
LOAN AGREEMENT

dated 1 July 2009

THE REPUBLIC OF ICELAND
as Borrower

SEÐLABANKI ÍSLANDS
as Borrower's Agent

and

THE KINGDOM OF SWEDEN
as Lender

EUR 495,000,000

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This **LOAN AGREEMENT** is dated 1 July 2009 and made between:

- (1) **THE REPUBLIC OF ICELAND**, as borrower (the “**Borrower**”);
- (2) **SEÐLABANKI ÍSLANDS**, as borrower’s agent (the “**Borrower’s Agent**”). and
- (3) **THE KINGDOM OF SWEDEN**, as lender (the “**Lender**”).

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

“**Agreed Proportions**” means:

- (a) for The Kingdom of Denmark, 27 per cent;
- (b) for The Republic of Finland, 18 per cent;
- (c) for Norges Bank, 27 per cent; and
- (d) for The Kingdom of Sweden, 28 per cent.

“**Availability Period**” means the period from and including the date of this Agreement to and including 30 December 2010.

“**Borrower’s Programme**” means the Borrower’s economic stabilisation programme set up in the agreement between the Borrower and the IMF.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in Copenhagen, Helsinki, Oslo, Stockholm and Reykjavik, and in relation to any date for payment or purchase of a sum denominated in euro, any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments in euro.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 11.1 which would (with the expiry of a grace period, the giving of notice, the making of any determination under this Agreement or any combination of any of the foregoing) be an Event of Default.

“**EURIBOR**” means the rate displayed on the Reuters Screen EURIBOR 01 Page as of 11.00 a.m. (Brussels time) two (2) Business Days before the first day of each Interest Period for the offering of deposits in euro for a period of three (3) months. If such page is replaced or service ceases to be available, the Lender may specify another page or service displaying the appropriate rate after consultation with the Borrower’s Agent. However, for the first and last Interest Period the EURIBOR rate will be linearly interpolated between the EURIBOR rate for the two maturities that have the closest shorter and longer maturity than the Interest Period.

“**euro**” or “**EUR**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EU Treaty.

“**Event of Default**” means any event or circumstance specified as such in Clause 11.1.

“**External Indebtedness**” means debt contracted, guaranteed or otherwise secured by any Obligor which is either (i) denominated in a currency other than Icelandic Krónur, (ii) raised or incurred outside of Iceland (iii) or issued in a jurisdiction other than Iceland and that is owed to non-residents. For the avoidance of doubt, in respect of any guarantee granted by any Obligor, External Indebtedness shall only include the obligations and liabilities of the relevant Obligor and not the obligation and liabilities of the principal obligor which has been granted a guarantee from any Obligor.

“**Facility**” means the loan facility made available under this Agreement in Clause 2 (*The Facility*).

“**Final Repayment Date**” means the date falling seven (7) years after the first repayment instalment becomes payable pursuant to Clause 4.1.

“**IMF**” means the International Monetary Fund.

“**IMF Stand-By Arrangement**” means the two year SDR 1.4 billion stand-by arrangement for the Borrower adopted by the IMF Executive Board on 19 November 2008 to support the economic stabilisation programme of the Borrower in agreement with the IMF.

“**Interest Period**” means a period of three (3) months, except in relation to the first and the last Interest Period. The first Interest Period shall start on the first Utilisation Date and end on the last day of the same calendar quarter. Each subsequent Interest Period shall start on the last day of the preceding Interest Period and end on the last day of the subsequent calendar quarter. However, the last Interest Period shall end on the Final Repayment Date. If an Interest Period would otherwise end on a day that is not a Business Day, that Interest Period will instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

“**Legal Opinion**” means the legal opinion issued by the Permanent Secretary of the Ministry of Justice and Ecclesiastical Affairs and dated on or about the date hereof.

“**Lender’s Agent**” means the Swedish National Debt Office (*Riksgäldskontoret*).

“**Loan**” means the loans made or to be made under the Facility or the principal amount outstanding from time to time of such loans.

“**Nordic Lender**” means each of The Kingdom of Denmark, The Republic of Finland, Norges Bank and The Kingdom of Sweden in their capacities as lenders under the Nordic Loans.

“**Nordic Loan**” means each of the loans provided by the Nordic Lenders to the Borrower or the Borrower’s Agent as a part of the USD 2.5 billion co-financing denominated in euro and provided to the Obligors in conjunction with the IMF Stand-By Arrangement, pursuant to agreements entered into on or about the date hereof on identical terms in all material respects. Each Nordic Loan being denominated in euro based on the USD/EUR exchange rate published by the European Central Bank two (2) Business Days before the date of this Agreement and rounded down to the nearest increment of EUR 5,000,000.

