

EXECUTION VERSION

AMENDED AND RESTATED

BANK ACCOUNT AGREEMENT

ARION BANK MORTGAGES INSTITUTIONAL INVESTOR FUND
as the Fund

and

ARION BANK HF.
as the Cash Manager, the GIC Provider and the Account Bank

and

DEUTSCHE TRUSTEE COMPANY LIMITED
as the Representative

20 January 2012

CONTENTS

Clause		Page
1.	Definitions and Construction	1
2.	The GIC Account	1
3.	Mandates.....	2
4.	Acknowledgement by the Account Bank	3
5.	Certification, Indemnity and Fund Acceleration Notice	3
6.	Change of Representative or Account Bank.....	4
7.	Termination.....	4
8.	Further Assurance.....	6
9.	Confidentiality	6
10.	Costs.....	6
11.	Notices	6
12.	Interest	7
13.	Withholding	7
14.	Tax Status	8
15.	Entire Agreement.....	8
16.	Severability	8
17.	Variation and Waiver	8
18.	Assignment	8
19.	Amendments	9
20.	Counterparts.....	9
21.	Governing Law	9
22.	Submission to Jurisdiction	9

Schedule

1.	Form of Mandate	10
	Signatories	13

THIS AGREEMENT is dated 20 January, 2012

BETWEEN:

- (1) **ARION BANK MORTGAGES INSTITUTIONAL INVESTOR FUND**, ID number 570106-9610, an investment fund established under the laws of Iceland, whose registered office is at Borgartun 19, 105 Reykjavik, Iceland (referred to herein as the **Fund**);
- (2) **ARION BANK HF.**, ID number 581008-0150, a public limited company incorporated under the laws of Iceland, whose registered office is at Borgartun 19, 105 Reykjavik, Iceland (in its capacity as the **Cash Manager**, in its capacity as the **GIC Provider** and in its capacity as the **Account Bank**); and
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom (in its capacity as the **Representative**).

WHEREAS:

- (A) The Fund is an institutional investment fund established pursuant to Article 4 of Act No. 30/2003 on Undertaking for Collective Investment in Transferable Securities and Investment Funds, to be replaced by Article 4 of Act No. 128/2011 on Undertaking for Collective Investment in Transferable Securities and Investment Funds and Institutional Investor Funds with effect from 1 November, 2011. The day-to-day operations of the Fund are managed by Stefair hf. formerly Kaupthing Asset Management Company hf. (the **Management Company**). The Management Company shall execute this Agreement on behalf of the Fund in accordance with the terms of the Articles of Association of the Fund, but in doing so it is hereby acknowledged and agreed that the Management Company shall not assume or have any obligations or liabilities to any other party under this Agreement.

IT IS HEREBY AGREED as follows:

1. **DEFINITIONS AND CONSTRUCTION**

- 1.1 By resolutions of Covered Bondholders of each Series of the Covered Bonds issued pursuant to the Programme (the **Bondholders' Resolutions**) passed on or around the date hereof, the Covered Bondholders' authorised the Representative, on behalf of the Covered Bondholders, to, *inter alia*, amend and restate this Agreement in accordance with the provisions set out below.
- 1.2 The master definitions and construction agreement made between, inter alios, the parties to this Agreement on 20 January, 2012 (as the same may be amended, varied and/or supplemented from time to time, the **Master Definitions and Construction Agreement**) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Agreement (as so amended, varied and/or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the recital hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 of the Master Definitions and Construction Agreement.
- 1.3 The recital to this Agreement shall constitute an integral part of this Agreement and shall be read with it for all its purposes and intents.
- 1.4 This Agreement replaces the Bank Account Agreement dated 29 March, 2006.

2. **THE GIC ACCOUNT**

2.1 **Instructions from the Cash Manager**

Subject to Clauses 2.4 and 5.3, the Account Bank shall comply with any direction of the Cash Manager given on a Business Day to effect a payment by debiting the GIC Account held with the Account Bank,

if such direction: (i) is in writing, is given by telephone and confirmed in writing not later than close of business on the day on which such direction is given, or is given by the internet banking service provided by the Account Bank; and (ii) complies with the GIC Account Mandate as appropriate (such direction shall constitute an irrevocable payment instruction) in accordance with the terms set out in the Cash Management Agreement.

