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FINAL DRAFT 8 DECEMBER 2010

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REIMBURSEMENT AND INDEMNITY AGREEMENT

dated [*], 2010

among

The Depositors' and Investors' Guarantee Fund of Iceland

and

Iceland

and

The State of The Netherlands

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This **REIMBURSEMENT AND INDEMNITY AGREEMENT**, dated (**), 2010 (this "Agreement"), among **THE DEPOSITORS' AND INVESTORS' GUARANTEE FUND OF ICELAND** (*Tryggingarsjóður Innstæðueigenda og Fjárfesta*), a private foundation incorporated under the laws of Iceland (the "Guarantee Fund"), **ICELAND** ("Iceland") and **THE STATE OF THE NETHERLANDS** ("The Netherlands" and, together with the Guarantee Fund and Iceland collectively, the "Parties").

RECITALS

WHEREAS, the Parties have entered into the Loan Agreement and the Acceptance and Amendment Agreement, which together set out the arrangements initially foreseen by the Parties in relation to the matters described in these Recitals. The Parties now wish to enter into this Agreement to settle those matters, and also to terminate the Loan Agreement and the Acceptance and Amendment Agreement, but conditional upon this Agreement coming into effect.

WHEREAS, the claims of Landsbanki Amsterdam Depositors against Landsbanki are guaranteed by the Guarantee Fund according and subject to Act No. 98/1999 which implements Directive 94/19/EC up to EUR 20,887 per Landsbanki Amsterdam Depositor.

WHEREAS, DNB has paid compensation to Landsbanki Amsterdam Depositors in respect of their claims against Landsbanki and the Guarantee Fund under Act No. 98/1999 in return for an assignment by such Landsbanki Amsterdam Depositors of such claims to DNB. DNB has accepted the majority of the applications for compensation and has completed making such compensation payments on 2 June 2009. DNB has refused the applications of a minority of Landsbanki Amsterdam Depositors for payment of compensation. Certain of these Landsbanki Amsterdam Depositors have opposed such refusal by DNB. DNB's refusal is subject to judicial review and it is uncertain on the date of this Agreement to what extent DNB may be ordered by a court to pay compensation in respect of these claims.

WHEREAS, The Netherlands has prefinanced the payment of compensation by DNB in respect of the claims of Landsbanki Amsterdam Depositors against Landsbanki and the Guarantee Fund under Act No. 98/1999 and related costs. The Parties have agreed that the Guarantee Fund shall reimburse The Netherlands for its prefinancing in accordance with the terms of this Agreement. In addition, in this Agreement, the Parties determine the amount for which the Guarantee Fund shall reimburse The Netherlands.

WHEREAS, the Parties confirm that this Agreement has been negotiated in accordance with the "Agreed Guidelines" of 14 November 2008 as agreed between Iceland and the member states of the European Union.

ARTICLE I DEFINITIONS

Section 1.1 *Certain Defined Terms*. (a) As used herein, the terms defined in Schedule J shall have the meaning set out in that Schedule.

(b) For the purpose of the definitions of "Interest Proceeds", if any part of the Guarantee Fund Estate Proceeds shall be denominated in a currency other than euro and shall not

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have been converted by the Guarantee Fund pursuant to paragraph (a) of Section 3.7, such amount shall be converted into euro at such rate as may be reasonably selected by The Netherlands.

Section 1.2 Other Interpretative Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement, and any subsection, Section, Article and Schedule references are to this Agreement unless otherwise specified.

(c) The term "documents" includes any and all documents, instruments, written agreements, certificates, indentures, notices and other writings, however evidenced (including electronically).

(d) The term "including" is not limiting and (except to the extent specifically provided otherwise) shall mean "including without limitation."

(e) Unless otherwise specified, in the computation of periods of time from a specified date to a later specified date, the word "from" shall mean "from and including," the words "to" and "until" each shall mean "to but excluding," and the word "through" shall mean "to and including."

(f) The terms "may" and "might" and similar terms used with respect to the taking of an action by any Person shall reflect that such action is optional and not required to be taken by such Person.

(g) The term "continuation" of a Mandatory Prepayment Event shall reflect that such Mandatory Prepayment Event has occurred and has not been remedied and not been waived in accordance with Section 9.5.

(h) Unless otherwise expressly provided herein: (i) references to agreements (including this Agreement) and other documents shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent that such amendments and other modifications are not prohibited by any Relevant Document, and (ii) references to any Applicable Law are to be construed as including all statutory and regulatory provisions or rules consolidating, amending, replacing, supplementing, interpreting or implementing such Applicable Law.

**ARTICLE II
REIMBURSEMENT, ETC.**

Section 2.1 Undertaking to reimburse. In consideration of (a) the execution by DNB of the DNB Assignment Agreement, (b) the payment of compensation by DNB to Landsbanki Amsterdam Depositors in respect of their claims against Landsbanki and the Guarantee Fund under Act No. 98/1999 as referred to in the Revitals, and (c) the prefinancing by The Netherlands of the payment of such compensation by DNB, the Guarantee Fund undertakes to reimburse The

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Netherlands for that prefinancing and to therefore pay to The Netherlands the Reimbursement Amount in accordance with the terms of this Agreement.

Section 2.2 Reimbursement Amount. The Parties agree, for all purposes under this Agreement and the other Relevant Documents, that the Reimbursement Amount as at the date of this Agreement shall be an amount of EUR 1,322,242,850 (one billion three hundred twenty two million two hundred forty two thousand eight hundred and fifty euro) and that the Reimbursement Amount may reduce from time to time in accordance with the terms of this Agreement.

**ARTICLE III
PAYMENTS OF REIMBURSEMENT, COMPENSATION AND PAY-OUT
COSTS**

Section 3.1 Payment of the Reimbursement. (a) This Section 3.1 shall apply from the Second Phase Start Date and onwards.

(b) Subject to paragraph (d) below, the Guarantee Fund agrees to pay to The Netherlands the Second Phase Reimbursement Amount in consecutive Quarterly Installments, payable on each Reimbursement Payment Date.

(c) The number of and amount of Quarterly Installments shall be calculated as follows:

(i) if, as at the day immediately preceding the Second Phase Start Date, the aggregate of the ISK Equivalent of the Second Phase Reimbursement Amount and the ISK Equivalent of the UK Second Phase Reimbursement Amount is equal to or less than ISK 45,000,000,000, (A) the number of Quarterly Installments shall be four, and (B) the amount of each Quarterly Installment shall be the Second Phase Reimbursement Amount divided by four;

(ii) if, as at the day immediately preceding the Second Phase Start Date, the aggregate of the ISK Equivalent of the Second Phase Reimbursement Amount and the ISK Equivalent of the UK Second Phase Reimbursement Amount is more than ISK 45,000,000,000, (A) the number of Quarterly Installments shall be the lesser of (1) four plus an additional four for each ISK 10,000,000,000 (or portion thereof) by which that aggregate exceeds ISK 45,000,000,000, and (11) 118, and (B) the amount of each Quarterly Installment shall be the Second Phase Reimbursement Amount divided by the number of Quarterly Installments so determined;

(d) (i) notwithstanding paragraphs (b) and (c) above and subject to paragraph (iii) below, if on any Reimbursement Payment Date the aggregate of (A) the ISK Equivalents on that Reimbursement Payment Date of the Quarterly Installment payable on that Reimbursement Payment Date and the amount of compensation payable on that Reimbursement Payment Date pursuant to paragraph (a) of Section 3.2, and (B) the ISK Equivalents of the UK Quarterly Installment payable on or about that Reimbursement Payment Date and the amount of compensation payable on or about that Reimbursement

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Payment Date pursuant to paragraph (a) of Section 4.2 of the UK Disbursement, Reimbursement and Indemnity Agreement, exceeds 1.25 per cent. of Relevant Icelandic Total Government Revenue in relation to that Reimbursement Payment Date, then (X) such aggregate shall be reduced by the minimum amount necessary to ensure that such aggregate no longer exceeds 1.25 per cent. of Relevant Icelandic Total Government Revenue in relation to that Reimbursement Payment Date, (Y) the amount of such reduction (expressed in Krónur) shall be attributed to The Netherlands and the HMT Commissioners in accordance with their respective *Pro Rata* Entitlements, and (Z) the amount of the Quarterly Installment referred to in item (A) above (and, if the *Pro Rata* Entitlement of The Netherlands exceeds the amount of such Quarterly Installment, the amount of compensation referred to in that item) will be reduced by the *Pro Rata* Entitlement of The Netherlands of such reduction (converted into euro at the rate used to calculate the ISK Equivalents referred to above).

(ii) Any amount by which a Quarterly Installment or any amount of compensation is reduced pursuant to paragraph (i) above will remain payable and will be added to the Quarterly Installment due on the next Reimbursement Payment Date (but that Quarterly Installment, thus increased, will be subject to the application of paragraph (i) above and accordingly will (subject always to paragraph (iii) below) only be payable if and to the extent payable pursuant to paragraph (i) above). Any amount by which an amount of compensation is reduced pursuant to paragraph (i) above will be deemed part of the Reimbursement Amount from the Reimbursement Payment Date on which, absent paragraph (i) above, that amount would have been payable in accordance with paragraphs (b) and (c) above, and compensation will accrue on it accordingly.

(iii) Paragraphs (i) and (ii) above shall not apply in relation to the Reimbursement Payment Date on which the last Quarterly Installment is due to be paid (as determined in accordance with paragraph (c) above) and the Quarterly Installment due on that Reimbursement Payment Date, any compensation due to be paid on that Reimbursement Payment Date and any amount payable on that Reimbursement Payment Date pursuant to paragraph (ii) above shall be payable on that Reimbursement Payment Date in full.

Section 3.2 Compensation. (a) The Guarantee Fund shall pay to The Netherlands compensation in respect of the Reimbursement Amount, (i) for the period from October 1, 2009 to the Second Phase Start Date, at the First Phase Rate, and (ii) for the period from the Second Phase Start Date onwards, at the Second Phase CIRR. Any such compensation shall continue to accrue, to the fullest extent permitted by Applicable Law, after as well as before any bankruptcy, insolvency, reorganization, liquidation, judicial or out-of-court reorganization proceedings, dissolution, arrangement or winding up or composition or readjustment of debts of the Guarantee Fund. For the avoidance of doubt, no compensation is payable in respect of any period prior to October 1, 2009.

(b) Notwithstanding the foregoing, the Guarantee Fund shall pay to The Netherlands compensation on any Defaulted Amount at the Arrears Rate. Any such compensation shall be compounded on each Payment Date with the amount in respect of which it has accrued.

(c) Accrued compensation on the Reimbursement Amount or any other amount shall be payable (i) in the case of compensation accrued to the first Payment Date (compounded with the amount in respect of which it has accrued on each date which would have been a Payment Date if the first Payment Date had been January 1, 2010 rather than January 1, 2011), on the first Payment Date, (ii) on each subsequent Payment Date, and (ii) in the case of any prepayment of any part of the Reimbursement Amount (whether voluntary or mandatory), on the date such part of the Reimbursement Amount is so prepaid (but such compensation shall be payable only to the extent accrued to the date of prepayment on the part of the Reimbursement Amount so prepaid), provided that compensation payable at the Arrears Rate on Defaulted Amounts shall also be payable from time to time on request by The Netherlands.

(d) Compensation accruing on the Reimbursement Amount or any other amount shall be computed on the basis of a year of three hundred and sixty five (365) days and actual days elapsed occurring in the period for which payable.

Section 3.3 Optional Prepayments. (a) The Guarantee Fund may prepay the Reimbursement Amount in whole or in part, provided that the Guarantee Fund (or Iceland on its behalf) shall give The Netherlands notice of such prepayment as provided in Section 3.4 and, upon the date specified in such notice, the amount to be prepaid and any compensation payable thereon in accordance with Section 3.2 shall become due and payable under this Agreement. Amounts prepaid under this Agreement may not be re-claimed.

(b) At the same time as making any optional prepayment in accordance with paragraph (a) above, the Guarantee Fund shall make a *pro rata* optional prepayment of the UK Reimbursement Amount then outstanding under the UK Disbursement, Reimbursement and Indemnity Agreement, such that the same proportion of the Reimbursement Amount and the UK Reimbursement Amount then outstanding is prepaid under this Agreement and under the UK Disbursement, Reimbursement and Indemnity Agreement respectively (subject to any rounding).

(c) Any prepayment of any amount of the Reimbursement Amount pursuant to paragraph (a) above shall, subject to paragraph (b) of Section 3.7, reduce the Reimbursement Amount by the amount of the prepayment and shall, if made on or after the Second Phase Start Date, be applied *pro rata* towards each of the remaining Quarterly Installments.

Section 3.4 Certain Notices. A notice of prepayment pursuant to paragraph (a) of Section 3.3 above shall be effective only if received by The Netherlands before close of business (Amsterdam time) on the date which is three (3) Business Days before the date of such prepayment. Each notice of prepayment shall specify the amount to be prepaid and the requested prepayment date (which shall be a Business Day).

Section 3.5 Mandatory Prepayments and other payments out of Guarantee Fund Estate Proceeds. (a)

(i) If the Guarantee Fund receives any Guarantee Fund Estate Proceeds, it shall within five (5) Business Days pay to each of The Netherlands and the HMT Commissioners its *Pro Rata* Entitlement to that amount (such payment, to the extent to

be made to The Netherlands, to be made in the currency required under Section 3.7 and, to the extent to be made to the HMT Commissioners, to be made in the currency required under the UK Disbursement, Reimbursement and Indemnity Agreement), *provided* that the Guarantee Fund shall not be obliged to make such payment (i) if, to the extent and for as long as the terms under which the payment made to the Guarantee Fund and resulting in receipt by the Guarantee Fund of the relevant amount prohibits the Guarantee Fund from applying that amount towards any payment to any other Person, or (ii) if and to the extent that the Guarantee Fund is required to pay the relevant amount to DNB under the DNB Assignment Agreement, or to the FSCS under the FSCS Deed of Assignment or the UK Settlement Agreement.