“**Obligor**” means each of the Borrower and the Borrower’s Agent.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Total Commitment**” means EUR 495,000,000.

“**USD**” means the lawful currency of the United States of America.

“**Utilisation Date**” means the date on which a disbursement of the Loan is to be made.

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in this Agreement to:

- (a) any agreement or instrument is a reference to that agreement or instrument as amended or novated;
- (b) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- (c) a provision of law is a reference to that provision as amended or re-enacted.

1.2.2 A Default (including an Event of Default) is “**continuing**” if it has not been remedied or waived.

1.2.3 No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy.

2. THE FACILITY

2.1 Subject to the terms and conditions of this Agreement, the Lender makes available to the Borrower a loan facility in euro in an aggregate amount equal to the Total Commitment.

2.2 The Borrower shall apply the amounts borrowed hereunder to support the Borrower’s Programme.

2.3 The Facility shall be available on condition that the Nordic Lenders are satisfied with the implementation of the Borrower’s Programme, in the manner set out in Clause 3.2.

2.4 The Borrower appoints the Borrower’s Agent to act on its behalf as its agent in relation to this Agreement and the other Nordic Loans. The Borrower’s Agent may on behalf of the Borrower (i) supply information to the Nordic Lenders, (ii) give and receive notices, instructions (including utilisation requests) and other communications under this Agreement and the other Nordic Loans, (iii) receive disbursements and make payments under this Agreement, and (iv) make agreements and effect amendments, supplements and variations relating to this Agreement and the other Nordic Loans.

2.5 The Lender appoints the Lender’s Agent to act on its behalf as its agent in relation to this Agreement and the other Nordic Loans. The Lender’s Agent may on behalf of the Lender

(i) supply information to the Nordic Lenders, (ii) give and receive notices, instructions (including utilisation requests) and other communications under this Agreement and the other Nordic Loans, (iii) make disbursements and receive payments under this Agreement, and (iv) subject to applicable limitations in the authority given to it, make agreements and effect amendments, supplements and variations relating to this Agreement and the other Nordic Loans.

3. UTILISATION

3.1 The Borrower may utilise the Facility by delivery to the Lender of a duly completed utilisation request for each instalment requested under this Agreement, not later than 11 a.m. (Stockholm time) five (5) Business Days before the proposed Utilisation Date. The proposed Utilisation Date must be a Business Day in the Availability Period.

3.2 The Loan shall be disbursed to the Borrower in euro, in four (4) equal instalments in the following amounts and after the Executive Board of the IMF's approval of the review of the Borrower's Programme.

Review:	Amount:
First review	EUR 123,750,000
Second review	EUR 123,750,000
Third review	EUR 123,750,000
Fourth review	EUR 123,750,000

3.3 For the avoidance of doubt, if one or more reviews of the Borrower's Programme should coincide, the amount to be disbursed in respect of each such review shall be made available to the Borrower.

3.4 Available amounts that are not drawn under one instalment may be carried over to the following instalment(s), provided that the Borrower gives the Lender's Agent written notice of the amount to be carried over in the relevant utilisation request. The amount requested to be carried over shall remain available until the last day of the Availability Period. If the Borrower does not request that an undrawn amount be carried over, such amount shall be cancelled.

3.5 An instalment in respect of one review that has not been drawn down before the next review has been approved by the Executive Board of the IMF shall be cancelled, unless the Borrower gives the Lender written notice that such instalment shall be carried over. Such notice must be given before the next review has been so approved. The instalment requested to be carried over shall remain available until the next review has been approved.

3.6 The amount of a proposed instalment shall be denominated in euro and must be a minimum of EUR 50,000,000 and integral multiples of EUR 10,000,000, or the total amount available. Only one instalment may be requested in each utilisation request.

