

DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY (FME)ⁱ

on an amendment to the decision dated 14 October 2008

on the disposal of assets and liabilities of

Glitnir Bank hf., ID no. 550500-3530, to New Glitnir Bank hf., ID no. 491008-0160.

With reference to the authorization provided in Act no. 161/2002 on Financial Undertakings, defined by Article 5 of Act no. 125/2008 on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances etc., the FME takes the following decision to amend its earlier decision of 14 October 2008 on the disposal of assets and liabilities of Glitnir Bank hf.:

PREMISES:

In the decision of the FME of 14 October 2008 it was stated that that the decision was based on available information and data. Should it prove to be based on insufficient or wrong information on merits or other underlying premises of the decision turn out to be fundamentally inaccurate, the FME might make any changes to the decision, including nullifying it in part or in whole. This reservation was deemed necessary in light of the suddenness with which the decision had to be made and the great interests at stake in terms of preventing the operational collapse of Glitnir Bank hf. on 14 October 2008.

In light of new information and changed premises which have come to light during the examination of the issues of Glitnir Bank hf., the following amendments are made to the prior decision:

1. The first sentence of point 9 is rescinded and the wording of the second sentence is amended. Point 9 in its entirety stands now as follows: Debt backed by collateral which rests upon appropriated assets is taken over and transferred to New Glitnir Bank hf.
2. The provision in point 11 on a time limit to conclude the appraisal of assets and liabilities shall be amended to the effect that the last sentence stands as follows: The conclusion of the appraisers shall be available within 90 days of this decision.
3. In place of the annex attached to the prior decision, an annex is attached to this decision on the assets which are not transferred to New Glitnir Bank hf. The content is as follows:

The following assets of Glitnir Bank hf. will not be transferred to New Glitnir Bank hf.:

Assets

- a. Claims of financial undertakings where the FME has taken action on the basis of the provisions of Article 5 of Act no. 125/2008.
- b. Securities issued by financial undertakings where the FME has taken action on the basis of Article 5 of Act 125/2008.

- c. Claims and cash flow due to claims collateralized to other financial undertakings.
- d. All assets of foreign branches of Glitnir Bank hf.
- e. Claims of Glitnir Bank hf. on its foreign branches and subsidiaries.
- f. Shares in foreign subsidiaries.
- g. Loans with particular risk, according to further explanation in the compilation accompanying the new opening balance sheet.
- h. Other assets specifically identified in the compilation accompanying the new opening balance sheet.

A further breakdown is found in the opening balance sheet and its accompanying compilation.

DECISION:

The FME decides hereby to re-examine and amend its prior decision of 14 October 2008 on the disposal of assets and liabilities of Glitnir Bank hf. to New Glitnir Bank hf. It shall be amended in accordance with the three aforementioned points. The decision of 14 October 2008 is now affirmed with the subsequent amendments as the valid decision on the disposal of assets and liabilities.

The decision is effective immediately and shall be legally binding as of 14 October 2008 in accordance with the subsequent amendments.

This decision is based on available information and data. Should it prove to be based on insufficient or wrong information on merits, other underlying premises of the decision turn out to be fundamentally inaccurate, or the FME consider that a different arrangement is necessary, the FME may make any changes to this decision, including nullifying it in part or in whole.

THE FINANCIAL SUPERVISORY AUTHORITY

19 October 2008

Jón Sigurðsson
Chairman of the Board

Jónas Fr. Jónsson
Director General

ⁱ The original Icelandic text is the valid text. In case of any discrepancy between the original Icelandic text and the English translation, the original Icelandic text applies.