



FJÁRMÁLA- OG EFNAHAGSRÁÐUNEYTIÐ

Ministry of Finance and Economic Affairs

Mr. Paul Copley
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Reykjavík April 17, 2018
Reference: FJR18010059/2.1

Subject: Shareholders' Proceeds Apportionment Agreement dated 13 January 2016 between Kaupthing ehf., Kaupskil ehf. and Seðlabanki Íslands (the "Agreement")

Dear Mr. Copley,

We are in receipt of your letter of March 14, 2018 in which you request that Kaupthing and the Icelandic State work together to vary the Icelandic State's step-in right on the proposed sale of shares of Arion bank ehf. by means of an Initial Public Offering.

In accordance with clause 3.6 of the Agreement we confirm that the Icelandic State is prepared to co-operate with you to develop a process to implement a variation to the step-in right reflecting the recommendation of an independent internationally-recognised investment bank selected by Kaupthing.

We look forward to entering into discussions once we are in receipt of such recommendation.

Yours sincerely,