2.2 Timing of Payment

The Account Bank agrees that, in the case of the GIC Account if directed pursuant to Clause 2.1 to make any payment then, subject to Clauses 2.4 and 5.3, it will effect the payment specified in such direction not later than the day specified for payment therein and for value on the day specified therein provided that, if any direction specifying that payment be made on the same day as the direction is given is received later than 12:00 p.m. (Reykjavik time) on any Business Day, the Account Bank shall make such payment at the commencement of business on the following Business Day for value that day.

2.3 Account Bank Charges

The charges of the Account Bank for the operation of the GIC Account held with the Account Bank shall be debited to the GIC Account only on the first of each month in accordance with the order of priority set out in the Fund Deed, and the Fund by its execution hereof irrevocably agrees that this shall be done. The charges shall be payable at the same rates as are generally applicable to the business customers of the Account Bank provided that, subject to Clause 7.5, if there are insufficient funds standing to the credit of the GIC Account to pay such charges, the Account Bank shall not be relieved of its obligations in respect of the GIC Account held with it.

2.4 No Negative Balance

Notwithstanding the provisions of Clause 2.1, amounts shall only be withdrawn from the GIC Account held with the Account Bank to the extent that such withdrawal does not cause the GIC Account to have a negative balance.

3. MANDATES

3.1 Signing and Delivery of Mandates

In the case of the GIC Account the Fund has delivered to the Account Bank prior to the date hereof the duly executed GIC Account Mandate and the Account Bank hereby confirms to the Representative that the GIC Account Mandate has been provided to it, that the GIC Account is open and that the Mandate is operative. The Account Bank acknowledges that the Mandate and any other mandates delivered from time to time pursuant to the terms hereof shall be subject to the terms of this Agreement.

3.2 Amendment or Revocation

The Account Bank agrees that it shall notify the Representative as soon as is reasonably practicable and in accordance with Clause 11 if it receives any amendment to or revocation of any Mandate relating to the GIC Account held with the Account Bank (other than a change of Authorised Signatory) and shall require the prior written consent of the Representative to any such amendment or revocation (other than a change of Authorised Signatory) but, unless such Mandate is revoked, the Account Bank may continue to comply with such Mandate (as it may from time to time be amended in accordance with the provisions of this Clause 3.2) unless it receives notice in writing from the Representative to the effect that a Fund Acceleration Notice has been served on the Fund or that the appointment of Arion Bank hf. as Cash Manager under the Cash Management Agreement has been terminated and shall, thereafter, act solely on the instructions of the Representative and in accordance with the terms of those instructions as provided in Clause 5.3 of this Agreement.

4. **ACKNOWLEDGEMENT BY THE ACCOUNT BANK**

4.1 **Restriction on Account Bank's Rights**

Notwithstanding anything to the contrary in the Mandate, the Account Bank hereby:

- (a) waives any right it has or may hereafter acquire to combine, consolidate or merge the GIC Account held with it with any other account of the Cash Manager, the Fund, the Issuer, the Representative or any other person or any liabilities of the Cash Manager, the Fund, the Issuer, the Seller, the Representative or any other person to it;
- (b) agrees that it may not exercise any lien or, to the extent permitted by law, any set-off or transfer any sum standing to the credit of or to be credited to the GIC Account held with it in or towards satisfaction of any liabilities to it of the Cash Manager, the Fund, the Issuer, the Representative or any other person owing to it;
- (c) agrees that it will not take, and shall not take, any steps whatsoever to recover any amount due or owing to it pursuant to this Agreement or any other debts whatsoever owing to it by the Fund, or procure the winding-up or liquidation of the Fund in respect of any of the liabilities of the Fund;
- (d) agrees that it shall have recourse only to sums paid to or received by (or on behalf of) the Fund pursuant to the Transaction Documents; and
- (e) agrees that it will notify the Cash Manager, the Fund and the Representative if compliance with any instruction would cause the GIC Account held with it to which such instruction relates to have a negative balance, such notification to be given on the same Business Day that it determines that compliance with such instruction would cause any such account to have a negative balance.

