

To: (i) The Depositors' and Investors' Guarantee Fund of Iceland (the
"Guarantee Fund")
(ii) Iceland ("Iceland")

From: The State of the Netherlands ("The Netherlands")

Date: 19 October 2009

Dear Madam/Sir,

**Loan Agreement dated 5 June 2009
between the Guarantee Fund, Iceland and The Netherlands**

- 1 We refer to the Loan Agreement, which is to be amended pursuant to an Acceptance and Amendment Agreement between the Parties dated on or around the date of this letter. Terms defined in the Loan Agreement shall bear the same respective meanings when used in this letter.
- 2 This letter is intended to confirm the intention of several provisions of the Loan Agreement.
- 3 Paragraph 4.1. We confirm that monies paid by the Guarantee Fund to The Netherlands and the HMT Commissioners pursuant to paragraph 4.1.1 are to be applied in repayment of principal outstanding under the Loan Agreement and the UK Loan Agreement (subject to any rounding) even though paragraph 4.1.1 does not explicitly state this. We also confirm that payments under paragraph 4.1.1 are subject to the provisions of subparagraph 3.1.2(b).
- 4 Paragraph 4.1.1. The words "or otherwise in respect of the insolvency of Landsbanki" are intended to be broad in their scope so as to catch any receipts by the Guarantee Fund which derive from the insolvency of Landsbanki. This is justified given that the Guarantee Fund has no claim in the winding up other than claims which derive from the rights assigned to it by DNB and the Financial Services Compensation Scheme Limited. An example of recoveries which would be included are recoveries in respect of interest accrued on claims assigned, which interest was never a claim of a depositor.
- 5 Paragraphs 4.3.1, 4.3.2. We confirm that notices of an intention to voluntarily prepay may be given, and voluntary prepayments may be made, by Iceland on behalf of the Guarantee Fund.
- 6 Paragraph 6.3. The words "and retained by" are intended as a reference to the non-applicability of paragraph 6.4.
- 7 Paragraph 7.2. We confirm that there is no intention that this paragraph should be triggered solely as a result of changes in foreign exchange rates as between euro and sterling such that a payment in a currency other than euro made after

the date of the Loan Agreement, which would not on the date of the Loan Agreement have triggered the paragraph, triggers it when made.

- 8 Enforceability. We understand based upon a draft which has been made available to us that the legal opinion to be provided by LEX pursuant to the Loan Agreement will indicate that there are certain restrictions as to the enforceability of the obligations of the Guarantee Fund under the Loan Agreement. We confirm that there is no intention that as a result of these restrictions the obligations of the Guarantee Fund should be deemed to be unenforceable for the purposes of the Loan Agreement.
- 9 Confidentiality. We confirm you may disclose (i) the Acceptance and Amendment Agreement, (ii) the letter agreement dated 19 October 2009 between the Parties relating to changes in currency, and (iii) this letter, by publishing them on <http://www.island.is>.

Yours sincerely,

The State of the Netherlands

The Minister of Finance

on his behalf

Name: Johan Barnard