

Ministry of Justice and Ecclesiastical Affairs
The Legal Gazette
Skuggasund 3
105 Reykjavík

Unofficial translation

Reference: 2008100036

ANNOUNCEMENTⁱ

DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY

on the appointment of a Resolution Committee for Landsbanki Islands hf.

On 6 October 2008 Althingi, the Parliament of Iceland, passed Law 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 law 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 of the Act on Financial Undertakings, as amended by Law no. 125/2008.

In a meeting between the FME and the Directors of Landsbanki Islands hf. on 6 October 2008, it became clear that the bank's situation was serious and that it considered itself to fall under the aforementioned Article 5 of the legislative bill (i.e. Article 100a), were it to become law. The Directors declared their full cooperation regarding possible measures by the FME.

The FME also received a copy of the minutes of a meeting of the Board of Directors of Landsbanki Islands hf., dated 6 October 2008, where the Board discussed, inter alia, the limited capacity of the bank in terms of liquidity.

With reference to the aforesaid and in light of the urgent financial and operational difficulties of Landsbanki Islands hf., its systematic importance and the domino effect that its possible insolvency might have on the Icelandic economy, it is the evaluation of the FME that the terms of Article 100a of the Act on Financial Undertakings is fulfilled, further as the FME considers other solutions unlikely to be successful.

IT IS THE DECISION OF THE FME to assume the powers of a meeting of the shareholders of Landsbanki Islands hf. and immediately suspend 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 100a of the Act on Financial Undertakings. The Resolution Committee shall take on all matters related to Landsbanki Islands 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.

With reference to the aforementioned the following is noted:

1. The Resolution Committee shall work to ensure the continued operation of Landsbanki Islands hf. as a domestic commercial bank.
2. No recall shall be issued to creditors of Landsbanki Islands hf. due to this decision.
3. Articles 64 and 65 of the Act on Bankruptcy et al. 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.
4. The Treasury is responsible for costs incurred by the actions of the FME with regard to this decision, including bankruptcy administration fees if such costs are incurred.

The following individuals have been appointed to the Resolution Committee:

- Ársæll Hafsteinsson, solicitor., ID number 140158-4379
- Einar Jónsson, solicitor., ID number 160473-3129
- Lárentsínus Kristjánsson, barrister., ID number 141263-2269
- Lárus Finnbogason, certified public accountant, ID number 270959-3189
- Sigurjón Geirsson, certified public accountant, ID number 160664-3129

The Director, staff and Board Members of the FME are not liable for actions taken on the basis of this decision, see Paragraph 9, Article 100 a of the Act on Financial Undertakings.

This decision is effective immediately. No non-compliance remedy of contracting parties shall come into force as a result of this decision.

THE FINANCIAL SUPERVISORY AUTHORITY

7 October 2008

Jónas Fr. Jónsson

Ragnar Hafliðason

^{i 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.