- 3.7 Each utilisation request is irrevocable and will not be regarded as having been duly completed and executed unless it is substantially in the form set out in Schedule 2 (*Form of Utilisation Request*) and signed by authorised signatories of the Borrower's Agent.
- 3.8 The Borrower may not deliver the first utilisation request under this Agreement unless the Lender's Agent has received all of the documents and other evidence listed in Schedule 1 part I (*Conditions Precedent - First Utilisation Request*) in form and substance satisfactory to the Lender.
- 3.9 The Borrower may not deliver any subsequent utilisation request under this Agreement unless the Lender's Agent has received all of the documents and other evidence listed in Schedule 1 part II (*Conditions Precedent - Subsequent Utilisation Requests*) in form and substance satisfactory to the Lender.
- 3.10 The Lender will only be obliged to disburse an instalment if on the proposed Utilisation Date, (i) no Default is continuing or would result from the disbursement, (ii) disbursements of all Nordic Loans are made *pro rata* in the Agreed Proportions, and (iii) the IMF Stand-By Arrangement continues to be in effect.
- 3.11 The disbursement of an instalment shall be made to the account and bank specified in the utilisation request.
- 3.12 Any amount not drawn under the Facility on the last day of the Availability Period shall be automatically cancelled on such date.
- 3.13 If the Lender determines that it is unable to fund a requested instalment on reasonable terms in the financial markets, it shall promptly notify the Borrower hereof. Following such notification, the Lender's obligation to disburse such instalment shall be postponed until the Lender determines that it can be funded by the Lender on reasonable terms.

4. REPAYMENT

- 4.1 The Borrower shall repay the Loan in quarterly equal instalments. The first repayment instalment, together with accrued interest, shall be made on the last day of the calendar quarter in which the fifth (5th) anniversary of the disbursement of the first instalment falls.
- 4.2 Any amount of the Loan outstanding on the Final Repayment Date shall be repaid in full on such date.
- 4.3 The Borrower shall procure that at each time a repayment of a Nordic Loan is to be made, all Nordic Loans are repaid at the same time in the Agreed Proportions.

5. PREPAYMENT

- 5.1 If a Nordic Loan is prepaid in whole or in part, a proportional amount of the Loan will become immediately repayable, in accordance with the Agreed Proportions.
- 5.2 If a loan under the IMF Stand-By Arrangement is prepaid in whole or in part, a proportional amount of each Nordic Loan will, unless the Nordic Lenders agree otherwise, become immediately repayable, based on the initial proportions of the Nordic Loans to the loans under the IMF Stand-By Arrangement.

- 5.3 The Borrower may, if it gives the Lender's Agent not less than ten (10) Business Days' prior written notice, prepay the whole or any part of the Loan (but if in part, being an amount that reduces the Loan by a minimum amount of EUR 50,000,000 and integral multiples of EUR 10,000,000).
- 5.4 The following restrictions shall apply to any prepayment:
- (a) The Borrower shall not repay or prepay all or any part of the Loan except at the times and in the manner expressly provided for in this Agreement.
 - (b) Any notice of prepayment shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the prepayment is to be made and the amount of the prepayment.
 - (c) Any prepayment shall be made together with accrued interest on the amount prepaid and without premium or penalty.
 - (d) Any partial prepayment shall be applied to the scheduled repayment instalments in chronological order.
 - (e) Any part of the Facility which is voluntarily prepaid may not be reborrowed.

6. INTEREST

- 6.1 The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of (i) a margin of 2.75 per cent and (ii) EURIBOR.
- 6.2 The interest rate must not be lower than the funding costs of the Nordic Lender having the highest funding cost (the "**Relevant Nordic Lender**"). If at or about noon (Brussels time) on the relevant quotation date specified in the definition of EURIBOR, the Relevant Nordic Lender's funding cost exceeds the interest rate determined pursuant to Clause 6.1, the Lender's Agent or any other Nordic Lender shall promptly notify the Borrower's Agent and the interest rate shall during such Interest Period be substituted with the cost to the Relevant Nordic Lender of funding the Loan from whatever source it may reasonably select, as certified by it.
- 6.3 If at or about noon (Brussels time) on the relevant quotation date specified in the definition of EURIBOR, EURIBOR is not displayed on the appropriate page or screen, the Lender's Agent shall promptly notify the Borrower's Agent and EURIBOR shall during such Interest Period be substituted with the average cost to the Nordic Lenders of funding the Nordic Loans from whatever source they may reasonably select.
- 6.4 Interest will be computed from (and including) the first day of each Interest Period until (but excluding) the last day of such Interest Period, on the actual number of days elapsed on a 360 day/year basis.
- 6.5 The Borrower shall pay accrued interest on the Loan to the Lender on the last day of each Interest Period.
- 6.6 If the Borrower fails to pay any amount payable by it on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is two (2) per cent higher than the interest rate applicable for the Loan at such time.