(ii) Any amount received by The Netherlands out of Guarantee Fund Estate Proceeds (whether pursuant to (x) paragraph (i) above, (y) paragraph 2.4 of the DNB Assignment Agreement, or (z) paragraph (a)(i)(A) of Section 4.7 of the UK Disbursement, Reimbursement and Indemnity Agreement) shall be applied:

(A) at any time before the Recovery Percentage is less than 86, in prepayment of the Reimbursement Amount; or

(B) at any time after the Recovery Percentage is less than 86:

(1) first, in payment to The Netherlands of such amount as is necessary to ensure that, after such application, the NI Interest Share Receipts equal the NI Interest Share at that time; and

(2) second, in prepayment of the Reimbursement Amount.

(iii) Any prepayment of any amount of the Reimbursement Amount pursuant to this paragraph shall, subject to paragraph (b) of Section 3.7, reduce the Reimbursement Amount by the amount of the prepayment and shall, if made on or after the Second Phase Start Date, be applied *pro rata* towards each of the remaining Quarterly Installments.

(b) If any of the following events (each such event a "Mandatory Prepayment Event") occurs, then on and at any time during the continuation of that Mandatory Prepayment Event The Netherlands may by notice to the Guarantee Fund, with a copy to Iceland, declare the Reimbursement Amount, any compensation accrued thereon and all other amounts payable by any Reimbursement Party under this Agreement or any other Relevant Document to be immediately due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Reimbursement Parties:

(i) (A) any part of the Reimbursement Amount or compensation or any other amount to be paid by any Reimbursement Party to The Netherlands under this Agreement or any other Relevant Document shall not be paid in full when due, at the place and in the currency in which it is expressed to be payable, unless (1) in the case of a failure to so pay any part of the Reimbursement Amount or any compensation payable on a Payment Date pursuant to Section 3.1 (in the case of any part of the Reimbursement Amount) or




paragraph (c)(i) of Section 3.2 (in the case of any compensation), such failure is due solely to administrative or technical error and such amount is paid within five (5) Business Days of the due date for payment, or (2) in any other case, such amount is paid within twenty (20) Business Days of the due date for payment, (B) any payment of Reimbursement Amount or compensation or of any other amount under this Agreement or any other Relevant Document previously made by any Reimbursement Party is avoided, set aside, invalidated or reduced;

(ii) any Reimbursement Party shall default or, in the case of a default which is capable of remedy, shall default for not less than a period ending twenty (20) Business Days after the earlier of (A) the day on which The Netherlands gives the relevant Reimbursement Party notice of the default, or (B) the day on which any senior officer of any Reimbursement Party becomes aware or should reasonably have become aware of the default, in the observance or performance of any of its obligations under this Agreement or any other Relevant Document (other than as provided in paragraph (i) above) (and for this purpose a "senior officer" shall be, in the case of the Guarantee Fund, a director of the Guarantee Fund and, in the case of Iceland, a Minister or Permanent Secretary in the Ministry of Finance or the Ministry of Foreign Affairs of Iceland, and the heads or deputy heads of the department or departments within the government of Iceland in charge of administering Iceland's Sovereign Debt (including its debt under this Agreement);

(iii) any representation made or deemed made by any Reimbursement Party in this Agreement or any other Relevant Document or any document delivered by any Reimbursement Party in connection with any Relevant Document has been or shall prove to have been false or misleading in any material respect as of the time made or deemed made;

(iv) the payment obligations of the Guarantee Fund under this Agreement and the other Relevant Documents shall cease to rank at least *pari passu* with the present and future claims of all of its other creditors or the payment obligations of Iceland under this Agreement or the other Relevant Documents shall cease to rank at least *pari passu* with the present and future Sovereign Debt of Iceland, in each case other than claims which are mandatorily preferred by Applicable Law in force on the date of this Agreement;

(v) (A) this Agreement or any other Relevant Document shall at any time be suspended, revoked or terminated or for any reason cease to be valid and binding or in full force and effect (other than upon expiration in accordance with the terms thereof or as a result of any act or omission of The Netherlands or DNB), (B) performance by the relevant Reimbursement Party of any obligation thereunder shall become unlawful, (C) any Reimbursement Party shall so assert in writing, or (D) the validity or enforceability thereof shall be contested by any Reimbursement Party;

(vi) the Guarantee Fund (A) shall be dissolved or liquidated, (B) shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due, taking into account any support available to it, or (C) suspends (whether voluntarily or involuntarily) making payments on any of its debts, in each case except if prior to the

occurrence of such event (1) its obligations under this Agreement and the other Relevant Documents have been assumed by a successor entity on terms approved by The Netherlands (such approval not to be unreasonably withheld or delayed), and (2) Iceland has provided such confirmations and entered into such documents as The Netherlands may reasonably require to ensure that Iceland's obligations under this Agreement and the other Relevant Documents continue in full force and effect as if such successor had been a party to this Agreement and the other Relevant Documents from their inception;

(vii) Iceland (or any governmental or ministerial authority thereof) fails to make any payment in respect of any of its Sovereign Debt on its due date (or within any originally applicable grace period set out in the agreement constituting such Sovereign Debt) or any such Sovereign Debt becomes due earlier than its stated date of payment by reason of an event of default (however described), provided that no Mandatory Prepayment Event will occur under this paragraph (vii) unless the aggregate amount of Sovereign Debt in respect of which any amount has not been paid when due or which has become due early exceeds GBP 50,000,000 or its equivalent in other currencies;

(viii) (A) any Reimbursement Party shall fail to comply with any Applicable Law to which it is subject, in circumstances where such failure might have a Mandatory Prepayment-Related Material Adverse Effect, or (B) any Applicable Law at any time necessary to enable the Guarantee Fund or Iceland to comply with any of its obligations under any of the Relevant Documents shall be revoked, withdrawn, withheld or otherwise not in full force and effect or shall be modified or amended in a manner that (in the aggregate) has had or would have a Mandatory Prepayment-Related Material Adverse Effect.

(c) Notification of Mandatory Prepayment Event. If any Reimbursement Party becomes aware that a Mandatory Prepayment Event has occurred, it shall notify The Netherlands of such occurrence as soon as possible, together with details of the events or circumstances comprising such Mandatory Prepayment Event and of the steps being taken to remedy the same.

Section 3.6 Pay-out Costs. (a) The Guarantee Fund agrees to pay to The Netherlands the amount of its Pay-out Costs, which the Parties agree, for all purposes under this Agreement and the other Relevant Documents, to be an amount of EUR 7,000,000 (seven million euro).

(b) The Guarantee Fund agrees to pay to The Netherlands on each Payment Date falling in 2011 an amount equal to the aggregate of (i) one quarter of the Pay-out Costs, and (ii) compensation on the amount so paid, accrued at the First Phase Rate from October 1, 2009 until the relevant Payment Date.

Section 3.7 Payments. (a) All payments of any part of the Reimbursement Amount, any compensation and all other amounts to be made by the Guarantee Fund to The Netherlands under this Agreement and the other Relevant Documents shall be received in euro, in immediately available funds, without deduction, set-off or counterclaim, in the NL Settlement Account not later than 5:00 p.m. (Amsterdam time) on the date on which such payment is due (and each such payment received after such time on such due date to be deemed to have been received on the next Business Day), provided that:

(i) if The Netherlands receives an amount from DNB pursuant to paragraph 2.4 of the DNB Assignment Agreement, The Netherlands shall, as soon as reasonably possible:

(A) pay to the HMT Commissioners their *Pro Rata* Entitlement to that amount to be applied in accordance with paragraph (a)(ii) of Section 4.5 of the UK Disbursement, Reimbursement and Indemnity Agreement, such payment to be made in the currency received and without making any conversion, with any conversion into Sterling to be made by the HMT Commissioners pursuant to the UK Disbursement, Reimbursement and Indemnity Agreement; and

(B) if any such payment from DNB is received in a currency other than euro, convert the remaining amount of such payment into euro at such rate as The Netherlands may reasonably select and such payment shall from the time of such conversion be applied in accordance with paragraph (a)(ii) of Section 3.5 and to the extent that it is so applied in accordance with paragraph (a)(ii)(A) or paragraph (a)(ii)(B)(2) of Section 3.5 shall satisfy the obligation to repay the Reimbursement Amount up to the euro amount obtained by The Netherlands as a result of such conversion; and

(ii) if The Netherlands receives an amount from the HMT Commissioners pursuant to paragraph (a)(i)(A) of Section 4.7 of the UK Disbursement, Reimbursement and Indemnity Agreement, paragraph (i)(B) above shall apply *mutatis mutandis*.

(b) If the Guarantee Fund makes a payment to The Netherlands that is insufficient to discharge all matured payments then due under this Agreement and the other Relevant Documents from the Guarantee Fund to The Netherlands, that payment shall be applied (i) first, towards discharging any costs and expenses of The Netherlands which the Guarantee Fund is required to reimburse pursuant to this Agreement or any other Relevant Document, (ii) second, towards payment of any accrued compensation which is due but unpaid under this Agreement or any other Relevant Document, and (iii) third, towards payment of such part of the Reimbursement Amount as is then due.

(c) If any payment under this Agreement is stated to be due on a day that is not a Business Day, or if any period by reference to which any such sum is calculated under this Agreement or any other Relevant Document would end on a day which is not a Business Day, then such date or period shall be extended to the next Business Day and such extension of time shall in such case be included in the computation of payment of compensation (if applicable), provided that, if such extension would cause such payment to be made, or such period to end, in the next following calendar month, such date shall be brought forward to, or such period shall end, on the next preceding Business Day.

ARTICLE IV LOSSES, ETC.

Section 4.1 *Losses*. The Guarantee Fund shall pay to The Netherlands, upon the request of The Netherlands, such amount as shall be sufficient to compensate it for any loss, cost

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or liability that is attributable to (a) the conversion of one currency into another currency pursuant to this Agreement or any other Relevant Document, (b) the occurrence of any Mandatory Prepayment Event or any breach by any Reimbursement Party of any of its obligations under this Agreement or any other Relevant Document, or (c) the preservation, perfection or enforcement of any right, power or privilege of The Netherlands under this Agreement or any other Relevant Document, other than, in each case, any "costs of arbitration" within the meaning of the PCA Rules which an arbitral tribunal in arbitration proceedings as referred to in Section 9.10 has determined are to be borne by The Netherlands.

Section 4.2 Taxes. All payments of any part of the Reimbursement Amount or compensation and all other amounts payable under this Agreement or any other Relevant Document by any Reimbursement Party to The Netherlands shall be made free and clear of and without reduction or liability for or on account of any Taxes, *provided* that if any Reimbursement Party shall be required by Applicable Law to deduct any Taxes from such payments, then the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.2) The Netherlands receives an amount equal to the sum it would have received had no such deductions been made.

Section 4.3 Full and final settlement (a) The Netherlands shall not have (and to the extent that absent this Section 4.3 it would have, it irrevocably renounces) any claim against any Reimbursement Party in relation to the payment of compensation by DNB in respect of the claims of Landsbanki Amsterdam Depositors as referred to in the Recitals, other than the claims of The Netherlands under this Agreement and the other Relevant Documents.

(b) No Reimbursement Party shall make (and to the extent that absent this paragraph (b) it would have, it irrevocably renounces) any claim, or initiate any proceedings, including indemnification proceedings against The Netherlands or DNB in relation to (i) the payment of compensation by DNB in respect of claims of Landsbanki Amsterdam Depositors as referred to in the Recitals (including any rejections of such claims), or (ii) any claim of a Landsbanki Amsterdam Depositor in respect of which compensation was not paid by DNB (for whatever reason). DNB has the benefit of and may enforce the provisions of the preceding sentence.

**ARTICLE V
INDEMNITY**

Section 5.1 Representation, warranty and indemnity. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Iceland hereby:

(a) irrevocably and unconditionally represents, warrants and undertakes to The Netherlands that the Guarantee Fund will ensure the full and punctual payment and performance (whether at stated maturity, upon acceleration or otherwise) of all its obligations under this Agreement and the other Relevant Documents and thus ensure that there will at no time be any Shortfall Amount;

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(b) undertakes to The Netherlands that, whenever there is any Shortfall Amount, it will, on demand, pay that Shortfall Amount to The Netherlands as if it were the principal obligor; and

(c) undertakes to indemnify The Netherlands, on demand, against any cost, loss or liability suffered by The Netherlands if (a) any Shortfall Amount arises, or (b) any obligation of the Guarantee Fund under this Agreement or any other Relevant Document is or becomes illegal, not binding, invalid or unenforceable. The amount of the cost, loss or liability will be equal to the amount which The Netherlands would otherwise have been entitled to recover.

Section 5.2 Obligations Unconditional. The obligations of Iceland under this Article V shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation(s) of any Reimbursement Party under this Agreement or the other Relevant Documents, by operation of law or otherwise (other than with respect to any such extension, renewal, settlement, compromise, waiver or release agreed in accordance with the terms hereunder as expressly applying to the obligations of Iceland hereunder);

(b) any modification, novation, extension, restatement of or supplement to this Agreement or any other Relevant Document (other than with respect to any modification, novation, extension, restatement, amendment of or supplement agreed in accordance with the terms hereof as expressly applying to the obligations of Iceland under this Article V);

(c) any release, impairment, non-perfection or invalidity of any Lien securing any Shortfall;

(d) any change in the corporate existence, structure or ownership of the Guarantee Fund or any other Person, or any insolvency, reorganisation or similar proceedings in respect of Landsbanki, the Guarantee Fund or any other Person;

(e) the existence of any claim, set-off or other rights that The Netherlands may have at any time against the Guarantee Fund or any other Person, whether in connection herewith or with any unrelated transactions;

(f) any invalidity or unenforceability relating to or against any Reimbursement Party for any reason of this Agreement or any other Relevant Document, or any provision of Applicable Law purporting to prohibit the performance by any Reimbursement Party of any of its obligations under this Agreement or any other Relevant Document (other than any such invalidity or unenforceability with respect solely to the obligations of Iceland under this Article V);

(g) any other act or omission to act or delay of any kind by any Reimbursement Party or any other Person or any other circumstance whatsoever that might, but for the provisions of this Section 5.2, constitute a legal or equitable discharge of the obligations of any Reimbursement Party under this Agreement or any other Relevant Document.

