

**DECISION OF THE
FINANCIAL SUPERVISORY AUTHORITY (FME)
on the appointment of a Resolution Committee for Sparisjódabanki Íslands hf.**

On 6 October 2008 Althingi, the Parliament of Iceland, passed Act No. 125/2008, authorizing a disbursement of funds from the Treasury due to the unusual situation facing the financial market, which included a change to the Act on Financial Undertakings, No. 161/2002 and other laws. This act authorized the FME inter alia to take special measures, due to special circumstances, in order to minimize harm or danger of harm to the financial market. Should the FME evaluate the situation as extremely pressing, it can among other things, assume the powers of a shareholder's meeting, suspend the Board of Directors and appoint a Resolution Committee, and/or take over assets, rights and obligations, either in part or in whole, or decide on measures regarding the future of the company, either in part or in whole, including the merger of the undertaking with another entity, see Article 100 a of the Act on Financial Undertakings, as amended by Act no. 125/2008.

On 21 March 2009 it was clear that the position of Sparisjódabanki Íslands hf. had become such that the provisions of Article 100a of the Act on Financial Undertakings applied to the bank. It was the FME's assessment that the pending and serious lack of liquidity of the bank, and its ongoing equity problem, constituted dire circumstances in the sense of paragraph 3 of Article 100a of the aforementioned Act. The FME then made a decision on the disposal of assets and liabilities of Sparisjódabanki Íslands hf. to New Kaupthing Bank and the Central Bank of Iceland.

In the FME's decision of 21 March 2009 there was no decision on the appointment of a Resolution Committee for Sparisjódabanki Íslands hf., as it was expected that the transfer of deposits would take a short time and its execution would be straightforward. Due to technical difficulties, however, the transfer of deposits has been delayed and therefore the FME has made the following decision.

IT IS THE DECISION OF THE FME to assume the powers of a shareholders' meeting of Sparisjódabanki Íslands hf. and immediately dismiss the Board in its entirety. . Further, the FME hereby appoints a Resolution Committee, which will take over all authority of the Board of Directors in accordance with the articles of Company Law - Act No. 2/1995 Respecting Public Limited Companies, in accordance with Article 100 a of the Act on Financial Undertakings. The Resolution Committee shall take on all matters related to Sparisjódabanki Íslands hf., including

oversight of all treatment of its assets, as well as the handling of other business. The Resolution Committee shall abide by the decisions taken by the FME on the basis of Article 100a of the Act on Financial Undertakings and operate in consultation with the FME.

Provisions of Art. 64 and 65 of the Act on Bankruptcy etc. are not pertinent while the Resolution Committee is in charge of handling the business of the financial undertaking. At the same time, execution proceedings shall not be carried out vis-a-vis the financial undertaking on the basis of the Act on Legal Execution or the Act on Arrest and Injunction.

The following individuals have been appointed to the Resolution Committee:

Thorvardur Gunnarsson, Chairman, certified public accountant, ID no. 140554-2279

Erling Tómasson, certified public accountant, ID no. 101178-3239

Hjördís Edda Hardardóttir, barrister, ID no. 180464-5819

Jón Ármann Guðjónsson, solicitor., ID no. 060468-3039

Áslaug Björgvinsdóttir, associate professor, ID no. 120866-4279

This decision was taken by the Board of the FME and is effective immediately. No non-compliance remedy of contracting parties shall come into force as a result of this decision.

FINANCIAL SUPERVISORY AUTHORITY

27 March 2009

Gunnar Haraldsson
Chairman of the Board

Ragnar Haflidason
Director General