- 6.7 The Lender's Agent shall promptly notify the Borrower's Agent of the determination of a rate of interest under this Agreement.

7. INDEMNITIES

The Obligors shall, within five (5) Business Days of demand, indemnify the Lender and the Lender's Agent against any cost, loss or liability incurred by it as a result of:

- (a) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
- (b) the occurrence of any Default, or it investigating any event which it reasonably believes is a Default;
- (c) payments due by the Borrower under this Agreement not being received by the Lender in euro;
- (d) a failure by the Borrower to pay any amount due under this Agreement on its due date;
- (e) funding, or making arrangements to fund, an instalment of the Loan as requested by the Borrower in a utilisation request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by the Lender); or
- (f) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

8. INFORMATION UNDERTAKINGS

- 8.1 The Borrower shall promptly upon becoming aware of it notify the Lender of:

- (a) any Default (and the steps, if any, being taken to remedy it);
- (b) any failure or inability of any Obligor to renew or extend any existing External Indebtedness;
- (c) any statement in the Legal Opinion becoming untrue or invalid;
- (d) any condition which interferes or threatens to interfere with the maintenance and/or the servicing of the Loan and/or any obligations of any Obligor under this Agreement, the other Nordic Loans or the IMF Stand-By Arrangement.

- 8.2 The Borrower shall provide the Lender with full access to all information relating to the implementation of the Borrower's Programme and the monitoring by the IMF of the Borrower's Programme.

- 8.3 The Obligors shall supply or make available all relevant information and documents which may be requested by the Lender in connection with the Nordic Loans.

9. GENERAL UNDERTAKINGS

The following undertakings apply for so long as any amount is outstanding under this Agreement.

- 9.1 Save for such obligations as may be preferred by provisions of law, other than Icelandic law, that are both mandatory and of general application, the Borrower undertakes that the payment obligations of the Borrower under this Agreement constitute unsecured and unconditional obligations of the Borrower, and that such obligations rank and shall rank at least *pari passu* with all other present and future unsecured and unsubordinated External Indebtedness of the Borrower.
- 9.2 The Obligors shall not create or permit to subsist any Security for any External Indebtedness other than (i) as existing on the date of this Agreement (ii) or as agreed with the Nordic Lenders, unless the Loan shares *pari passu* and *pro rata* in such Security, except for if that Security will be over properties or assets to secure an amount not exceeding the purchase price of such properties or assets.
- 9.3 Save for any prepayments under the IMF Stand-By Arrangement permitted pursuant to Clause 5.2 and unless the Nordic Lenders agree otherwise, the Obligors shall not prepay any External Indebtedness prior to its existing repayment schedule or stated maturity, unless the Nordic Loans are prepaid *pro rata*.
- 9.4 The Borrower shall not change any laws, rules or regulations that would adversely affect the Obligors ability to comply with this Agreement, the other Nordic Loans or the IMF Stand-By Arrangement.
- 9.5 The Borrower shall comply with its undertakings under the IMF Stand-By Arrangement and shall not agree to any change of the IMF Stand-By Arrangement without prior consultations with the Nordic Lenders.

10. EQUAL TREATMENT OF NORDIC LENDERS

- 10.1 The Obligors shall treat the Nordic Lenders with regard to the Nordic Loans equally in all respects and they may not give any Nordic Lender more favourable terms or any concessions that are not also given at the same time to the other Nordic Lenders.
- 10.2 The Nordic Lenders shall be entitled to coordinate their treatment of the Obligors and their actions under the Nordic Loans, and the Nordic Lenders shall be entitled to appoint one Nordic Lender who shall represent all Nordic Lenders in relation to the Obligors. The Obligors agree to recognise any such appointment until they have received notice by any Nordic Lender that the appointment is terminated.

11. EVENTS OF DEFAULT

- 11.1 Each of the following events or circumstances is an Event of Default:
- (a) *Non-payment*: The Borrower does not pay any amount due under this Agreement within five (5) Business Days after notice from the Lender.
- (b) *Other obligations*: The Borrower does not comply with any provision of this Agreement (other than those referred to in paragraph (a)) and such failure to

comply (if capable of remedy) is not remedied within one (1) month of the Lender giving written notice to the Borrower.

