

DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY (FME)

**on a fifth amendment to the decision of the FME dated 14 October 2008
on the disposal of assets and liabilities of Glitnir Bank hf. to New Glitnir Bank hf.**

By the authority of Art. 100a of Act No. 161/2002 on Financial Undertakings, cf. Art. 5 of Act No. 125/2008, the FME has made the following decision:

PREMISES:

The decision of the FME in this case dated 14 October 2008 (called the “prior decision” unless otherwise stated) stated that the decision was based on available information and data. Should it prove to be based on insufficient or wrong information on merits, underlying premises of the decision turn out to be fundamentally inaccurate or the FME consider a different arrangement to be necessary, the FME could make any changes to the decision, including nullifying it in whole or in part, or suspending individual components of it. The decision of the FME of 6 March 2009 stated that it was necessary to revisit the prior decision to the extent which it pertained to the deadline to complete the preparation of the terms of the bond or financial instrument which New Glitnir Bank (now Íslandsbanki hf.) issues to Glitnir Bank hf. as payment of the remuneration. The reason for this was that the bond or financial instrument which will be issued by the new bank to the old bank is a complicated instrument and more extensive than previously presumed. Further, it was considered important that the government have leeway to take a position on the instrument after consultations with the resolution committees and representatives of creditors to the extent possible. For these reasons it was considered necessary to extend the deadline. The FME now considers it necessary to extend the deadline further, as the final timetable between the concerned parties regarding the completion of the terms of the financial instrument is not yet available. The FME does not consider it unreasonable that the terms of the financial instrument be carefully reviewed, as a successful outcome is critical. It is not clear, however, how long of an extension is needed, but a decision on this will be taken no later than 15 June 2009. Therefore, the following decision is made to amend the second sentence of point 12 of the prior decision.

DECISION:

The terms of the financial instrument shall be available according to a further decision of the FME. A decision on the final deadline shall be made no later than 15 June 2009.

Other provisions of prior decisions in this case are unchanged.

THE FINANCIAL SUPERVISORY AUTHORITY

15 May 2009

Kristín Haraldsdóttir
Vice Chairman of the Board

Gunnar T. Andersen
Director