4.2 **Account Statement**

Unless and until directed otherwise by the Representative in accordance with Clause 11, the Account Bank shall provide each of the Cash Manager, the Fund and the Representative with a written statement in respect of the GIC Account held with it as soon as reasonably practicable after receipt of a request for a statement. The Account Bank is hereby authorised by the Fund to provide statements in respect of the GIC Account held with it to the Cash Manager and the Representative.

5. **CERTIFICATION, INDEMNITY AND FUND ACCELERATION NOTICE**

5.1 **Account Bank to Comply with Cash Manager's Instructions**

Unless otherwise directed in writing by the Representative pursuant to Clause 5.3 below, in making any transfer or payment from the GIC Account held with the Account Bank in accordance with this Agreement, the Account Bank shall be entitled to act as directed by the Cash Manager pursuant to Clauses 2.1 and 2.2 above and to rely as to the amount of any such transfer or payment on the Cash Manager's instructions in accordance with, in the case of the GIC Account, the relevant Mandate and the Account Bank shall have no liability to the Cash Manager, the Fund, the Seller or the Representative for having acted on such instructions except in the case of their respective wilful default, fraud or negligence.

5.2 **Fund Indemnity**

Subject to the Priorities of Payments, the Fund shall indemnify the Account Bank or, pursuant to Clause 5.3, the Representative, as the case may be, to the extent of available funds then standing to the credit of the GIC Account held with the Account Bank against any loss, cost, damage, charge or expense properly incurred by the Account Bank or the Representative, as the case may be, in

complying with any instruction delivered pursuant to and in accordance with this Agreement, save that this indemnity shall not extend to:

- (a) the charges of the Account Bank (if any) for the operation of the GIC Account held with the Account Bank other than as provided in this Agreement; and
- (b) any loss, cost, damage, charge or expense arising from any negligence, wilful misconduct or breach by the Account Bank of its obligations under this Agreement.

5.3 **Consequences of an Fund Acceleration Notice**

The Account Bank acknowledges that, if it receives notice in writing from the Representative to the effect that: (a) the Representative has served an Fund Acceleration Notice on the Fund; or (b) that the appointment of Arion Bank hf. as Cash Manager under the Cash Management Agreement has been terminated (but without prejudice to Clause 5.1 above) all right, authority and power of the Cash Manager in respect of the GIC Account held with it shall be terminated and be of no further effect and the Account Bank agrees that it shall, upon receipt of such notice from the Representative, comply with the directions of the Representative or any successor cash manager appointed by the Representative (subject to such successor cash manager having entered into an agreement with it on substantially the same terms as this Agreement) in relation to the operation of the GIC Account held with it.

6. **CHANGE OF REPRESENTATIVE OR ACCOUNT BANK**

6.1 **Change of Representative**

- (a) If there is any change in the identity of the Representative in accordance with the Representative and Agency Agreement, the Account Bank, the Cash Manager and the Fund shall execute such documents and take such action as the successor Representative and the outgoing Representative may reasonably require for the purpose of vesting in the successor Representative the rights and powers of the outgoing Representative under this Agreement.
- (b) It is hereby acknowledged and agreed that by its execution of this Agreement, the Representative shall not assume or have any obligations or liabilities to the Account Bank, the GIC Provider, the Cash Manager or the Fund under this Agreement notwithstanding any provision herein and that the Representative has agreed to become a party to this Agreement for the purpose only of taking the benefit of this Agreement and agreeing to amendments to this Agreement pursuant to Clause 19. For the avoidance of doubt, the parties to this Agreement acknowledge that the rights and powers of the Representative are governed by the Representative and Agency Agreement. Any liberty or right which may be exercised or determination which may be made under this Agreement by the Representative may be exercised or made in the Representative's absolute discretion without any obligation to give reasons therefor and the Representative shall not be responsible for any liability occasioned by so acting but subject always to the provisions of Clause 12.6 of the Representative and Agency Agreement.