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Section 5.3 Discharge Only upon Payment in Full: Reinstatement In Certain Circumstances. The obligations of Iceland under this Article V constitute continuing obligations which will extend to the ultimate balance of any Shortfall Amount, regardless of any intermediate payment or discharge, whether in whole or in part, and shall remain in full force and effect until all Shortfall Amounts shall have been paid or otherwise performed in full and no other Shortfall Amount can arise. If at any time any payment made under this Agreement or any other Relevant Document is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, reorganization or similar event of the Guarantee Fund or any other Person or otherwise, then the obligations of Iceland hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

Section 5.4 Waiver. Iceland hereby irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, (a) notice of acceptance of this Agreement and notice of any liability to which this Agreement may apply, (b) all notices that may be required by Applicable Law or otherwise to preserve intact any rights of The Netherlands against the Guarantee Fund, including any demand, presentment, protest, proof of notice of non-payment, notice of any failure on the part of the Guarantee Fund to perform and comply with any covenant, agreement, term, condition or provision of any agreement and any other notice to any other Person that may be liable in respect of the obligations of the Guarantee Fund except any of the foregoing as may be expressly required hereunder, (c) any right to the enforcement, assertion or exercise by The Netherlands of any right, power, privilege or remedy conferred upon it under this Agreement, any other Relevant Document or otherwise, and (d) any requirement that the Netherlands exhaust any right, power, privilege or remedy, or mitigate any damages resulting from a default, under this Agreement or any other Relevant Document. This waiver applies irrespective of any Applicable Law or any provision of this Agreement or any other Relevant Document to the contrary.

Section 5.5 Subrogation. Iceland shall not enforce any payment by way of subrogation, indemnity, contribution or otherwise, or exercise any other right, (or otherwise benefit from any payment or other transfer arising from any such right) which it may have against the Guarantee Fund by reason of the performance by it of its obligations under this Agreement or any other Relevant Document so long as any obligations under this Agreement or any other Relevant Document remain unpaid or unsatisfied (and, if Iceland receives any payment or distribution in relation to such rights, it will promptly turn such payment or distribution over to The Netherlands).

Section 5.6 Additional security. The representation, warranty, undertaking and indemnity set out in this Article V is in addition to and is not in any way prejudiced by any other representation, warranty, indemnity, security or other document or instrument now or subsequently held by The Netherlands or any other Person.

ARTICLE VI CONDITIONS PRECEDENT

Section 6.1 Conditions Precedent. The effectiveness of this Agreement is subject to the conditions precedent that:

(a) The Netherlands shall have received the following documents, each of which shall be in form and substance satisfactory to The Netherlands:

(i) Confirmation re. UK Disbursement, Reimbursement and Indemnity Agreement. Confirmation from the HMT Commissioners that all conditions precedent to be satisfied in order for the UK Disbursement, Reimbursement and Indemnity Agreement to become effective (other than receipt of confirmation from The Netherlands that all conditions precedent to be satisfied in order for this Agreement to become effective) have been satisfied;

(ii) Authorising Act. A copy of an Act from Iceland, which has come into force and is not, or no longer, capable of being revoked or avoided by any referendum and which provides for the unconditional and unreserved authorization of the indemnity set out in Article V and for any other authorization necessary to ensure that the obligations of the Reimbursement Parties under this Agreement and the other Relevant Documents are legal, valid, binding and enforceable, together with a certified translation thereof into English;

(iii) Other authorizations. A copy of an exemption granted by the Central Bank of Iceland (*Seðlabanki Íslands*) to the Guarantee Fund under Rules 370/2010 on Foreign Exchange in respect of the Guarantee Fund's execution and performance of this Agreement and the other Relevant Documents, together with a certified translation thereof into English; and

(iv) Opinions of Counsel. An opinion of Lex, legal advisers to the Guarantee Fund as to the laws of Iceland and an opinion of the State Attorney of Iceland (*Ríkislögmaður*) in respect of, *inter alia*, the capacity and due authorization of, and valid execution of this Agreement and each other Relevant Document by, each of the Reimbursement Parties; and

(b) the Guarantee Fund and DNB shall have entered into the DNB Assignment Agreement and the DNB *Pari Passu* Agreement.

Section 6.2. DNB Assignment Agreement and DNB Pari Passu Agreement. (a) The DNB Assignment Agreement shall provide that:

(i) DNB shall assign to the Guarantee Fund, in consideration of the Guarantee Fund's undertaking to reimburse The Netherlands as set out in Section 2.1, the claims (or parts thereof) of the Landsbanki Amsterdam Depositors against Landsbanki assigned to DNB in connection with its payment of compensation in respect of those claims, all as detailed in the DNB Assignment Agreement;

(ii) DNB agrees that it shall not have (and to the extent that absent such agreement it would have, it irrevocably renounces) any claim against the Guarantee Fund or Iceland in relation to the payment of compensation by DNB in respect of the claims of Landsbanki Amsterdam Depositors as referred to in the Recitals and that both

Reimbursement Parties shall have the benefit of and may enforce this agreement by DNB;

(iii) it shall be governed by, and construed in accordance with, the laws of The Netherlands and the laws of Iceland as set out in it; and

(iv) it will take effect simultaneously with this Agreement.

(h) The DNB *Pari Passu* Agreement shall provide that:

(i) to the extent that, following the assignment referred to in paragraph (a) above, DNB retains any part of any claim (due to the fact that such claim exceeds the amount assigned to the Guarantee Fund), then the part of the claim which has been assigned to the Guarantee Fund shall, to the fullest extent permitted by Applicable Law, rank *pari passu* in all respects with the part of that claim retained by DNB;

(ii) in the event that, for any reason whatsoever (including any preferential status accorded to the Guarantee Fund under any Applicable Law of Iceland), following the assignment of a part of any given claim to the Guarantee Fund, either the Guarantee Fund or DNB experiences a greater *pro rata* level of recovery in respect of such claim, than that experienced by the other, the Guarantee Fund or DNB (as appropriate) shall, as soon as practicable, unless paragraph (iii) below applies, make such balancing payment to DNB or the Guarantee Fund, as the case may be, as is necessary to ensure that each of the Guarantee Fund's and DNB's *pro rata* level of recovery in respect of such claim is the same as the other's;

(iii) if (A) a court of Iceland gives a final and non-appealable order or judgment which (I) determines that all or part of any claim assigned to the Guarantee Fund, or the rights retained by DNB, as the case may be, shall be entitled to receive distributions in the Landsbanki estate on a preferential basis relative to other claims originating from the same deposits, and (II) is not in conflict with an advisory opinion obtained from the Court of the European Free Trade Area on that preferential status, or (B) the Winding-up Board of Landsbanki determines that all or part of any claim assigned to the Guarantee Fund, or the rights retained by DNB, as the case may be, shall be entitled to receive distributions in the Landsbanki estate on a preferential basis relative to the other claims originating from the same deposits but such ruling is not challenged in a court of Iceland by any depositor or creditor and such failure to challenge is not the result of a change of Applicable Law made after the Commencement Date which renders such a challenge more difficult or impossible, then, unless that preferential status results from any revocation, withdrawal, withholding or other ceasing to be in full force and effect, or any modification or amendment of any Applicable Law effected or made after the Commencement Date, the obligation described in paragraph (ii) above for the Guarantee Fund or DNB, as the case may be, to make balancing payments shall not apply;

(iv) it shall be governed by, and construed in accordance with, the laws of England; and

(v) it will take effect simultaneously with this Agreement.

Section 6.3 Satisfaction of Conditions Precedent. If the actions referred to in Section 6.1 have not been completed by December 31, 2010:

(a) if the non-completion consists of DNB not having executed and delivered to the Guarantee Fund the DNB Assignment Agreement and the DNB *Pari Passu* Agreement, the Reimbursement Parties may, by notice to The Netherlands, terminate this Agreement; and

(b) if the non-completion consists of any other action referred to in Section 6.1, The Netherlands may by notice to the Guarantee Fund, with a copy to Iceland, terminate this Agreement,

whereupon, in each case, this Agreement shall cease to have any effect.

Section 6.4 Termination of Loan Agreement and Acceptance and Amendment Agreement. On the date on which this Agreement becomes effective, the Loan Agreement and the Acceptance and Amendment Agreement shall terminate, if not previously terminated.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

Section 7.1 Guarantee Fund representations. The Guarantee Fund represents and warrants to The Netherlands as of the date of this Agreement as follows:

(a) The Guarantee Fund is (a) a private foundation, duly organized, validly existing and, to the extent applicable under the laws of Iceland, in good standing under the laws of Iceland, and (b) has all requisite corporate power necessary to own its assets and carry on its business as now being conducted.

(b) This Agreement and each other Relevant Document to which it is a party have been duly executed and delivered by it, and constitute legal, valid and binding obligations of it, enforceable against it in accordance with their terms, in each case except as may be limited by equitable principles of general applicability which are specifically referred to in the relevant legal opinion referred to in paragraph (a)(iv) of Section 6.1.

Section 7.2 Reimbursement Party representations. Each Reimbursement Party represents and warrants to The Netherlands as of the date of this Agreement that the exemption granted by the Central Bank of Iceland (*Seðlabanki Íslands*) to the Guarantee Fund under Rules 370/2010 on Foreign Exchange in respect of the Guarantee Fund's execution and performance of this Agreement and the other Relevant Documents referred to in paragraph (a)(iii) of Section 6.1 is unconditional, irrevocable and in full force and effect and there are no other authorizations, licenses, consents or other approvals or actions required from any Icelandic Governmental Authority in connection with the execution or performance of this Agreement or the other Relevant Documents or to ensure that the obligations of the Reimbursement Parties under this Agreement and the other Relevant Documents are legal, valid, binding and enforceable.

**ARTICLE VIII
COVENANTS**

Section 8.1 Comparability of treatment. If any Reimbursement Party enters into any Relevant Financing Arrangement and, under that Relevant Financing Arrangement (taken as a whole), the financier party to that Relevant Financing Arrangement enjoys an overall more favorable treatment than The Netherlands under this Agreement and the other Relevant Documents, or has the benefit of any Lien, then the Reimbursement Parties shall grant The Netherlands the same favorable treatment or the benefit of a similar Lien (and the Reimbursement Parties shall enter into any documentation necessary or desirable in order to do so).

Section 8.2 Equal treatment. If the Guarantee Fund, any Other Guarantee Fund or Iceland makes any Excess Payment, the Guarantee Fund shall pay (or ensure that each relevant Other Guarantee Fund pays) an amount equal to the Excess Payment to each Landsbanki Amsterdam Depositor, *provided that*, to the extent that The Netherlands or DNB has made any payment to a Landsbanki Amsterdam Depositor in respect of a claim of that Landsbanki Amsterdam Depositor under Act No. 98/1999 in excess of EUR 20,887 per claim, the payment under this Section shall be made to The Netherlands or DNB, as the case may be.

**ARTICLE IX
MISCELLANEOUS**

Section 9.1 Change of circumstance. The Netherlands agrees that, if at any time the then most recently published Article IV review by the IMF in relation to Iceland states that a significant deterioration has occurred in the sustainability of the debt of Iceland, relative to the assessment of such sustainability by the IMF Fund as of November 19, 2008, then, if Iceland so requests, The Netherlands will meet with Iceland to discuss the situation and consider whether, and if so how, this Agreement and the other Relevant Documents should be amended to reflect the relevant change in circumstances.

Section 9.2 Other changes. If the Accepted Claims Amount or the Accepted Interest Amount shall at any time change as a result of any decision of the Winding up Board of Landsbanki or of any competent court:

(i) any calculation pursuant to this Agreement or the other Relevant Documents which is directly or indirectly based on the Accepted Claims Amount or the Accepted Interest Amount shall be recalculated as if the Accepted Claims Amount or the Accepted Interest Amount had been the as so changed Accepted Claims Amount or the Accepted Interest Amount with effect from the date of this Agreement;

(ii) if any amount shall have been paid or allocated on the basis of the previous calculation then such payment or allocation shall be reversed or as the case may be reallocated to the extent required in order to reflect such recalculation.

Section 9.3 Waiver. No failure on the part of The Netherlands to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under

the Agreement or any other Relevant Document shall impair that right, power or privilege or operate as a waiver or variation thereof, nor shall any single or partial exercise of any right, power or privilege under any Relevant Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Any liberty or power which may be exercised or any determination which may be made under this Agreement by The Netherlands (including any act, matter or thing as agreed, specified, determined, decided or notified by The Netherlands to the Guarantee Fund or Iceland) may be exercised or made in the absolute and unfettered discretion of The Netherlands from time to time, which will not be under any obligation to give reasons therefor.

Section 9.4 Notices. All notices, requests, instructions, directions and other communications provided for herein shall be given or made in writing in English by personally delivered letter or by fax (and may be copied, but not validly served, by e-mail) delivered to the intended recipient as follows:

(a) if to the Guarantee Fund, to it at Borgartun 26, 3rd floor, 105 Reykjavik, Iceland, Fax: +354 590 2606, Attn.: Managing Director, with a copy to Iceland, at Ministry of Finance, Arnarhvoli Lindargötu, 150 Reykjavik, Iceland, Fax: +354 5628280, Attn.: Permanent Secretary;

(b) if to Iceland, to it at Ministry of Finance, Arnarhvoli Lindargötu, 150 Reykjavik, Iceland, Fax: +354 5628280, Attn.: Permanent Secretary; and

(c) if to The Netherlands, to it at Ministerie van Financiën, Korte Voorhout 7, 2511 CW The Hague, The Netherlands, P.O. Box 20201, 2500 EE The Hague, The Netherlands, Fax: +31 70 342 79 03, Attn.: Treasurer-General (*Thesaurier-generaal*).

Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given, (i) when personally delivered at the address of the Person to be served, at the time when it is so left (or, if left on a day that is not a Business Day, at 8:15am (local time) on the next following Business Day), and (ii) when sent by facsimile transmission, when confirmation of receipt is received from the receiving facsimile machine (or, if sent on a day that is not a Business Day, at 8:15am (local time) on the next following Business Day), *provided that*, in proving the giving of notice under or in connection with this Agreement, it shall be sufficient to prove that the notice was delivered to the address for service.

Section 9.5 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement and (except as specifically provided therein) any other Relevant Document may be modified, supplemented or waived only in writing executed by the Parties affected by the modification, supplement or waiver.