- (c) *Misrepresentation*: Any representation or statement made by the Borrower in this Agreement or any other document delivered by or on behalf of the Borrower under or in connection with this Agreement is or proves to have been incorrect or misleading in any material respect and such misrepresentation (if capable of remedy) is not remedied within thirty (30) days of the Lender giving notice to the Borrower.
- (d) *Default under other Nordic Loans*: Any of the Nordic Loans is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity.
- (e) *Default under swaps*: A default (however described) is outstanding, and any applicable grace period in respect of such default has expired, under a swap between the Borrower and the Central Bank of Sweden (*Sveriges riksbank*), under a similar swap arrangement with any of the Nordic Lenders, a company wholly owned by a Nordic country, or any Nordic governmental institution or agency.
- (f) *Default under the IMF Stand-By Arrangement*: Any amount due by the Borrower to IMF under the IMF Stand-By Arrangement is not paid by the Borrower when due nor within any originally applicable grace period, or any amount outstanding under the IMF Stand-By Arrangement is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (g) *Cross default*:
 - (i) Any External Indebtedness is not paid by any Obligor when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
 - (ii) No Event of Default will occur under this Clause 11.1(g) if the aggregate amount of External Indebtedness falling within paragraph (i) above is less than EUR 100,000,000 (or the equivalent thereof in any other currency) or if the failure to pay is caused by administrative or technical error.
- (h) *Moratorium*: A moratorium is declared by any Obligor with respect to External Indebtedness or any Obligor suspends making payments of External Indebtedness generally.
- (i) *Unlawfulness and invalidity*: This Agreement is not or ceases to be in full force and effect in any material respect.

11.2 On and at any time after the occurrence of an Event of Default which is continuing the Lender may, by notice to the Borrower, declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under this Agreement be immediately due and payable.

12. CHANGES TO THE PARTIES

- 12.1 The Lender may, after consultation with the Borrower but without the consent of the Borrower, transfer any of its rights and obligations to another Nordic Lender, a company wholly owned by a Nordic country if the Loan has been fully disbursed, or any Nordic governmental institution or agency.
- 12.2 The Lender shall deliver to the Borrower a transfer certificate duly executed by the transferor and the transferee, setting out the transfer date, the name and contact details of the new Lender, and the amount of the participation transferred. The transfer shall as between the parties take effect on the specified transfer date.
- 12.3 The Lender may disclose information about the Obligors and this Agreement to (i) the other Nordic Lenders, (ii) the IMF, (iii) a potential transferee after consultation with the Borrower but without the consent of the Borrower, or (iv) a person to whom information is required to be disclosed by any applicable law or regulation.
- 12.4 The Borrower may not transfer any of its rights or obligations under this Agreement.

13. PAYMENT MECHANICS

- 13.1 On each date on which the Borrower is required to make a payment under this Agreement, the Borrower shall make the same available to the Lender for value on the due date at the time and in such funds specified by the Lender as being customary at the time for settlement of transactions in euro.
- 13.2 Payments to the Lender shall be made to:

Kingdom of Sweden represented by the Swedish National Debt Office
(SNDOSSESS), SWIFT MT 202,
Correspondent Bank (56A) NDEAFIHH (Nordea Bank Finland),
Account with Inst. (57A) NDEASESS (Nordea Bank Sweden),
Favour of Beneficiary (58A) SNDOSSESS.
- unless the Borrower is instructed otherwise by the Lender's Agent by not less than five (5) Business Days' notice.
- 13.3 If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the Lender shall apply that payment towards the obligations of the Borrower in any order it deems fit, notwithstanding any appropriation made by the Borrower.
- 13.4 All payments to be made by the Borrower under this Agreement shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- 13.5 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- 13.6 During any extension of the due date for payment of any principal or other amount payable under this Agreement, interest is payable on such amount at the rate payable on the original due date.

- 13.7 The Lender may set off any matured obligation due from the Borrower under this Agreement (to the extent beneficially owned by it) against any matured obligation owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the rate of exchange published by the European Central Bank.