6.2 **Change of Account Bank**

If there is any change in the identity of the Account Bank, the Cash Manager, the Fund, the GIC Provider and the Representative shall execute such documents and take such actions as the new Account Bank and the outgoing Account Bank and the Representative may require for the purpose of vesting in the new Account Bank the rights and obligations of the outgoing Account Bank and releasing the outgoing Account Bank from its future obligations under this Agreement.

7. **TERMINATION**

7.1 **Termination Events**

The Cash Manager or the Fund:

- (a) may (with the prior written consent of the Representative) terminate this Agreement with respect to the Account Bank in the event that the matters specified in paragraph (iii) below or (iv) below occur; and
- (b) shall (with the prior written consent of the Representative) terminate this Agreement with respect to the Account Bank in the event that any of the matters specified in paragraphs (i) to (iii) (inclusive) below occur,

in each case by serving a written notice of termination on the Account Bank (such termination to be effective three Business Days following service of such notice) in any of the following circumstances:

- (i) if an order is made or effective resolutions are passed for the winding-up of the Account Bank except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction the terms of which have previously been approved in writing by the Fund and the Representative (such approval not to be unreasonably withheld or delayed); or
- (ii) if proceedings are initiated against the Account Bank under any applicable liquidation, insolvency, composition, reorganisation or other similar laws and such proceedings are not, in the reasonable opinion of the Fund and/or the Representative, being disputed in good faith with a reasonable prospect of success or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Account Bank or in relation to the whole or a part of the undertaking or assets of the Account Bank, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of the Account Bank, or a distress, execution, attachment, sequestration or other process is levied or enforced upon, sued out or put in force against the whole or a part of the undertaking or assets of the Account Bank and such possession or process (as the case may be) is not discharged or otherwise ceases to apply within 14 days of its commencement, or the Account Bank initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment or assignation for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or
- (iii) if the Account Bank breaches its obligations under this Agreement, the Guaranteed Investment Contract or any other Transaction Document to which the Account Bank is a party.

7.2 Notification of Termination Event

Each of the Fund, the Cash Manager and the Account Bank undertakes and agrees to notify the Representative in accordance with Clause 11 promptly upon becoming aware thereof of any event that would or could entitle the Representative to serve a notice of termination pursuant to Clause 7.3.

7.3 Termination by Representative

In addition, prior to the service of a Fund Acceleration Notice on the Fund, the Representative may terminate this Agreement and close the GIC Account held with the Account Bank by serving a notice of termination on the Account Bank (such termination to be effective three Business Days following service of such notice) if any of the events specified in Clause 7.1 (i) to (iii) (inclusive) of this Agreement occurs in relation to the Account Bank. Following the service of a Fund Acceleration Notice on the Fund, the Representative may serve a notice of termination at any time.

7.4 Automatic Termination

This Agreement shall automatically terminate (if not terminated earlier pursuant to this Clause 7) on the date falling 90 days after the termination of the Fund Deed.

7.5 **Termination by Account Bank**

The Account Bank may terminate this Agreement and cease to operate the GIC Account held with it at any time:

- (a) on giving not less than six months' prior written notice thereof ending on any Business Day which does not fall on a Fund Payment Date or less than 10 Business Days before a Fund Payment Date to each of the other parties hereto without assigning any reason therefor; or
- (b) on giving not less than three months' prior written notice thereof ending on any Business Day which does not fall on a Fund Payment Date or less than 10 Business Days before a Fund Payment Date to each of the other parties hereto if the Account Bank shall have demanded payment of its due charges or any interest and the same shall have remained unpaid for a period of one month, provided that if the relevant amounts have been paid on or before the date six weeks after the date of delivery of such notice then the notice shall have no effect,

provided that such termination shall not take effect until a replacement financial institution or institutions being an authorised institution under Act 161/2002 on Financial Undertakings has entered into an agreement in form and substance similar to this Agreement.

In either case the Account Bank shall not be responsible for any costs or expenses occasioned by such termination and cessation. In the event of such termination and cessation the Account Bank shall assist the other parties hereto to effect an orderly transition of the banking arrangements documented hereby.