Section 9.6 Successors and Assigns. (a) This Agreement shall be binding upon and inure to the benefit of the Parties. No Party may assign, transfer or encumber any of its rights or obligations under this Agreement or any other Relevant Document (any attempt to do so being null and void *ab initio*).

(b) This Agreement is made and entered into for the sole protection and legal benefit of the Parties and no other Person shall be a direct or indirect legal beneficiary of, or have any

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direct or indirect cause of action or claim in connection with, this Agreement under the Contracts (Rights of Third Parties) Act 1999, *provided* that DNB has the benefit of and may enforce any right accorded to it, or any term or condition expressed to be for its benefit, in this Agreement.

Section 9.7 *Captions*. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 9.8 *Counterparts*. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties may execute this Agreement by executing any such counterpart. Each counterpart shall be an original copy of this Agreement, but they shall together constitute one and the same instrument.

Section 9.9 *Governing Law*. THIS AGREEMENT AND ANY MATTER, CLAIM OR DISPUTE ARISING OUT OF OR IN CONNECTION WITH IT, WHETHER CONTRACTUAL OR NON-CONTRACTUAL, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF ENGLAND.

Section 9.10 *Arbitration*. (a) ANY DISPUTE, LEGAL ACTION OR PROCEEDING BY OR AGAINST ANY PARTY HERETO WITH RESPECT TO OR ARISING OUT OF THIS AGREEMENT, WHETHER CONTRACTUAL OR NON-CONTRACTUAL AND INCLUDING ANY DISPUTE, LEGAL ACTION OR PROCEEDING REGARDING THE EXISTENCE, VALIDITY, FORMATION OR TERMINATION OF THIS AGREEMENT (A "DISPUTE") SHALL BE SETTLED BY FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE PCA RULES WHICH RULES ARE DEEMED INCORPORATED BY REFERENCE INTO THIS CLAUSE EXCEPT TO THE EXTENT THAT THEY RELATE TO THE NATIONALITY OF THE ARBITRATOR.

- (b) In any arbitral proceedings as referred to in paragraph (a) above:
 - (i) the number of arbitrators shall be three;
 - (ii) if all Parties are party to the arbitral proceedings, each of (A) the Reimbursement Parties jointly (and failing such joint appointment Article 7(2) of the PCA Rules shall apply), and (B) The Netherlands shall appoint one arbitrator and the two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the arbitral tribunal;
 - (iii) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration;
 - (iv) the place of arbitration shall be London, England;
 - (v) the language to be used in the arbitral proceedings shall be English;
 - (vi) the IBA Rules on the Taking of Evidence in International Arbitration of 29 May 2010 shall apply;


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(vii) the arbitral tribunal shall use its best efforts to make a final award within twelve months of the appointment of the third arbitrator who acts as the presiding arbitrator of the arbitral tribunal, and shall conduct the arbitral proceedings accordingly;


(viii) the arbitral tribunal shall rule in accordance with the laws of England (and not, for the avoidance of doubt, as *amiable compositeur* or *ex aequo et bono*); and

(ix) all Parties, the arbitrators and the Secretary-General and the International Bureau of the Permanent Court of Arbitration shall protect the confidentiality of the existence of the arbitral proceedings and of any information received by them in connection with such proceedings.

Section 9.11 Waiver of Sovereign Immunity. Each of the Reimbursement Parties consents generally to the issue of any process in connection with any Dispute and to the giving of any type of relief or remedy against it, including the making, enforcement or execution against any of its Property or assets (regardless of its or their use or intended use) of any order, judgment or award (including, for the avoidance of doubt, any arbitral award made in arbitral proceedings pursuant to Section 9.10). If any Reimbursement Party or any of its Property or assets is entitled in any jurisdiction to any immunity from service of process or of other documents relating to any Dispute, or to any immunity from jurisdiction, suit, judgment, award, execution, attachment (whether before judgment, in aid of execution or otherwise) or other legal process, this is irrevocably waived to the fullest extent permitted by the law of that jurisdiction. Each of the Reimbursement Parties also irrevocably agrees not to claim any such immunity for themselves or their respective Property or assets. The Parties confirm that this paragraph does not extend to any assets of Iceland which enjoy immunity under the Vienna Convention on Diplomatic Relations, any assets of Iceland located in Iceland which are necessary for the proper functioning of Iceland as a sovereign power, or to any assets of the Central Bank of Iceland (*Seðlabanki Islands*), and ^{is} 

Section 9.12 Severability. The illegality or unenforceability in any jurisdiction of any provision hereof or of any document required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or such other document in such jurisdiction or such provision in any other jurisdiction.

[Signatures Follow.]

nothing in this Agreement or any other Relevant Document is intended to remove or shall have the effect of removing from Iceland its control of its natural resources and its right to decide on the extraction and form of ownership thereof. 



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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the day and year first above written.

The Depositors' and Investors' Guarantee Fund of
Iceland (*Tryggingursjóður Innstaðueigenda og
Fjárfesta*)

By: _____

Name: [*]

Title: [*]

Iceland

By: _____

Name: [*]

Title: [*]

The State of the Netherlands

By: _____

Name: [*]

Title: [*]

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**SCHEDULE I
to Reimbursement Agreement**

"*Acceptance and Amendment Agreement*" means the Acceptance and Amendment Agreement dated 19 October 2009 between the Parties.

Handwritten note: "(expressed in ISK)" with an arrow pointing to the word "Amount" in the following definition.

"*Accepted Claims Amount*" means, at any time, the amount of the Assigned Claim which has at that time been accepted by the Winding up Board of Landsbanki (or by a competent court, such court determination to prevail if different from such Winding up Board acceptance and binding upon such Winding up Board) as constituting a valid claim in the winding up of Landsbanki under Article 112 of the Icelandic Act no. 21/1991 on Bankruptcies etc. (*Lög nr. 21/1991 um gjaldþrotaskipti o.fl.*).

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"*Accepted Interest Amount*" means, at any time, the amount of any interest included in the Accepted Claims Amount.

"*Assigned Claim*" means, collectively, the claims against Landsbanki assigned or expressed to be assigned to the Guarantee Fund by DNB pursuant to the DNB Assignment Agreement.

"*Act No. 98/1999*" means the Icelandic Act No. 98/1999 on Deposit and Investor-Compensation Scheme (*Lög nr. 98/1999 um innviðutryggingar og tryggingakerfi fyrir fjárfesta*) as in force on 11 October 2008.

"*Agreement*" has the meaning set forth in the introduction hereto.

"*Applicable Law*" means any applicable statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by (or any interpretation or administration of any of the foregoing by), any Governmental Authority, whether in effect as of the date hereof or (unless a contrary indication appears in this Agreement or any other Relevant Document) thereafter.

"*Arrears Rate*" means, at any time of determination, a rate *per annum* equal to the sum of (a) for the period from the date of this Agreement to the Second Phase Start Date, the First Phase Rate plus 0.3 per cent. *per annum*, and (b) for the period from the Second Phase Start Date onwards, the Second Phase CIRR plus 0.5 per cent. *per annum*.

"*Business Day*" means a day (other than Saturday or Sunday) on which commercial banks are not authorized or required to close in Reykjavik (Iceland) or Amsterdam (The Netherlands).

"*Commencement Date*" means 5 June 2009.

"*Defaulted Amount*" means each amount which has fallen due for payment by a Reimbursement Party but remains unpaid in breach of the terms of this Agreement.

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"Directive 94/19/EC" means Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes as in force on 11 October 2008 (subject to any contrary indication).

"DNB" means the Central Bank of The Netherlands (*De Nederlandsche Bank N.V.*).

"DNB Assignment Agreement" means the Assignment Agreement to be entered into between the Guarantee Fund and DNB in the form agreed between the Parties before the date of this Agreement and which complies with Section 6.2.

"DNB Pari Passu Agreement" means the *Pari Passu* Agreement to be entered into between the Guarantee Fund and DNB in the form agreed between the Parties before the date of this Agreement and which complies with Section 6.2.

"euro" or "EUR" means the lawful currency for the time being of the Member States of the European Union that adopt or have adopted the euro as their lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Excess Payment" means any payment in excess of an amount of EUR 20,887 in respect of any claim or claims of a Landsbanki Depositor (not including, for the avoidance of doubt, any former Landsbanki Depositor who became a depositor of NBI hf.) other than a Landsbanki Amsterdam Depositor.

"First Phase Rate" means 3.0 per cent. *per annum*.

"FSCS" means the "FSCS" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement.

"FSCS Deed of Assignment" means the "FSCS Deed of Assignment" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement.

"Governmental Authority" means any nation or government, any state or municipality, any multi-lateral or similar organization or any other agency, instrumentality or political subdivision thereof and any entity exercising executive, legislative, judicial, monetary, regulatory or administrative functions of or pertaining to government.

"Guarantee Fund" has the meaning set forth in the introduction hereto.

"Guarantee Fund Estate Proceeds" means (i) any/amount^{or all} received by the Guarantee Fund in respect of the claims of or formerly of Landsbanki Depositors or otherwise in respect of the insolvency of Landshanki, and (ii) any/amount^{or all} received by DNB which is payable by DNB to The Netherlands pursuant to paragraph 2.4 of the DNB Assignment Agreement, and (iii) any/amount^{or all} received by the FSCS which is payable by the FSCS to the HMT Commissioners pursuant to paragraph 2.5 of the FSCS Deed of Assignment.
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"HMT Commissioners" means the Commissioners of Her Majesty's Treasury of the United Kingdom of Great Britain and Northern Ireland.

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"*Iceland*" has the meaning set forth in the introduction hereto.

"*Interest Proceeds*" means, at any time, an amount (expressed in euro) equal to a fraction of the Guarantee Fund Estate Proceeds at that time, calculated by multiplying the amount of those Guarantee Fund Estate Proceeds by a fraction the numerator of which is equal to the Accepted Interest Amount and the denominator of which is equal to the Accepted Claims Amount, in each case at that time.

"*ISK Equivalent*" means, in relation to any amount in euro or Sterling and as at any day, the equivalent of such amount in Krónur calculated at the average of the published daily rates of exchange as published by the Central Bank of Iceland (*Seðlabanki Íslands*) (or, to the extent that no such rates of exchange are published by the Central Bank of Iceland, the published daily rates of exchange derived from a source reasonably agreed between Iceland and The Netherlands or, if Iceland and The Netherlands fail to agree such rate prior to the date for which the relevant ISK Equivalent is to be determined, as determined by arbitration in accordance with Section 9.10) for the period of one month ending on the day immediately preceding that day.

"*Krónur*" or "*ISK*" means the lawful currency for the time being of Iceland.

"*Landsbanki*" means Landsbanki Íslands hf., a financial undertaking incorporated under the laws of Iceland.

"*Landsbanki Amsterdam*" means the Amsterdam branch of Landsbanki.

"*Landsbanki Amsterdam Depositor*" means each Person who has deposited any funds, or otherwise has any credit balance, with Landsbanki Amsterdam and whose corresponding claim against Landsbanki is guaranteed by the Guarantee Fund according and subject to Act No. 98/1999.

"*Landsbanki Depositor*" means each Person who has deposited any funds, or otherwise has any credit balance, with Landsbanki and whose corresponding claim against Landsbanki is guaranteed by the Guarantee Fund according and subject to Act No. 98/1999 (including, for the avoidance of doubt, each Landsbanki Amsterdam Depositor).

"*Lien*" means any mortgage, lien, pledge, fiduciary transfer, charge, encumbrance or other security interest.

"*Loan Agreement*" means the Loan Agreement dated 5 June 2009 between the Parties.

"*Mandatory Prepayment Event*" means any event or circumstance specified as such in paragraph (b) of Section 3.5.

"*Mandatory Prepayment-Related Material Adverse Effect*" means any effect which impairs the ability of any Reimbursement Party to perform its payment or other material obligations under this Agreement or any other Relevant Document.

"*NL Interest Share Receipts*" means, at any time, the aggregate of all amounts applied in accordance with paragraph (a)(ii)(B)(1) of Section 3.5 at or prior to that time.

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"*NL Interest Share*" means, at any time, a fraction of the Interest Proceeds at that time, calculated by multiplying those Interest Proceeds by a fraction dependent on the Recovery Percentage at that time and determined in accordance with the following table:

| Recovery Percentage | NL Interest Share |
|---------------------|-------------------|
| 86 or less | Zero |
| $\geq 86 < 87$ | 0.05 |
| $\geq 87 < 88$ | 0.10 |
| $\geq 88 < 89$ | 0.15 |
| $\geq 90 < 91$ | 0.20 |
| $\geq 91 < 92$ | 0.25 |
| $\geq 92 < 93$ | 0.35 |
| $\geq 93 < 94$ | 0.45 |
| $\geq 94 < 95$ | 0.55 |
| $\geq 95 < 96$ | 0.65 |
| $\geq 96 < 97$ | 0.75 |
| $\geq 97 < 98$ | 0.85 |
| $\geq 98 < 99$ | 0.95 |
| $\geq 99 < 100$ | 1 |

"*NL Settlement Account*" means account nr. 600113019 (BIC: MIFNL2G; IBAN: NL10FLOR0600113019) with DNB in the name of The Netherlands.

"*Other Guarantee Fund*" means any deposit-guarantee scheme introduced and officially recognized in Iceland for the purpose of Directive 94/19/EC (including any modification or re-enactment thereof or any substitution therefor), other than the Guarantee Fund.

"*Parties*" has the meaning set forth in the introduction hereto.

"*Payment Date*" means January 1, 2011 and each April 1, July 1, September 1 and January 1 falling after January 1, 2011.

"*Pay-out Costs*" means the costs incurred by The Netherlands in paying compensation to Landsbanki Amsterdam Depositors in respect of their claims against Landsbanki and the Guarantee Fund under Act No. 98/1999 as referred to in the Recitals, which is an amount of EUR 7,000,000 (seven million euro).

"*PCA Rules*" means Permanent Court of Arbitration Optional Rules for Arbitrating Disputes between Two Parties of Which Only One Is a State, as in effect on the date hereof.

"*Person*" means any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization, Governmental Authority or other entity of whatever nature.

