

Memorandum of Understanding

The Depositor's and Investors' Guarantee Fund of Iceland, represented by Ms. Aslaug Arnadottir, Chairman of the Board of Directors,

The Government of Iceland, represented by Mr. Baldur Guðlaugsson, Permanent Secretary of the Ministry of Finance, and

The Government of The Netherlands, represented by Mr. Ronald van Roeden, Ambassador of the Kingdom of the Netherlands to Iceland,

have accepted the following:

The Depositor's and Investors' Guarantee Fund of Iceland accepts the obligation to compensate each Netherlands depositor of Landsbanki Amsterdam branch up to a maximum of 20.887 euro.

The Netherlands Ministry of Finance proposes to prefinance the amount required in order to allow the Depositor's and Investors' Guarantee Fund of Iceland to collect necessary funds with the assistance of the Icelandic Ministry of Finance.

Prefinancing will take the form of a loan from the Netherlands Ministry of Finance to the Depositor's and Investors' Guarantee Fund of Iceland, which will be fully guaranteed by the Government of Iceland, including interest and arrears.

The obligation will be stated and paid in euro's.

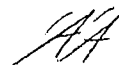
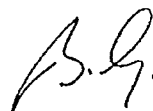
The loan will be disbursed to the Dutch Central Bank (De Nederlandsche bank NV) to settle with Netherlands depositors the claims against the The Depositor's and Investors Guarantee Fund of Iceland.

The loan will carry an interest of 6,7%, calculated from the date of the issuing of the loan, and will have a repayment time of 10 years. In case of arrears the interest rate will be increased by 0.3 % penalty to 7 %. There will be a grace period of 3 years.

The Government of Iceland may decide to repay part or the total of the loan before the end of the repayment time of ten years.

The Depositors' and Investors' Guarantee Fund of Iceland and the Government of Iceland undertake to avoid inequality of treatment in their settlement of claims from other Depositors' and Investors' Guarantee Funds or individual depositors covered by such funds.

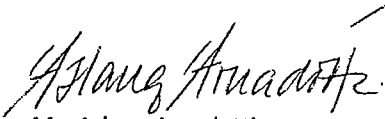
The present understanding can be modified by the consent of both Governments.



Details need to be worked out in a final agreement within the shortest possible timeframe. Signatories and guarantor agree to coordinate the timing and manner in which this agreement will be made public.

Both Governments will jointly decide on the way and timing of public communication regarding the substance of this Memorandum of Understanding. Communication is scheduled to take place during the weekend of 11 October.

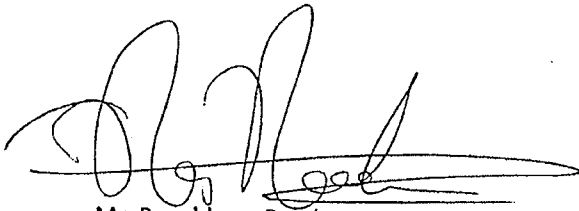
Reykjavik, 11 October 2008



Ms. Aslaug Arnadóttir



Mr. Baldur Guðlaugsson



Mr. Ronald van Roeden