3M



Floating Rate fixing (2)	2 banking days prior to the beginning of each interest period
Designated Maturity (2):	3 months
Floating Rate Day Count Fraction (2):	Actual/360
Spread (2)	
Floating Rate Payer Payment Dates (2):	18 September, 18 December, 18 March and 18 June, up to and including the Termination Date, subject to adjustment in accordance with the Business Day Convention specified immediately below
Business Day Convention (2):	Modified Following

Initial Exchange

Initial Exchange Payment Date	None
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Final Exchange

Initial Exchange Payment Date	Termination Date
Counterparty pays Islandsbanki	ISK 4,000,000,000.00 Could change subject to the Mark-to-market section. The Variable Currency Amount determined for the final Calculation Amount.
Islandsbanki pays Counterparty	EUR 25,793,139.03

Relationship Between Parties

Each party will be deemed to represent to the other party on the date on which it enters into this Transaction that (in the absence of a written agreement between the parties which expressly imposes affirmative obligations to the contrary for this Transaction):-

- (a) Non-Reliance. Each party is acting for its own account, and has made its own independent decisions to enter into this Transaction and this Transaction is appropriate or

proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. Each party is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanation relating to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.

- (b) Assessment and Understanding. Each party is capable of assessing the merits of and understands (on its own or through independent professional advice), and accepts, the terms, conditions and risks of this Transaction. Each party is also capable of assuming, and assumes, the risks of this Transaction.
- (c) Status of the Parties. Neither party is acting as a fiduciary for or as an adviser to the other in respect of this Transaction.

References in this clause to "a party" shall, in the case of Íslandsbanki and where the context so allows, include references to any affiliate of Íslandsbanki.

Account Details:

Currency:	ISK
Favour:	Íslandsbanki hf.
Swift address:	GLITISRE
Further Credit To:	Íslandsbanki hf.
Swift Address:	GLITISRE
Account No:	0504-22-958009
IBAN:	IS93 0504 22 958009 491008 0160

Currency:	EUR
Agent Bank	Citibank, London
Swift Address:	CITIGB2L
For account of:	Íslandsbanki hf.
Swift Address:	GLITISRE
Account No:	12664879
IBAN:	GB94CITI18500812664879
For further credit:	Íslandsbanki hf.
IBAN:	IS39 0504 29 958018 491008 0160

Offices

- (a) The office of Íslandsbanki hf for the Swap Transaction is REYKJAVIK and
- (b) The office of the Counterparty for the Swap Transaction is Hafnarfjörður.

**Contact Names at
Íslandsbanki hf.**

Pre Value Payments:	Pre Value Payment Investigations:	Tel: +3544404150
Post Value Payments:	Post Value Payment Investigations:	Tel: +3544404150
Client Confirmation Queries:	Confirmation Control:	Tel: +3544404150
		Email: bofs@islandsbanki.is

Bank Confirmation Queries:	Back Office	Tel: +3544404150
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Íslandsbanki

Email: bofs@islandsbanki.is

Please confirm that the foregoing correctly sets forth the terms and conditions of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter or facsimile substantially similar to this letter, which letter or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates your agreement to those terms or by sending to us a return letter or facsimile in the form attached.

Yours Faithfully
For and on behalf of
Íslandsbanki hf.

By: *Ari Gudmundsson*

By: *Sigríður Þorvaldardóttir*

Name: *ARI GUDMUNDSSON*
Title: *BACK OFFICE
CLEARING AND SETTLEMENT*

Name: *SIGRÍÐUR ÞORVALDARDÓTTIR*
Title: *Back office, clearing and settlement*

Acknowledged and agreed by Hafnarfjarðarkaupstaður as of the Trade Date specified above:

By:



By:

Name: *Kristján Sturluson* Name:
Title: *Director of Administration and Acting Mayor* Title

Íslandsbanki hf., Kirkjusandi 2, 101 Reykjavík