"*Pro Rata Entitlement*" means, as at any time, a fraction calculated by dividing (a) (i) in the case of The Netherlands, an amount of GBP 1,134,680,211.10 (being the Sterling equivalent

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of the amount of the Reimbursement Amount as at the date of this Agreement converted into Sterling at a rate of EUR 1,1653 to GBP 1,00), or (ii) in the case of the HMT Commissioners, the aggregate of all "Disbursements" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement made up to that time under the UK Disbursement, Reimbursement and Indemnity Agreement (which the Parties believe to have been GBP 2,254,417,851.51 as at November 24, 2010), by (b) the aggregate of the amounts referred to in item (a) above.

"Property" of any Person means any property, rights or revenues, or interest therein, of such Person.

"Quarterly Installments" means the quarterly installments in which the Second Phase Reimbursement Amount must be paid, the amount and number of which are determined in accordance with Section 3.1 (subject to the other provisions of this Agreement).

"Recovery Percentage" means, at any time, such fraction, expressed as a percentage, of the Accepted Claims Amount as under Icelandic Act no. 21/1991 on Bankruptcy etc. (Lög nr. 21/1991 um gjaldþrotaskipti o.fl.) (or otherwise under the laws of Iceland) has been or is deemed to have been paid by the Winding up Board of Landsbanki in payment of the Accepted Claims Amount *at that time*.

"Reimbursement Amount" means the amount to be reimbursed by the Guarantee Fund to The Netherlands pursuant to this Agreement (or the outstanding amount thereof from time to time) which at the date of this Agreement is an amount of EUR 1,322,242,850 (one billion three hundred twenty two million two hundred forty two thousand eight hundred and fifty euro) and which may reduce pursuant to the terms of this Agreement.

"Reimbursement Parties" means, collectively, the Guarantee Fund and Iceland.

"Reimbursement Payment Date" means each Payment Date falling after the Second Phase Start Date.

"Relevant Documents" means, collectively, this Agreement, the DNB Assignment Agreement, the DNB Pari Passu Agreement and any other agreement or document designated as a Relevant Document by the Parties.

"Relevant Financing Arrangement" means any agreement, arrangement or treaty entered into by any Reimbursement party with any financier (including any Sovereign, international organization, private entity or other Person) for the purpose of financing claims of any depositors of an Icelandic bank where such claims arose prior to the date of this Agreement, but excluding (a) the UK Disbursement, Reimbursement and Indemnity Agreement, and (b) any agreement, arrangement or treaty entered into for the purpose of financing or refinancing (i) any part of the Reimbursement Amount or compensation or any other amount payable by any Reimbursement Party to The Netherlands under this Agreement or any other Relevant Document (or any successor agreement or document), or (ii) any amount payable by any Reimbursement Party under the UK Disbursement, Reimbursement and Indemnity Agreement or any other "Relevant Documents" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement (or any successor agreement or document).

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"*Relevant Icelandic Total Government Revenue*" means, in relation to any Reimbursement Payment Day falling in a given period starting on July 1 of any year and ending on June 30 of the immediately following year (a "*Relevant Period*"), (a) Iceland's "Total Central Government Revenue" for the calendar year immediately preceding that Relevant Period as published by the Statistical Bureau of Iceland (*Hagstofa Islands*), or (b) if such Total Central

(i) has not been published or (ii) is less than 76 per cent of the then

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amount equal to the aggregate of the amounts which The Netherlands would otherwise have been entitled to recover from the Guarantee Fund if that obligation had been or had continued to be enforceable, valid and legal.

"Sovereign" means any nation or government having sovereign authority.

"Sovereign Debt" means any present or future borrowing, debt or other obligation, whether actual or contingent, which is (a) payable to non-residents of Iceland or, if in the form of bonds, notes, debentures, loan stock or other securities, at least 25 per cent. in aggregate principal amount of which is or was initially offered to non-residents of Iceland, or (b) denominated in a currency other than Krónur or, if denominated in Krónur, under the terms of which payment of principal, premium (if any) or interest can be or is required to be made in or by reference to any other currency, including, for the avoidance of doubt, (i) any borrowing, debt or other obligation owing to the International Monetary Fund, and (ii) any borrowing, debt or other obligation owing under the UK Disbursement, Reimbursement and Indemnity Agreement.

"Sterling" or *"GBP"* means the lawful means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

"UK Disbursement, Reimbursement and Indemnity Agreement" means the Reimbursement Agreement entered or to be entered into on or about the date of this Agreement between the Guarantee Fund, Iceland and the IMF Commissioners.

"UK Quarterly Installment" means a "Quarterly Installment" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement.

"UK Reimbursement Amount" means, from time to time, the "Reimbursement Amount" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement.

"UK Second Phase Reimbursement Amount" means the "Second Phase Reimbursement Amount" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement.

"UK Settlement Agreement" means the "Settlement Agreement" as defined in the UK Disbursement, Reimbursement and Indemnity Agreement.

"Taxes" means all present and future income, stamp, registration and other taxes and levies, imposts, deductions, charges and withholdings whatsoever, and all interest, penalties or similar amounts with respect thereto or with respect to the non-payment thereof, now or hereafter imposed, assessed, levied or collected by any authority, on or in respect of this Agreement or any other Relevant Document, any payment under this Agreement or any other Relevant Document or the recording, registration, notarization or other formalization of any thereof.

"The Netherlands" has the meaning set forth in the introduction hereto.

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DOCUMENTS LIST
8 December 2010

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| Nr | Document | Status |
|------------------------|---|--|
| Dutch documents | | |
| 1. | Reimbursement and Indemnity Agreement | <ul style="list-style-type: none"> Accrued interest language to be agreed Otherwise final |
| 2. | Currency side letter | <ul style="list-style-type: none"> Final |
| 3. | DNB Assignment Agreement | <ul style="list-style-type: none"> Nauta to conform to ESCS Deed of Assignment Potential outstanding issue: EUR 333K cost contribution |
| 4. | DNB <i>Pari Passu</i> Agreement | <ul style="list-style-type: none"> Timing of withdrawal of TIF objections to be confirmed Otherwise final |
| 5. | LEX opinion | <ul style="list-style-type: none"> LEX to produce new draft |
| 6. | State Attorney Opinion | <ul style="list-style-type: none"> State to produce new draft |
| UK documents | | |
| 7. | Disbursement, Reimbursement and Indemnity Agreement | <ul style="list-style-type: none"> Accrued interest language to be agreed SandM to make conforming changes to Dutch RIA Otherwise final |
| 8. | Currency side letter | <ul style="list-style-type: none"> Final |
| 9. | Side Letter to Settlement Agreement | <ul style="list-style-type: none"> Final |
| | Settlement Agreement | <ul style="list-style-type: none"> Final |
| 10. | UK Deed of Assignment | <ul style="list-style-type: none"> Potential outstanding issue: EUR 333K cost contribution Otherwise final |
| 11. | LEX opinion | <ul style="list-style-type: none"> See item 5. No separate UK opinion prepared yet. |

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Assignment Agreement

This Assignment Agreement (the "**Agreement**") is entered into between:

1. Tryggingarsjóður Innstæðueigenda og Fjárfesta, whose registered office is at Borgartún 26, 105 Reykjavík, Iceland; and
2. De Nederlandsche Bank N.V., whose registered office is at Westeinde 1, 1017 ZN, Amsterdam, the Netherlands.

The parties referred to under 1 and 2 above are each referred to in this Agreement as a "**Party**" and collectively as the "**Parties**".

WHEREAS

- (A) TIF is a private foundation organised under the laws of Iceland, entrusted under such laws with the execution of the IDGS in accordance with the provisions of Act No. 98/1999 on Deposit Guarantees and Investor Compensation Scheme.
- (B) DNB is a public limited liability company incorporated under the laws of the Netherlands, the objects and tasks and activities of which are laid down in the Bank Act 1998, and is entrusted under the Act on Financial Supervision and the Royal Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantee Schemes with the execution of the DDGS.
- (C) In June 2006, Landsbanki Íslands hf. opened a branch in the Netherlands.
- (D) On 13 October 2008 DNB decided to apply the DDGS with respect to Landsbanki Amsterdam Depositors.
- (E) On 27 October 2008 FME issued its opinion that on 6 October 2008 Landsbanki was unable to pay its debts and that therefore pursuant to Article 9 of the Icelandic Act No. 98/1999 TIF was obligated to pay compensation to clients of Landsbanki, including with respect to Landsbanki Amsterdam Depositors.
- (F) The DDGS only covered claims of Landsbanki Amsterdam Depositors to the extent that the level and scope of the DDGS coverage with respect to these Landsbanki Amsterdam Depositors exceeds the maximum amount payable by TIF to each Landsbanki Amsterdam Depositor if the IDGS

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applied exclusively. TIF has confirmed to DNB that this maximum amount per single Landsbanki Amsterdam Depositor (or where applicable per joint account-holder) is EUR 20,887.

- (G) As TIF did not have the necessary funds immediately available to make compensation payments to the Landsbanki Amsterdam Depositors, by Royal Decree of 4 December 2008 DNB was granted permission to perform the activities required to make payment to Landsbanki Amsterdam Depositors on the basis of claims submitted to it by those Landsbanki Amsterdam Depositors for reimbursement which should have been paid to them under the IDGS. This special measure was taken by the State of the Netherlands in the interest of (legal protection of) Landsbanki Amsterdam Depositors. Accordingly, DNB has handled the claims of Landsbanki Amsterdam Depositors for compensation under the DDGS and for the account of the IDGS. Compensation paid by DNB to Landsbanki Amsterdam Depositors for the account of the IDGS has been prefunded by the State of the Netherlands.
- (H) DNB has acquired from Landsbanki Amsterdam Depositors, by way of subrogation or assignment, in consideration of the distributions made by DNB for the account of the IDGS (on behalf of TIF) and under the DDGS to these Landsbanki Amsterdam Depositors, their claims against Landsbanki for the amount of the distributions made.
- (I) On 19 October 2009 DNB filed a priority claim in the winding up of Landsbanki. DNB's claim has been accepted by the WuB as a priority claim and there is no disagreement between DNB and the WuB as regards the principal amount.
- (J) Certain creditors of Landsbanki have objected to the WuB's decision to grant the DNB's claim priority as well as the approved amount of DNB's claim, both with regards to principal amount, interest and costs. The WuB has referred the dispute to the District Court of Reykjavik for resolution and judicial proceedings (case no. X-37/2010) are currently ongoing.
- (K) On or about the date of this Agreement, TIF, Iceland and the State of the Netherlands, entered into a Reimbursement and Indemnity Agreement pursuant to which, in consideration of (a) the execution by DNB of this Agreement, (b) the payment of compensation by DNB to Landsbanki Amsterdam Depositors in respect of their claims against Landsbanki and TIF under the IDGS, and (c) the Netherlands' prefunding of the payment of compensation by DNB, TIF undertakes to reimburse the Netherlands for that prefunding.

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- (L) DNB hereby agrees to assign the IDGS-claims (including Icelandic Proof IDGS-Claims) and the Costs Claim (including Icelandic Proof Costs-Claim) to TIF to enable TIF to have recourse against Landsbanki for the distributions made by DNB for the account of the IDGS on behalf of TIF.

IT IS AGREED AS FOLLOWS

1. Interpretation

- 1.1 Capitalised words used in this Agreement and the recitals above, have the meaning ascribed to them in Schedule 1 to this Agreement. Words importing the singular shall include the plural and vice versa. In addition, unless the context otherwise requires, terms defined in the Reimbursement and Indemnity Agreement, to the extent not defined in Schedule 1 to this Agreement, have the same meaning when used in this Agreement.

2. Assignment

- 2.1 DNB hereby, with effect from the Effective Date, assigns to TIF:

- (i) all its rights, title, interest and benefit in and to:
(a) each IDGS-claim which, as at the Effective Date, has been assigned to DNB by Landsbanki Amsterdam Depositors or conferred on it by operation of law or otherwise, as registered on the list referred to in paragraph 2.8 and/or as such claims are set forth in, are identifiable from and may be evidenced by the records of DNB or any other records that may legitimately be used for the purpose of determining which claims are assigned pursuant to this Agreement; and
(b) the Costs Claim; and
- (ii) all its rights, title, interest and benefit in and to:
(a) its Icelandic Proof IDGS-Claims associated with each such IDGS-claim; and
(b) its Icelandic Proof Costs-Claim associated with the Costs Claim; and
- (iii) all its rights and entitlements incidental to or related to (i) and (ii) above including all interest accrued with respect to the IDGS-claims (and/or the Icelandic Proof IDGS-Claims) and the Costs Claims, provided however that:

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- (a) no claim against Landsbanki for the costs incurred by DNB in respect of the handling of the claims of Landsbanki Amsterdam Depositors for compensation under the applicable deposit guarantee scheme is assigned to TIF other than the Costs Claim; and
 - (b) TIF shall not acquire nor invoke any right of pledge or right of setoff DNB may have obtained against Landsbanki and TIF will have no entitlements to the proceeds or financial benefit of such right of pledge or right of setoff.
- 2.2 TIF hereby accepts such assignment and notification thereof will be made by DNB to Landsbanki Íslands hf in accordance with paragraph 2.6. DNB will provide to TIF a confirmation of such notification having been sent to Landsbanki Íslands hf.
- 2.3 The Parties agree that if for any reason as a result of DNB assigning and transferring Icelandic Proof IDGS-claims and/or the Icelandic Proof Costs-Claim to TIF under this Agreement TIF receives any payment or distribution attributable to the part of the Claims that are not IDGS-claims or Costs Claims, it will promptly upon knowledge of receipt of any such recovery transfer such amount to DNB.
- 2.4 If as a result of the assignment of the IDGS-claims contemplated in this Agreement being wholly or partly invalid or for any other reason DNB receives any recovery from Landsbanki Íslands hf, and/or the WvB with respect to any IDGS-claim which DNB by entering into this Agreement agrees to assign to TIF, DNB will promptly upon knowledge of receipt of any such recovery transfer these amounts to the State of the Netherlands for the account of the State of the Netherlands and HMT for distribution (after the required currency conversion by or on behalf of the State of the Netherlands) in accordance with section 3.5(a) of the Reimbursement and Indemnity Agreement. The payments made by DNB in accordance with this paragraph 2.4 shall be construed as a payment on behalf of TIF and shall be made in the currency in which the relevant amount has been received by DNB, in immediately available funds, without deduction, set-off or counterclaim. Such payments shall be made free and clear of and without deduction or liability for or on account of any Taxes, provided that if DNB shall be required by Applicable Law to deduct any Taxes from such payments, then the sum payable shall be increased as necessary so that after making all required deductions the State of the Netherlands receives an amount equal to the sum it would have received had no such deductions been made. If any amount has fallen due for



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payment by DNB under this paragraph 2.5 but remains unpaid in breach of the terms of this Agreement, DNB shall pay to TIF interest on such amount at the Arrcars Rate. Any such interest shall be compounded on each Payment Date with the amount in respect of which it has accrued.

- 2.5 The aggregate notional principal amount of all the IDGS-claims assigned by DNB to TIF hereunder amounts to EUR 1,322,242,850. The Costs Claim amounts to EUR 7 million.
- 2.6 DNB shall, within five Business Days of the Effective Date, deliver a notice of assignment to Landsbanki Íslands hf (att. the Resolution Committee and the WuB) substantially in the form set out in Schedule 2 (*Form of Notice of Assignment*) hereto.
- 2.7 The Parties shall, no later than on the Effective Date or as soon as reasonably possible upon the occurrence of the Effective Date, execute a Claim Transfer Request Form in accordance with the template made available by the WuB in relation to the Icelandic Proof IDGS-Claims and the Icelandic Proof Costs-Claim hereby assigned and transferred. On or before the Effective Date, TIF will provide a draft Claim Transfer Request Form to DNB which TIF considers to comply with the requirements applied by the WuB. The Parties agree to sign and submit such Claim Transfer Request Form to the WuB on the Effective Date or as soon as reasonably possible upon the occurrence of the Effective Date. Such filing will be conducted in accordance with the procedures set out in the FAQs posted at <http://hi.is/winding-upboard-claimsprocess/faqwinding-upboard/>. The Parties agree that if for any reason as a result of executing and submitting a Claim Transfer Request Form to the WuB, TIF receives any payment or distribution attributable to the part of the Claims that are not IDGS-claims or Costs Claims, it will hold such amount in escrow for DNB and promptly pay such amount to DNB.
- 2.8 Subject to the final sentence of paragraph 2.10 below, DNB shall:
- (i) within five Business Days of the Effective Date, provide a list of the names, account numbers and account balances of the Landsbanki Amsterdam Depositors whose Claims relate to any of the IDGS-claims which have been assigned to TIF pursuant to paragraph 2.1 above; and
 - (ii) from time to time, provide TIF with such other information which DNB has available to it as TIF may reasonably request in



connection with the IDGS-claims and the Costs Claim which have been assigned to TIF pursuant to paragraph 2.2 above.

- 2.9 The list referred to above shall be for identification purposes only with respect to the IDGS-claims subject of the assignment and a textual or numerical error in this list shall not cause the assignment to be invalid or liable to be nullified. DNB shall promptly rectify any apparent errors in the list at TIF's request.
- 2.10 TIF hereby confirms that it already possesses, in its capacity as the administrator of the IDGS, a complete list of the names, account numbers and account balances of the Landsbanki Amsterdam Depositors. TIF further confirms that any processing by it of information provided to it pursuant to paragraph 2.8(i) and 2.8(ii) above shall be carried out in accordance with applicable Icelandic data protection and other laws. The provision of information pursuant to paragraph 2.8(i) and 2.8(ii) above is made in reliance upon these confirmations. DNB shall not be obliged to provide any information other than the information referred to in paragraph 2.8(i) above to TIF if providing such information would, in DNB's reasonable opinion, breach or risk breaching any law or regulation (including any law or regulation dealing with data protection) applicable to it.
- 2.11 Payments by TIF under this Agreement, including paragraph 2.3 and/or 2.7, shall be made in the currency in which the relevant amount has been received by TIF, in immediately available funds, without deduction, set-off or counterclaim, to such account in the Netherlands as DNB may have notified to TIF at not less than five Business Days prior notice. Such payments shall be made free and clear of and without reduction or liability for or on account of any Taxes, provided that if TIF shall be required by Applicable Law to deduct any Taxes from such payments, then the sum payable shall be increased as necessary so that after making all required deductions DNB receives an amount equal to the sum it would have received had no such deductions been made. If any amount has fallen due for payment by TIF under paragraph 2.3 and/or paragraph 2.7, respectively, but remains unpaid in breach of the terms of this Agreement, TIF shall pay to DNB compensation on such amount at the *Arrens Rate*. Any such compensation shall be compounded on each Payment Date with the amount in respect of which it has accrued.

3. Incremental Rights

- 3.1 The Parties agree that each IDGS-claim includes:

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- a. the principal amount of such claim, which cannot exceed EUR 20,887 per Landsbanki Amsterdam Depositor (or where applicable, per joint account-holder); and
 - b. any claim to interest and/or other sums which have accrued or may accrue on that principal amount or otherwise conferred on it by operation of law to the extent assigned to DNB by the relevant Landsbanki Amsterdam Depositor.
- 3.2 TIF hereby confirms that the IDGS-claims shall not include the right of DNB to claim in the winding-up of Landsbanki for costs and expenses (which are not part of the Costs Claim) incurred by DNB in pursuing its claim under the Claims (including the IDGS-claims) in the winding-up of Landsbanki.
- 4. Further assurance**
- 4.1 Each Party shall, at its own expense, do, or procure the doing of, all such acts and things, and execute, or procure the execution of, all such documents, as may reasonably be required to give full effect to this Agreement.
- 4.2 Without limiting paragraph 4.1 and without prejudice to paragraphs 2.3 and 2.8, DNB will at the reasonable request of TIF execute (as soon as practicable) such documents as TIF may from time to time require to validate or establish DNB's original interest in the IDGS-claims and Costs Claim, to vest the IDGS-claims, Costs Claim, Icelandic Proof IDGS-Claims and Icelandic Proof Costs-Claims in TIF, to elevate any equitable interest to a legal interest (if legally possible), to establish or perfect TIF's interest in the IDGS-claims, Costs Claim, Icelandic Proof IDGS-Claims and Icelandic Proof Costs-Claims and exercise its rights to claim in the winding-up of Landsbanki in respect of the IDGS-claims, Costs Claim, Icelandic Proof IDGS-Claims and Icelandic Proof Costs-Claims.
- 4.3 Without limiting paragraph 4.1, TIF will at the reasonable request of DNB execute (as soon as practicable) such documents as DNB may from time to time require to validate or establish DNB's interest in the DDGS-claims, to ensure that the DDGS-claims remain vested (or vest) in DNB, to elevate any equitable interest to a legal interest (if legally possible), to establish or perfect DNB's interest in the DDGS-claims and any other claim of DNB, including but not limited to a claim for costs and exercise its rights to claim in the winding-up of Landsbanki in respect of the DDGS-claims or other claim.

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- 4.4 For the avoidance of doubt, the above does not mean that the Parties **make a warranty** that the assignments contemplated under this Agreement are effective nor that they are acceptable to or will be accepted by the WuB.
- 4.5 Without prejudice to the **Pari Passu Agreement**, the Parties shall refrain from any action, including but not limited to judicial proceedings, arbitration and third-party rulings, that could reasonably be expected to interfere with TIF's entitlements with respect to the IDGS claims or Costs Claim transferred pursuant to this Agreement and/or DNB's rights and entitlements with respect to the part of the Claims retained by DNB (due to the fact that such claim exceeds EUR 20,867 in aggregate) and any other claim of DNB, including but not limited to a claim for costs. The Parties shall not apply for or invoke any judgement or ruling concerning such claims if such judgement or ruling would interfere with TIF's entitlements and/or DNB's rights and entitlements referred to in the preceding sentence. TIF shall, no later than on the Effective Date, withdraw all objections to the decision of the WuB regarding the claim filed by DNB referred to in recital (J) to this Agreement.

5. **Waiver and indemnity**

- 5.1 The Parties hereby agree that upon the occurrence of the Effective Date (A) DNB will not have (and to the extent necessary it irrevocably renounces) any claim against TIF or Iceland in relation to the payment of compensation by DNB in respect of the claims of Landsbanki Amsterdam Depositors for the account of the IDGS other than those set out in this Agreement, the Reimbursement and Indemnity Agreement and the Pari Passu Agreement or permitted by the terms of any of either agreements; and (B) TIF will not have (and to the extent necessary it irrevocably renounces) any claim against DNB in respect of the claims set-out under (A), including but not limited to claims in respect of DNB filing such claims with the WuB and/or the dispute referred to in recital (J) above, other than those set out in this Agreement or the Pari Passu Agreement or permitted by the terms of either agreement.
- 5.2 TIF shall on or within five Business Days of the Effective Date make a payment to DNB of EUR 333,000 by way of contribution towards the costs incurred by DNB in relation to (i) the verification of the claims referred to under (A) in paragraph 5.1 above with the WuB and (ii) the dispute with the Reykjavik District Court referred to under (B) in paragraph 5.1 above.

6. Costs and Expenses

6.1 TIF shall bear all costs payable to the WuB or any governmental authority in Iceland in connection with the assignment of the Icelandic Proof IDGS-Claims associated with each IDGS-claim and the Icelandic Proof Costs-Claim associated with the Costs Claim.

6.2 Without prejudice to the other provisions of this Agreement or the terms of the Reimbursement and Indemnity Agreement, each Party shall bear its own costs and expenses in connection with the preparation, negotiation and execution of this Agreement and all related documents.

7. Incorporation of Terms by Reference

The provisions of sections 9.2 (Waivers), 9.4 (Amendments, Etc.) 9.7 (Counterparts) and 9.10 (Waiver of Sovereign Immunity) of the Reimbursement and Indemnity Agreement are incorporated into this Agreement as if set out in full herein and as if references in those paragraphs to "this Agreement" were, except where the context otherwise requires, references to this Agreement and as if references in those paragraphs to a "Party" were, except where the context otherwise requires, references to a Party to this Agreement.

8. Governing Law and Jurisdiction

8.1 Subject to paragraph 8.2 and 8.3 below, this Agreement, including the provisions of the Reimbursement and Indemnity Agreement that are incorporated into this Agreement pursuant to paragraph 7 of this Agreement, and any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, shall be governed by, and construed in accordance with, the laws of the Netherlands.

8.2 To the extent paragraph 2.1 of this Agreement operates to assign and transfer the Icelandic Proof IDGS-Claims and/or Icelandic Proof Costs-Claim such assignment and transfer is governed by Icelandic law.

8.3 The assignments and transfers implemented by this Agreement are made for the purpose of and in accordance with Article 115 of Icelandic Bankruptcy Act No. 21/1991.

8.4 Any dispute between TIF and DNB concerning or in connection with

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this Agreement, whether contractual or non-contractual, including a dispute regarding the existence, validity or termination of this Agreement will be subject to the exclusive jurisdiction of the courts of the Netherlands.

9. Notices

9.1 Any communication, other than the communication referred to in paragraph 2.6 above, to be made under or in connection with this Agreement will be made in writing in English and, unless otherwise stated, may be made by letter or fax (and may be copied, but not validly served, by e-mail). The communications referred to in paragraph 2.8 may be provided by e-mail.

9.2 The address and fax number (and the department or official, if any, for whose attention the communication is to be made) of each Party for any communication to be made under or in connection with this Agreement is:

- (i) if to DNB:
De Nederlandsche Bank N.V., Westeinde 1, P.O. Box 98, 1000 AB Amsterdam, The Netherlands;
Fax +31 20 524 2517;
Attn: Jan Reinder de Carpentier and Sander Timmerman.
Division legal affairs;
Email: j.r.de.carpentier@dnb.nl; and
s.timmerman@dnb.nl;

with a copy to:

Dutch Ministry of Finance, at Ministerie van Financiën, Korte Voorhout 7, 2511 CW The Hague, The Netherlands, P.O. Box 20201, 2500 EE The Hague, The Netherlands;
Fax: +31 70 342 79 03;
Attn.: Treasurer-General (Thesaurier-generaal);
Email: j.c.barnard@minfin.nl

or

- (ii) If to TIF:
[Tryggingarsjóður Innstæðueigenda og fjárfesta, Borgartun 26,
3rd floor, 105 Reykjavík, Iceland;
Fax: 1354 590 2606;
Attn.: Managing Director,

Assignment Agreement DNB - TIF

Draft dated 8 December 2010

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Email: [●]

with a copy to:

Iceland, at Ministry of Finance, Arnarhvoli Lindargötu. 150

Reykjavik, Iceland;

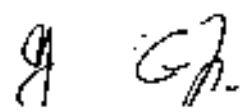
Fax: +354 5628280;

Attn.: Permanent Secretary;

Email [●]]

or, in each case, any substitute address or fax number (or department or official) which any of the above may notify to the others by not less than five (5) Business Days' notice.

IN WITNESS WHEREOF the Parties have executed this Agreement on the respective dates specified below.



Draft dated 8 December 2010

Subject to board approval DNB

Tryggingarsjóður Innstaðueigenda og Fjárfesta

By:

Date:

Name:

Title:

Date:

Name:

Title:

De Nederlandsche Bank N.V.

By:

Date:

Name:

Title:

Date:

Name:

Title:

Handwritten signatures in black ink, appearing to be initials or names, located at the bottom right of the page.

Draft dated 8 December 2010

Subject to board approval DNB

SCHEDULE I

Definitions

| | |
|-----------------------|---|
| Applicable Law | any applicable statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by (or any interpretation or administration of any of the foregoing by), any Governmental Authority, whether in effect as of the date of this Agreement or thereafter |
| Arrears Rate | in relation to any amount and as at any day, the Dutch statutory commercial interest rate (<i>wettelijke handelsrente</i>) as referred to in Section 6:119a of the Dutch Civil Code. |
| Business Day | a day (other than Saturday or Sunday) on which commercial banks are not authorized or required to close in Reykjavik (Iceland) or Amsterdam (The Netherlands) |
| Claim | a claim on Landsbanki of a Landsbanki Amsterdam Depositor acquired by DNB from that Landsbanki Amsterdam Depositor as a result of or related to DNB making payment to such Landsbanki Amsterdam Depositor under and/or for the account of the DDGS and/or the IDGS. Any Claim may include any or both of an IDGS-claim and a DDGS-claim |
| Costs Claim | the claim against Landsbanki for the costs incurred by DNB in respect of the handling of the claims of Landsbanki Amsterdam Depositors for compensation under the applicable deposit guarantee scheme up to an amount of (EUR 7 million) |
| DDGS | the Dutch deposit guarantee scheme established under the Dutch Decree on special prudential measures, investor compensation scheme and deposit guarantee scheme (<i>Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft</i>) |
| DDGS-claims | each Claim to the extent acquired by DNB from |

Assignment Agreement DNB – FIF

Draft dated 8 December 2010

Subject to board approval DNB

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|--|--|
| | the relevant Landsbanki Amsterdam Depositor other than as a result of or related to DNB making payment to such Landsbanki Amsterdam Depositor for the account of the IDGS |
| DNB | De Nederlandsche Bank N.V., a public limited liability company incorporated under the laws of the Netherlands |
| Effective Date | the date the Reimbursement and Indemnity Agreement becomes effective in accordance with clause 6.1 (<i>Conditions Precedent</i>) thereof |
| FME | the Financial Supervisory Authority in Iceland (<i>Fjármálaeftirlitið</i>) |
| Governmental Authority | any nation or government, any state or municipality, any multi-lateral or similar organization or any other agency, instrumentality or political subdivision thereof and any entity exercising executive, legislative, judicial, monetary, regulatory or administrative functions of or pertaining to government |
| Icelandic Proof IDGS-Claims | claim 2 with reference no. 200910-0981 filed on 19 October 2009 by DNB with the WuB in respect of (and to the extent it relates to) the IDGS-claims |
| Icelandic Proof Costs-Claim | claim 2 with reference no. 200910-0981 filed on 19 October 2009 by DNB with the WuB in respect of (and to the extent it relates to) the Costs Claim |
| IDGS | the Icelandic deposit guarantee scheme established by Icelandic Act No. 98/1999, the maximum amount of coverage with respect to each Landsbanki Amsterdam Depositor is determined at EUR 20,887 |
| IDGS-claims | each Claim to the extent acquired by DNB from the relevant Landsbanki Amsterdam Depositor as a result of or related to DNB making payment to such Landsbanki Amsterdam Depositor for the account of the IDGS |
| Landsbanki | depending on the context in which it is used, Landsbanki Íslands hf. and/or Landsbanki Íslands hf., Amsterdam branch |
| Landsbanki Amsterdam Depositors | persons or entities that deposited any funds or otherwise had any credit balance with Landsbanki Íslands hf., Amsterdam branch |

Handwritten initials: J EP

Draft dated 8 December 2010

Subject to board approval DNB

| | |
|---|--|
| Landsbanki Íslands hf. | Landsbanki Íslands hf., a company with limited liability incorporated under the laws of Iceland |
| Landsbanki Íslands hf., Amsterdam branch | The Dutch branch office of Landsbanki Íslands hf. |
| Pari Passu Agreement | the Pari Passu Agreement to be entered into between TIF and DNB which complies with Section 6.2 of the Reimbursement and Indemnity Agreement |
| Payment Date | means 1 January, 1 April, 1 July and 1 September of any year |
| Reimbursement and Indemnity Agreement | the Reimbursement and Indemnity Agreement between the Netherlands, Iceland and TIF entered into on or about the date of this Agreement |
| Taxes | all present and future income, stamp, registration and other taxes and levies, imposts, deductions, charges and withholdings whatsoever, and all interest, penalties or similar amounts with respect thereto or with respect to the non-payment thereof, now or hereafter imposed, assessed, levied or collected by any authority, on or in respect of this Agreement, any payment under this Agreement or the recording, registration, notarization or other formalization of any thereof |
| TIF | Tryggingarsjóður Innstæðueigenda og fjárfesta, a private foundation incorporated under the laws of Iceland, entrusted under such laws with the execution of the IDGS in accordance with the provisions of Icelandic Act No. 198/1999 on Deposit Guarantees and Investor Compensation Scheme |
| WuB | the Winding-up Board of Landsbanki Íslands hf. |

Draft dated 8 December 2010

Subject to board approval DNB

SCHEDULE 2

Form of Notice of Assignment

NOTICE OF ASSIGNMENT

To: **Landsbanki Íslands hf**
Austurstræti 11
155 Reykjavík
Iceland

Attention: The Resolution Committee

CC: **Tryggingarsjóður Innstæðueigenda og Fjárfesta**
Borgartún 26
105 Reykjavík
Iceland

Attention: Managing Director

CC: **Landsbanki Íslands hf**
Austurstræti 16
101 Reykjavík
Iceland

Attention: The Winding up Board

The Winding-Up Board of Landsbanki Íslands HF,
c/o Epiq Systems Limited
11 Old Jewry, 4th Floor
London, EC2R 6JH

Attention: Landsbanki Claim Transfer Agent

From: **De Nederlandsche Bank N.V.**
Westende 1
1017 ZN Amsterdam
the Netherlands

Dear Sirs

As you will be aware, DNB has made payments to Landsbanki Amsterdam Depositors on behalf of TIF to enable TIF to discharge its obligations to those Depositors under the IDGS.

Assignment Agreement DNB – TIF

Draft dated 8 December 2010

Subject to board approval DNB

We hereby notify you that, pursuant to an assignment agreement (the "Assignment Agreement") dated [●] 2010 between DNB and TIF, a copy of which is enclosed:

- (A) With effect from [] 2010, all our rights, title, interest and benefit in and to the IDGS-claims (and Icelandic Proof IDGS Claims) which, as at the Effective Date, had previously been assigned to us by Landsbanki Amsterdam Depositors or conferred on us by operation of law or otherwise, have been assigned and transferred by us to TIF. For the avoidance of doubt, we note that each IDGS-claim cannot exceed EUR 20,887 per Landsbanki Amsterdam Depositor (or where applicable per joint account-holder). The total notional principal amount of the IDGS-claims assigned to TIF amounts to EUR 1,322,242,850. The remainder of the Claims will be retained by DNB. In connection to these IDGS-claims, with effect from [] 2010 the Costs Claim (and Icelandic Proof Costs-Claims) amounting to EUR 7 million has been assigned to TIF.
- (B) Details of the names, account numbers and account balances of the related Landsbanki Amsterdam Depositors are stated on the list referred to in paragraph 2.8 of the Assignment Agreement provided by us to TIF and attached hereto and/or are identifiable from and may be evidenced by the records of DNB or any other records that may legitimately be used for the purpose of determining which claims are assigned pursuant to the Assignment Agreement, and

The assignment effected by the Assignment Agreement is an assignment pursuant to article 115 of Icelandic Bankruptcy Act No. 21/1991.

As a result of the above assignment, you should, in the future, deal solely with TIF in respect of the IDGS-claims (and Icelandic Proof IDGS-Claims) and the Costs Claim (and Icelandic Proof Costs-Claims) and you will only be able to discharge yourselves in respect of these claims by making payment to TIF.

We hereby confirm that we remain the holder of the Claims to the extent that these are not IDGS-claims (and Icelandic Proof IDGS-Claims) and you should continue to deal solely with us with respect to such (part of the) Claims, including, among other things, any interest which may have accrued on such (part of the) Claims, and that you will only be able to discharge yourselves in respect thereof by making payment to us.

Capitalised words used in this notice shall have the meaning ascribed to them in

Assignment Agreement DNB – TIF

Draft dated 8 December 2010

Subject to board approval DNB

Annex A hereto.

Yours faithfully,

.....
for and on behalf of
De Nederlandsche Bank N.V.



Draft dated 8 December 2010

Subject to board approval DNB

ANNEX A

to Notice of Assignment

Definitions

| | |
|------------------------------------|---|
| Claim | a claim on Landsbanki of a Landsbanki Amsterdam Depositor acquired by DNB from that Landsbanki Amsterdam Depositor as a result of or related to DNB making payment to such Landsbanki Amsterdam Depositor under and/or for the account of the DDGS and/or the IDGS. Any Claim may include any or both of an IDGS-claim and a DDGS-claim |
| Costs Claim | the claim against Landsbanki for the costs incurred by DNB in respect of the handling of the claims of Landsbanki Amsterdam Depositors for compensation under the applicable deposit guarantee scheme up to an amount of [EUR 7 million] |
| DDGS | the Dutch deposit guarantee scheme established under the Dutch Decree on special prudential measures, investor compensation scheme and deposit guarantee scheme (<i>Besluit bijzondere prudentiele maatregelen, beleggerscompensatie en depositogarantie Wft</i>) |
| DDGS-claims | each Claim to the extent acquired by DNB from the relevant Landsbanki Amsterdam Depositor other than as a result of or related to DNB making payment to such Landsbanki Amsterdam Depositor for the account of the IDGS |
| DNB | De Nederlandsche Bank N.V., a public limited liability company incorporated under the laws of the Netherlands |
| Icelandic Proof IDGS-Claims | claim 2 with reference no. 200910-098; filed on 19 October 2009 by DNB with the Landsbanki Winding-up Board in respect of (and to the extent it relates to) the IDGS-claims |
| Icelandic Proof Costs-Claim | claim 2 with reference no. 200910-098; filed on 19 October 2009 by DNB with the Landsbanki Winding-up Board in respect of (and to the extent it relates to) the Costs Claim |
| IDGS | the Icelandic deposit guarantee scheme |

Draft dated 8 December 2010

Subject to board approval DNB

| | |
|---|--|
| | established by Icelandic Act No. 98/1999, the maximum amount of coverage with respect to each Landsbanki Amsterdam Depositor is determined at EUR 20,887 |
| IDGS-claims | each Claim to the extent acquired by DNB from the relevant Landsbanki Amsterdam Depositor as a result of or related to DNB making payment to such Landsbanki Amsterdam Depositor for the account of the IDGS |
| Landsbanki | depending on the context in which it is used, Landsbanki Íslands hf. and/or Landsbanki Íslands hf., Amsterdam branch |
| Landsbanki Amsterdam Depositors | persons or entities that deposited any funds or otherwise had any credit balance with Landsbanki Íslands hf., Amsterdam branch |
| Landsbanki Íslands hf. | Landsbanki Íslands hf., a company with limited liability incorporated under the laws of Iceland |
| Landsbanki Íslands hf., Amsterdam branch | The Dutch branch office of Landsbanki Íslands hf. |
| TIF | Tryggingarsjóður Investeðueigenda og fjárfesta, a private foundation incorporated under the laws of Iceland, entrusted under such laws with the execution of the IDGS in accordance with the provisions of Icelandic Act No. 198/1999 on Deposit Guarantees and Investor Compensation Scheme |

PARI PASSU AGREEMENT

dated [?], 2010

between

The Depositors' and Investors' Guarantee Fund of Iceland

and

The Dutch Central Bank

GP J

This **PARI PASSU AGREEMENT**, dated [**], 2010 (this "*Pari Passu Agreement*"), between **THE DEPOSITORS' AND INVESTORS' GUARANTEE FUND OF ICELAND** (*Tryggingarsjóður Innstæðueigenda og Fjárfesta*), a private foundation incorporated under the laws of Iceland (the "*Guarantee Fund*"), and **THE DUTCH CENTRAL BANK** (*De Nederlandsche Bank N.V.*), a limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands, ("*DNB*" and, together with the Guarantee Fund collectively, the "*Parties*").

RECITAL

WHEREAS, the Guarantee Fund, Iceland and the State of the Netherlands have entered into the Reimbursement and Indemnity Agreement.

WHEREAS, it is a condition precedent to the effectiveness of the Reimbursement and Indemnity Agreement that Guarantee Fund and DNB shall have entered into the this *Pari Passu Agreement*.

ARTICLE I DEFINITIONS

Section 1.1 *Certain Defined Terms*. (a) As used in this *Pari Passu Agreement*, the terms defined in Schedule I shall have the meaning set out in that Schedule.

Section 1.2 *Other Interpretative Provisions*. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) In this *Pari Passu Agreement* (i) references to agreements (including this *Pari Passu Agreement*) and other documents shall be deemed to include all subsequent amendments and other modifications thereto and (ii) references to any Applicable Law are to be construed as including all statutory and regulatory provisions or rules consolidating, amending, replacing, supplementing, interpreting or implementing such Applicable Law.

ARTICLE II PARI PASSU TREATMENT

Section 2.1 *Pari passu treatment*. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

(a) to the extent that, following the assignment by DNB to the Guarantee Fund of all claims of the Landsbanki Amsterdam Depositors against Landsbanki (both as defined in the Reimbursement and Indemnity Agreement) assigned to DNB in connection with its payment of compensation in respect of those claims, as recorded in the DNB Assignment Agreement, DNB retains any part of any claim (due to the fact that such claim exceeds the amount assigned to the Guarantee Fund), then the part of the claim which has been assigned to the Guarantee Fund shall, to the fullest extent permitted by Applicable Law, rank *pari passu* in all respects with the part of that claim retained by DNB;

(b) in the event that, for any reason whatsoever (including, without limitation, any preferential status accorded to the Guarantee Fund under any Applicable Law of Iceland), following the assignment of a part of any given claim to the Guarantee Fund, either the Guarantee Fund or DNB experiences a greater *pro rata* level of recovery in respect of such claim, than that experienced by the other, the Guarantee Fund or DNB (as appropriate) shall, as soon as practicable, unless paragraph (c) below applies, make such balancing payment to DNB or the Guarantee Fund, as the case may be, as is necessary to ensure that each of the Guarantee Fund's and DNB's *pro rata* level of recovery in respect of such claim is the same as the other's; and

(c) if (i) a court of Iceland gives a final and non-appealable order or judgment which (A) determines that all or part of any claim assigned to the Guarantee Fund, or the rights retained by DNB, as the case may be, shall be entitled to receive distributions in the Landsbanki estate on a preferential basis relative to other claims originating from the same deposits, and (B) is not in conflict with an advisory opinion obtained from the Court of the European Free Trade Area on that preferential status, or (ii) the Winding-up Board of Landsbanki determines that all or part of any claim assigned to the Guarantee Fund, or the rights retained by DNB, as the case may be, shall be entitled to receive distributions in the Landsbanki estate on a preferential basis relative to the other claims originating from the same deposits but such ruling is not challenged in a court of Iceland by any depositor or creditor and such failure to challenge is not the result of a change of Applicable Law made after the Commencement Date which renders such a challenge more difficult or impossible, then, unless that preferential status results from any revocation, withdrawal, withholding or other ceasing to be in full force and effect, or any modification or amendment of any Applicable Law effected or made after the Commencement Date, the obligation described in paragraph (b) above for the Guarantee Fund or DNB, as the case may be, to make balancing payments shall not apply.

Section 2.2. *Payments.* (a) All payments of any amounts to be made by any Party under this *Pari Passu* Agreement shall be made in the currency in which the relevant amount has been received by such Party, in immediately available funds, without deduction, set-off or counterclaim, to such account in the Netherlands (in the case of DNB) or Iceland (in the case of the Guarantee Fund) as the other Party may have notified to such Party at not less than five Business Days prior notice.

(b) All payments of any amounts payable by any Party under this *Pari Passu* Agreement shall be made free and clear of and without reduction or liability for or on account of any Taxes, *provided* that if any Party shall be required by Applicable Law to deduct any Taxes from such payments, then the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.2) the other Party receives an amount equal to the sum it would have received had no such deductions been made.

(c) If any amount has fallen due for payment by a Party under this *Pari Passu* Agreement but remains unpaid in breach of the terms of this *Pari Passu* Agreement, such Party shall pay to other Party compensation on such amount at the Arrears Rate. Any such compensation shall be compounded on each Payment Date with the amount in respect of which it has accrued.

**ARTICLE III
OTHER MATTERS**

Section 3.1 Super-priority. The Guarantee Fund may, at any time, seek to argue that its claim or claims in the winding-up of Landsbanki should enjoy a higher priority in the payment of distributions from the Landsbanki estate than the remaining claims of DNB (any such argument a "Higher Priority Argument") and DNB may bring objections to any such Higher Priority Argument raised by the Guarantee Fund, both with the Winding-up Board of Landsbanki, in any court proceedings, in any mediation process which may precede any such court proceeding or otherwise. Neither the Guarantee Fund nor DNB may, however, bring any argument as to the validity, quantum or (save for any Higher Priority Argument) priority of any claim of the other in the Landsbanki winding-up.

Section 3.2 Existing arguments. The Guarantee Fund shall, no later than on the date on which this *Pari Passu* Agreement becomes effective, withdraw any argument it has raised, whether with the Winding-up Board of Landsbanki, in any court proceedings or otherwise, against the validity or quantum or (save for any Higher Priority Argument) priority of any claim of DNB in the Landsbanki winding-up and shall use its best efforts to ensure that process or proceedings instigated by it, whether with Winding-up Board of Landsbanki or in any court or other body with judicial authority, shall be terminated to the extent that they relate to such validity or quantum.

**ARTICLE IV
CONDITIONS PRECEDENT**

Section 4.1 Conditions Precedent. The effectiveness of this *Pari Passu* Agreement is subject to the conditions precedent that:

- (a) the DNB Assignment Agreement shall have been executed by all the parties thereto; and
- (b) the Reimbursement and Indemnity Agreement shall have become effective in accordance with Section 5.1 thereof.

**ARTICLE V
MISCELLANEOUS**

Section 5.1 Notices. All notices, requests, instructions, directions and other communications provided for in this *Pari Passu* Agreement shall be given or made in writing in English by personally delivered letter or by fax (and may be copied, but not validly served, by e-mail) delivered to the intended recipient as follows:

- (a) if to the Guarantee Fund, to it at Borgartun 26, 3rd floor, 105 Reykjavik, Iceland, Fax: +354 590 2606, Attn.: Managing Director, with a copy to Iceland, at Ministry of Finance, Arnarhvoli Lindargötu, 150 Reykjavik, Iceland, Fax: +354 5628280, Attn.:Permanent Secretary;
- (b) if to DNB, to it at Westeinde 1, P.O. Box 98, 1000 AB Amsterdam, The Netherlands, Fax +31 20 524 2517, Attn: Jan Reinder de Carpentier and Sander Timmerman,

Division legal affairs, with a copy to The Netherlands at Ministerie van Financiën, Korte Voorhout 7, 2511 CW The Hague, The Netherlands, P.O. Box 20201, 2500 EE The Hague, The Netherlands, Fax: +31 70 342 79 03, Attn.: Treasurer-General (*Treasurier-generaal*).

Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given, (i) when personally delivered at the address of the person to be served, at the time when it is so left (or, if left on a day that is not a Business Day, at 8:15am (local time) on the next following Business Day), and (ii) when sent by facsimile transmission, when confirmation of receipt is received from the receiving facsimile machine (or, if sent on a day that is not a Business Day, at 8:15am (local time) on the next following Business Day), *provided that*, in proving the giving of notice under or in connection with this Agreement, it shall be sufficient to prove that the notice was delivered to the address for service.

Section 5.2 Amendments, Etc. Any provision of this *Pari Passu* Agreement may be modified, supplemented or waived only in writing.

Section 5.3 Successors and Assigns. (a) This *Pari Passu* Agreement shall be binding upon and inure to the benefit of the Parties. No Party may assign, transfer or encumber any of its rights or obligations under this *Pari Passu* Agreement (any attempt to do so being null and void *ab initio*).

(b) This *Pari Passu* Agreement is made and entered into for the sole protection and legal benefit of the Parties and no other person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this *Pari Passu* Agreement under the Contracts (Rights of Third Parties) Act 1999.

Section 5.4 Captions. The captions and section headings appearing in this *Pari Passu* Agreement are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this *Pari Passu* Agreement.

Section 5.5 Counterparts. This *Pari Passu* Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties may execute this *Pari Passu* Agreement by executing any such counterpart. Each counterpart shall be an original copy of this *Pari Passu* Agreement, but they shall together constitute one and the same instrument.

Section 5.6 Governing Law and Jurisdiction. THIS *PARI PASSU* AGREEMENT AND ANY MATTER, CLAIM OR DISPUTE ARISING OUT OF OR IN CONNECTION WITH IT, WHETHER CONTRACTUAL OR NON-CONTRACTUAL, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF ENGLAND.

Section 5.7 Arbitration. (a) ANY DISPUTE, LEGAL ACTION OR PROCEEDING BY OR AGAINST ANY PARTY TO THIS *PARI PASSU* AGREEMENT WITH RESPECT TO OR ARISING OUT OF THIS *PARI PASSU* AGREEMENT, WHETHER CONTRACTUAL OR NON-CONTRACTUAL AND INCLUDING, WITHOUT LIMITATION, ANY DISPUTE, LEGAL ACTION OR PROCEEDING REGARDING THE EXISTENCE, VALIDITY, FORMATION OR TERMINATION OF THIS *PARI PASSU* AGREEMENT (A "DISPUTE")

SHALL BE SETTLED BY FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE PCA RULES WHICH RULES ARE DEEMED INCORPORATED BY REFERENCE INTO THIS CLAUSE EXCEPT TO THE EXTENT THAT THEY RELATE TO THE NATIONALITY OF THE ARBITRATOR.

- (b) In any arbitral proceedings as referred to in paragraph (a) above:
- (i) the number of arbitrators shall be three;
 - (ii) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration;
 - (iii) the place of arbitration shall be The Hague, Peace Palace (*Vredespaleis*), the Netherlands;
 - (iv) the language to be used in the arbitral proceedings shall be English;
 - (v) the IBA Rules on the Taking of Evidence in International Arbitration of 29 May 2010 shall apply;
 - (vi) the arbitral tribunal shall use its best efforts to make a final award within twelve months of the appointment of the third arbitrator who acts as the presiding arbitrator of the arbitral tribunal, and shall conduct the arbitral proceedings accordingly;
 - (vii) the arbitral tribunal shall rule in accordance with the laws of England (and not, for the avoidance of doubt, as *amiable compositeur* or *ex aequo et bono*); and
 - (viii) both Parties, the arbitrators and the Secretary-General and the International Bureau of the Permanent Court of Arbitration shall protect the confidentiality of the existence of the arbitral proceedings and of any information received by them in connection with such proceedings.

Section 5.8 Waiver of Sovereign Immunity. Each of the Parties consents generally to the issue of any process in connection with any Dispute and to the giving of any type of relief or remedy against it, including, without limitation, the making, enforcement or execution against any of its Property or assets (regardless of its or their use or intended use) of any order, judgment or award (including, for the avoidance of doubt, any arbitral award made in arbitral proceedings pursuant to Section 4.7). If any Party or any of its Property or assets is entitled in any jurisdiction to any immunity from service of process or of other documents relating to any Dispute, or to any immunity from jurisdiction, suit, judgment, award, execution, attachment (whether before judgment, in aid of execution or otherwise) or other legal process, this is irrevocably waived to the fullest extent permitted by the law of that jurisdiction. Each of the Parties also irrevocably agrees not to claim any such immunity for themselves or their respective property or assets.

[Signatures Follow.]

IN WITNESS WHEREOF, the Parties have caused this *Pari Passu* Agreement to be duly executed and delivered as of the day and year first above written.

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

By: _____
Name: [*]
Title: [*]

The Dutch Central Bank (*De Nederlandsche Bank
N.V.*)

By: _____
Name: [*]
Title: [*]

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SCHEDULE I
to *Pari Passu* Agreement

"*Applicable Law*" means any applicable statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by (or any interpretation or administration of any of the foregoing by), any Governmental Authority, whether in effect as of the date of this *Pari Passu* Agreement or thereafter.

"*Arrears Rate*" means, in relation to any amount and as at any day, a rate *per annum* equal to the sum of (a) the Commercial Interest Reference Rate for the currency in which that amount is expressed as applicable as at that day and as published by the Organisation for Economic Co-operation and Development for a loan with shortest duration for which such rate is available (or, if no such rate is published by that organization, a comparable rate reasonably agreed between the Parties or, if the Parties fail to agree such comparable rate within four weeks after the time when it should be determined, as determined by arbitration in accordance with Section 4.7), and (b) 0.5 per cent. *per annum*.

"*Business Day*" means a day (other than Saturday or Sunday) on which commercial banks are not authorized or required to close in Reykjavik (Iceland) or Amsterdam (The Netherlands).

"*Commencement Date*" means 5 June 2009.

"*DNI*" has the meaning set forth in the introduction to this *Pari Passu* Agreement.

"*DNB Assignment Agreement*" means the Assignment Agreement to be entered into between the Parties in the form agreed between the parties to the Reimbursement and Indemnity Agreement before the date of the Reimbursement and Indemnity Agreement and which complies with Section 6.2 of the Reimbursement and Indemnity Agreement.

"*Guarantee Fund*" has the meaning set forth in the introduction to this *Pari Passu* Agreement.

"*Higher Priority Argument*" has the meaning set forth in Section 3.1.

"*Parties*" has the meaning set forth in the introduction to this *Pari Passu* Agreement.

"*Governmental Authority*" means any nation or government, any state or municipality, any multi-lateral or similar organization or any other agency, instrumentality or political subdivision thereof and any entity exercising executive, legislative, judicial, monetary, regulatory or administrative functions of or pertaining to government.

"*Guarantee Fund*" has the meaning set forth in the introduction to this *Pari Passu* Agreement.

"*Payment Date*" means January 1, April 1, July 1 and September 1 of any year.

"*Reimbursement and Indemnity Agreement*" means the Reimbursement and Indemnity Agreement between the Guarantee Fund, Iceland and the State of the Netherlands dated on or about the date of this *Pari Passu Agreement*.

"*Taxes*" means all present and future income, stamp, registration and other taxes and levies, imposts, deductions, charges and withholdings whatsoever, and all interest, penalties or similar amounts with respect thereto or with respect to the non-payment thereof, now or hereafter imposed, assessed, levied or collected by any authority, on or in respect of this *Pari Passu Agreement*, any payment under this *Pari Passu Agreement* or the recording, registration, notarization or other formalization of any thereof.

g EP

CCB LA
Q M

FINAL DRAFT 8 DECEMBER 2010

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

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

Date: [**] 2010

Dear Madam/Sir,

Reimbursement and Indemnity Agreement dated [] 2010**

Reference is made to the Reimbursement and Indemnity Agreement dated [**] 2010 referred to above ("*Reimbursement and Indemnity Agreement*"). As used herein, the terms defined in Schedule I to the Reimbursement and Indemnity Agreement shall have the meaning set out in that Schedule.

The purpose of this letter is to confirm the agreement reached between the Parties relating to the definition of "*ISK Equivalent*" set out below.

The Parties designate this letter as a Relevant Document.

The Parties agree that this letter will take effect simultaneously with the Reimbursement and Indemnity Agreement.

With reference to the definition of "*ISK Equivalent*" in Schedule I to the Reimbursement and Indemnity Agreement, the Parties agree that, if any of (a) Iceland, or (b) any of the United Kingdom and The Netherlands (a "*Reimbursed Country*") changes its lawful currency into another currency, then, following such change:

(a) if as a result Iceland and the relevant Reimbursed Country have a common lawful currency, the ISK Equivalent of any amount which, prior to such change, would have been expressed in the lawful currency of such Reimbursed Country but, as a result of such change is expressed in such common lawful currency instead, shall be equal to that amount so expressed in the common lawful currency; and

(b) otherwise, the ISK Equivalent of any amount expressed in the lawful currency of the relevant Reimbursed Country shall be that amount translated into the lawful currency of Iceland in the manner set out in the definition of "*ISK Equivalent*" but using rates of exchange derived from a source reasonably agreed between Iceland and The Netherlands or, if Iceland and

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The Netherlands fail to agree such rate prior to the date for which the relevant ISK Equivalent is to be determined, as determined by arbitration in accordance with Section 9.9 of the Reimbursement and Indemnity Agreement.

The Parties agree that Sections 1.2, 9.4, 9.5 and 9.7 through 9.11 of the Reimbursement and Indemnity Agreement shall apply to this letter as if set out in this letter in full, *provided* that, for all purposes hereof, all references in those Sections to "this Agreement" will be deemed to refer to this letter.

Please sign and return this letter in evidence of your agreement to this letter.

Yours sincerely,

The State of the Netherlands

The Minister of Finance

on his behalf

Name:

Signed for agreement on

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

Name:

Title:

Iceland

ES

Name:

Title:

GP. J