8. **FURTHER ASSURANCE**

The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or reasonably desirable to give full effect to the arrangements contemplated by this Agreement.

9. **CONFIDENTIALITY**

None of the parties hereto shall during the term of this Agreement or after its termination disclose to any person whatsoever (except as provided herein or in any of the Transaction Documents to which it is a party or with the authority of the other parties hereto or so far as may be necessary for the proper performance of its obligations hereunder or unless required by law or any applicable stock exchange requirement or any governmental or regulatory authority or ordered to do so by a court of competent jurisdiction) any information relating to the business, finances or other matters of a confidential nature of any other party hereto of which it may in the course of its duties hereunder have become possessed and each of the parties hereto shall use all reasonable endeavours to prevent any such disclosure.

10. **COSTS**

The Fund agrees to pay the reasonable costs of the Account Bank in connection with the establishment of the GIC Account held with the Account Bank and the negotiation and execution of any further documents and the taking of any further action to be executed or taken pursuant to Clauses 6, 7 (other than Clauses 7.1(b)(i) to (iii) inclusive, 7.4, 7.5(a)) and 8.

11. **NOTICES**

- 11.1 Any notices to be given pursuant to this Agreement to any of the parties hereto shall be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission and shall be deemed to be given (in the case of facsimile transmission) when despatched, (where delivered by hand) on the day of delivery if delivered before 5.00 p.m. on a Business Day or on the next Business Day if delivered thereafter or on a day which is not a Business Day or (in the case of first class post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of the Fund, to Arion Bank Mortgages Institutional Investor Fund, at Borgartun 19, 105 Reykjavik, Iceland (facsimile number: +(354) 444 7489 and email: info@stefnir.is) for the attention of Stefnir hf. – Arion Bank Mortgages Institutional Investor Fund;
- (b) in the case of the Cash Manager, the GIC Provider, the Seller and the Account Bank, to Arion Bank hf., at Borgartun 19, 105 Reykjavik, Iceland (facsimile number: +(354) 444 6229 and email: mtndesk@arionbanki.is) for the attention of the Funding Department; and
- (c) in the case of the Representative, to Deutsche Trustee Company Limited, at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom (facsimile number: +(44) 20 7547 6149 and email: TSS-GDS.EUR@db.com) for the attention of the Managing Director,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 11.

- 11.2 Notwithstanding Clause 11.1 above and provided that each give their prior consent to such delivery, any party to this Agreement may send notice to or otherwise communicate with any of the other parties to this Agreement by electronic mail. However, the electronic transmission of information cannot be guaranteed to be secure or virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Each of the parties to this Agreement shall be deemed: (i) to have received any electronic mail sent by the any other party to this Agreement pursuant to the terms of this Clause 11.2 subject to the risks (including the security risks of interception, unauthorised access, corruption or viruses) of communications via electronic mail; and (ii) to have performed reasonable virus checks required in connection with the receipt of electronic mail. Each party to this Agreement shall be responsible for protecting its own systems and interests in relation to electronic communications and each party to this Agreement (in each case including their respective directors, partners, employees, agents or servants) shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between such parties and any party's reliance on such information. The exclusion of liability in the previous clause shall not apply to the extent that any liability arises out of acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of their respective directors, partners, employees, agents or servants.

12. INTEREST

- 12.1 Interest shall be paid on the GIC Account in accordance with the terms of the Guaranteed Investment Contract.
- 12.2 Any other accounts opened by the Fund with the Account Bank or any other bank shall be interest bearing accounts.

13. WITHHOLDING

All payments by the Account Bank under this Agreement shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise whatsoever) unless the deduction or withholding is required by law, in which event the Account Bank shall:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required;
- (b) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding;

- (c) furnish to the Fund or the Representative (as the case may be) within the period for payment permitted by the relevant law, either:
 - (i) an official receipt of the relevant taxation authorities involved in respect of all amounts so deducted or withheld; or
 - (ii) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and
- (d) account to the Fund in full by credit to the GIC Account (as the case may be) for an amount equal to the amount of any rebate, repayment or reimbursement of any deduction or withholding which the Account Bank has made pursuant to this Clause 13 and which is subsequently received by the Account Bank.

14. **TAX STATUS**

The Account Bank has the tax status of a company established under Icelandic legislation (ex. Act. 2/1995 on Public Limited Companies and Act. 138/1994 on Private Limited Companies and Act. 161/2002 on Financial Undertakings) in accordance with Act. 90/2003 on Tax on Assets and Revenues.

15. **ENTIRE AGREEMENT**

This Agreement, the schedule hereto, the Cash Management Agreement and the Guaranteed Investment Contract together constitute the entire agreement and understanding between the parties in relation to the subject matter hereof and cancel and replace any other agreement or understanding in relation thereto.

16. **SEVERABILITY**

If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

17. **VARIATION AND WAIVER**

No variation, waiver or novation of this Agreement or any provision(s) of this Agreement shall be effective unless it is in writing and executed by (or by some person duly authorised by) each of the parties hereto. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

18. **ASSIGNMENT**

Subject as provided in or contemplated by Clauses 6.2 and 7.5:

- (a) the Account Bank may not assign or transfer any of their rights or obligations hereunder without the prior written consent of the Fund and the Representative; and
- (b) the Fund may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Account Bank and the Representative.

19. **AMENDMENTS**

Any amendment, modification or variation to this Agreement will be made only with the prior written consent of each party to this Agreement.

20. **COUNTERPARTS**

This Agreement may be signed (manually or by facsimile) and delivered in one or more counterparts, all of which, taken together, shall constitute one and the same document.

21. **GOVERNING LAW**

This Agreement is governed by, and shall be construed in accordance with, the laws of Iceland.

22. **SUBMISSION TO JURISDICTION**

Each of the parties to this Agreement irrevocably agrees that any dispute arising out of this Agreement shall be subject to the exclusive jurisdiction of the District Court of Reykjavik (*Héraðsdómur Reykjavíkur*)

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

SCHEDULE 1

FORM OF MANDATE

BANK MANDATE - GIC ACCOUNT

Resolution of the Board of Directors of Stefñir hf. (the **Company**) acting in its capacity as the management company of Arion Bank Mortgages Institutional Investor Fund (the **Fund**).

At a meeting of the Board of Directors of the Company held at Borgartun 19, 105 Reykjavik, Iceland on [].

IT WAS RESOLVED THAT:

1. The account number [] ledger [] branch number [] in the name of the Fund held with Arion Bank hf. (the **Account Bank**) (the **GIC Account**) will be used as an account for the benefit of the Fund.
2. The mandate given to the Account Bank by virtue of this document (the **Mandate**) is given on the basis that the Account Bank complies with the procedure set out in, and the terms of, this document.
3. Prior to receipt of a notice in writing from the Representative to the contrary, in relation to the GIC Account, the Account Bank is hereby authorised to honour and comply with all cheques, drafts, bills, promissory notes, acceptances, negotiable instruments, directions, orders or instructions, and/or endorsements expressed to be drawn, accepted, made or given and all directions given in writing or by way of electronic impulses in respect of the GIC Account to the extent that compliance with the same should not result in a debit balance; provided that (and subject to paragraph 7) any such cheques, drafts, bills, promissory notes, acceptances, negotiable instruments, directions, orders, instructions and/or endorsements are signed by two people from Schedule 1. The Account Bank is hereby authorised to act on any information given by two directors of the Company regarding any changes to Schedule 1.
4. This Mandate is given on the basis that the Account Bank:
 - (a) prior to receipt of a Fund Acceleration Notice from Deutsche Trustee Company Limited (in its capacity as the **Representative**), agrees to comply with the directions of the Fund (or, pursuant to paragraph 8, of Arion Bank hf. (the **Cash Manager**) as its agent) in respect of the operation of the GIC Account and the Account Bank shall be entitled to rely on any such written direction reasonably purporting to have been given by or on behalf of Fund or the Cash Manager without enquiry; and
 - (b) upon receipt of an Fund Acceleration Notice from the Representative:
 - (i) agrees to comply with the directions of the Representative expressed to be given by the Representative pursuant to the Representative and Agency Agreement in respect of the operation of the GIC Account and the Account Bank shall be entitled to rely on any such written direction reasonably purporting to have been given on behalf of the Representative without enquiry; and
 - (ii) agrees that all right, authority and power of the Fund in respect of the operation of the GIC Account shall be deemed terminated and of no further effect and the Account Bank agrees that it shall, upon receipt of the Fund Acceleration Notice from the Representative, comply with the directions of the Representative in relation to the operation of the GIC Account unless otherwise required by operation of law or by the order or direction of a competent court or tribunal.
5. Unless and until the Account Bank receives notice in writing from or purporting to be from the Representative to the contrary, the Account Bank is authorised to continue to operate the GIC Account in accordance with the instructions of the Fund.