14. NOTICES

- 14.1 Any communication to be made under or in connection with this Agreement must be in English and shall be made in writing and, unless otherwise stated, may be made by letter, fax or email.
- 14.2 The address, fax number and email of each party for any communication under or in connection with this Agreement is:

The Borrower:

Ministry of Finance, Arnarhvoli
Attention: Secretary General
150 Reykjavík, Iceland
Tel: +354-545 9200
Fax: +354- 562 8280
Email: postur@fjr.stjr.is

With a copy sent to:

Central Bank of Iceland,
Attention: Chief Accountant
Kalkofnsvegur 1,
150 Reykjavík, Iceland.
Tel: +354 5699600
Fax: +354 5699603
Email: sedlabanki@sedlabanki.is

The Borrower's Agent:

Central Bank of Iceland,
Attention: Chief Accountant
Kalkofnsvegur 1,
150 Reykjavík, Iceland.
Tel: +354 5699600
Fax: +354 5699603
Email: sedlabanki@sedlabanki

The Lender:

Swedish National Debt Office
Attention: Head of Cash Management
103 74 Stockholm
Sweden
Tel: + 46 8 613 4589
Fax: + 46 8 20 46 94
Email: statensinternbank@riksdagen.se

or any substitute address, fax number or email address as the party may notify to the other by not less than five (5) Business Days' notice, or as set out in a transfer certificate.

- 14.3 Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:
- (a) if by way of fax or email, when received in legible form; or
 - (b) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details, if addressed to that department or officer.

- 14.4 Any notice received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

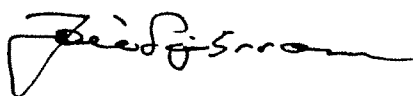
15. GOVERNING LAW AND JURISDICTION

- 15.1 This Agreement is governed by and shall be construed in accordance with Swedish law.

- 15.2 The Obligors hereby consent to the exclusive jurisdiction of the Courts of Sweden. The venue shall be Stockholm. To the extent that any Obligor may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Obligors irrevocably agree not to claim, and they hereby waive, such immunity, with the exception of real property and buildings and the contents thereof owned by the Ministry for Foreign Affairs and situated outside Iceland and assets necessary for the proper functioning of the Republic of Iceland as a sovereign nation.

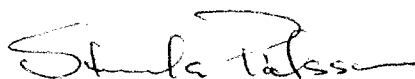
This Agreement shall enter into force on the date of the signature. Signed in Stockholm on 1 July 2009 in three copies in the English language.

THE REPUBLIC OF ICELAND
as Borrower



Name: *Jón Sigurðsson*

SEDLABANKI ÍSLANDS
as Borrower's Agent



Name: *STURLA PÁLSSON*

THE KINGDOM OF SWEDEN
as Lender



Name: *PER JANSSON*

SCHEDULE 1**PART I****CONDITIONS PRECEDENT****FIRST UTILISATION REQUEST**

- (a) This Agreement duly executed on behalf of the Obligors.
- (b) Evidence that the person(s) who have signed this Agreement, the utilisation request and other documents in connection therewith on behalf of the Obligors is/are duly authorised to do so.
- (c) Evidence that all necessary exemptions, authorisations and consents, if any, are valid and in full force and effect.
- (d) Any further evidence reasonably requested by the Lender that the execution and delivery of this Agreement has been duly authorised.
- (e) Evidence that the first review under the IMF Stand-By Arrangement has been approved by the Executive Board of the IMF.
- (f) The Legal Opinion issued, including statements that all constitutional and legal requirements for the entry into force of this Agreement and the valid and irrevocable commitment of the Obligors to all obligations under this Agreement have been fulfilled.

SCHEDULE 1**PART II****CONDITIONS PRECEDENT****SUBSEQUENT UTILISATION REQUESTS**

- (a) Evidence that the person(s) who have signed the utilisation request and other documents in connection therewith on behalf of the Obligors is/are duly authorised to do so.
- (b) Evidence that the relevant review under the IMF Stand-By Arrangement has been approved by the Executive Board of the IMF.
- (c) Evidence that there has been no suspension of the IMF Stand-By Arrangement.
- (d) A confirmation that the Legal Opinion is still true and correct.

SCHEDULE 2
FORM OF UTILISATION REQUEST

To: The Swedish National Debt Office
From: The Central Bank of Iceland
Dated: []

EUR 495,000,000 Loan Agreement dated 1 July 2009 (the "Agreement")

1. We refer to the Agreement. This is a utilisation request. Terms defined in the Agreement have the same meaning herein.
2. We wish to request a disbursement of the Loan on the following terms:

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)

Amount: []
3. We confirm that each condition specified in Clause 3.10 is satisfied on the date of this utilisation request.
4. [We wish to carry over the following undrawn amount pursuant to Clause 3.3:

EUR [].]
5. We confirm that we have complied with all terms under the Agreement.
6. The proceeds of this disbursement should be paid to [*account*] [*bank*].
7. This utilisation request is irrevocable.

THE CENTRAL BANK OF ICELAND
as the Borrower's Agent

Name:

Name: