



HM TREASURY

1 Horse Guards Road
London
SW1A 2HQ

www.hm-treasury.gov.uk

To: (i) The Depositors' and Investors' Guarantee Fund of Iceland (the "**Guarantee Fund**")
(ii) Iceland ("**Iceland**")
From: The Commissioners of Her Majesty's Treasury ("**HMT**")
Date: 19 October 2009

Dear Madam/Sir,

**Loan Agreement dated 5 June 2009
Acceptance and Amendment Agreement dated 19 October 2009
each between the Guarantee Fund, Iceland and HMT**

- 1 Reference is made to:
- (a) the Loan Agreement dated 5 June 2009 referred to above (the "**Original Loan Agreement**"); and
 - (b) the Acceptance and Amendment Agreement dated 19 October 2009 referred to and providing for certain amendments to the Original Loan Agreement (the Original Loan Agreement as so amended, the "**Amended Loan Agreement**").

Terms defined in the Amended Loan Agreement have the same meaning in this letter. Unless a contrary indication appears, references in this letter to paragraphs and subparagraphs are to paragraphs and subparagraphs of the Amended Loan Agreement.

- 2 The purpose of this letter is to confirm the agreement reached between the Parties and set out in paragraphs 3 to 6 below.
- 3 The Parties designate this letter as a Finance Document.
- 4 The Parties agree that this letter will come into force immediately following the coming into force of the Amended Loan Agreement.
- 5 With reference to the definition of "Icelandic GDP Equivalent" in subparagraph 4.3a.1 of paragraph 4.3a (*Cap on principal payments by reference to cumulative GDP growth*), the Parties agree that, if any of Iceland and the

United Kingdom changes its lawful currency into another currency, then, following such change:

- (a) if as a result both Iceland and the United Kingdom have the same lawful currency, any Icelandic GDP Equivalent shall be equal to the amount of the relevant Icelandic GDP; and
 - (b) otherwise, any Icelandic GDP Equivalent shall be the amount of the relevant Icelandic GDP expressed in the lawful currency of Iceland converted into the lawful currency of the United Kingdom in the manner set out in the definition of "Icelandic GDP Equivalent" but using rates of exchange derived from a source reasonably agreed between Iceland and HMT.
- 6 The Parties agree that paragraphs 1.2 (*Third-party benefits*), 13 (*Entire Agreement; Changes*), 14 (*Notices*), 15 (*Miscellaneous*), 17 (*Governing law and jurisdiction*) and 18 (*Waiver of Sovereign Immunity*) apply to this letter as if set out in it and for this purpose all references in those paragraphs to "this Agreement" will be deemed to refer to this letter.
- 7 Please sign and return this letter in evidence of your agreement to this letter.

Yours sincerely,

The Commissioners of Her Majesty's Treasury

Gary Roberts

Signed for agreement on 19 October 2009

The Depositors' and Investors' Guarantee Fund of Iceland
(*Tryggingarsjóður Innstæðueigenda og Fjárfesta*)

Áslaug Árnadóttir

Iceland

Guðmundur Árnason