6. At any time prior to notification by the Representative to the contrary, the mandate given to the Account Bank by virtue of these resolutions shall remain in force, unless and until the Account Bank has received a notice of amendment hereto from the Fund.
7. These resolutions shall be communicated to the Account Bank and remain in force until an amendment resolution shall be passed by the board of directors of the Company and a copy thereof, certified by two of the directors of the Company, shall be received by the Account Bank.
8. The Company as the management company of the Fund authorises the Cash Manager to instruct the Account Bank in relation to the GIC Account and authorises the Account Bank to act on those instructions in the manner set forth in the bank account agreement entered into on the Programme Date between the Fund, the Account Bank, the GIC Provider, the Cash Manager and the Representative (the **Bank Account Agreement**).
9. Terms used but not defined in this Mandate shall bear the meanings given to such terms in the Bank Account Agreement.

Schedule 1

To the Bank Mandate - GIC Account

The following sets out the signatories for the GIC Account, in accordance with Paragraph 3 of the Bank Mandate - GIC Account.

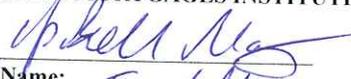
Arion Bank hf. personnel authorised to sign any cheques, drafts bills, promissory notes, acceptances, negotiable instruments, directions, orders or instructions, and/or endorsements in respect of accounts in the name of Arion Bank Mortgages Institutional Investor Fund held at Arion Bank hf. are set out below:

Name	Title	Specimen Signature
-------------	--------------	---------------------------

SIGNATORIES

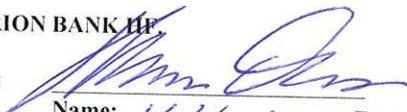
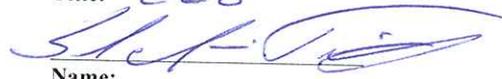
The Fund

ARION BANK MORTGAGES INSTITUTIONAL INVESTOR FUND

By: 
Name: Fund Manager
Title: Florin Handerson
Name: _____
Title: _____

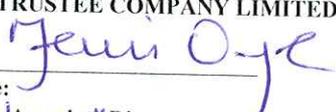
The Cash Manager, the GIC Provider and the Account Bank

ARION BANK HF

By: 
Name: H H OSNAFFSON
Title: CCO

Name: _____
Title: _____

The Representative

DEUTSCHE TRUSTEE COMPANY LIMITED

By: 
Name: _____
Title: Associate Director
Name: _____
Title: Associate Director

[SIGNATURE PAGE TO THE BANK ACCOUNT AGREEMENT]

SIGNATORIES

The Fund

ARION BANK MORTGAGES INSTITUTIONAL INVESTOR FUND

By: _____
Name:
Title:

Name:
Title:

The Cash Manager, the GIC Provider and the Account Bank

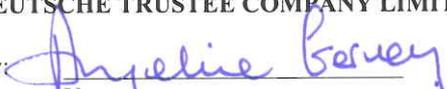
ARION BANK HF.

By: _____
Name:
Title:

Name:
Title:

The Representative

DEUTSCHE TRUSTEE COMPANY LIMITED

By: 
Name:
Title: Associate Director


Name: S. FERGUSON
Title: Associate Director