

Ministry of Justice and Ecclesiastical Affairs
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ANNOUNCEMENTⁱ

DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY

on the appointment of a Resolution Committee for Glitnir Bank 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 includes a change to the Act on Financial Undertakings no. 161/2002 and other laws.

This law authorizes the Financial Supervisory Authority of Iceland, FME, inter alia, to take special measures, due to unusual 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, inter alia, assume the powers of a shareholders' meeting, dismiss the Board of Directors and appoint a Resolution Committee, and/or take over the operations of the financial undertaking either in part or in whole, or dispose of such an undertaking, 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 letter to the FME on 7 October 2008, the board of Glitnir Bank hf. expressed its opinion that requirements in Art 5 of the Act No 125/2008 are fulfilled.

With reference to the aforesaid and in light of the urgent financial and operational difficulties of Glitnir bank 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 are 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 Glitnir bank 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 100a of the Act on Financial Undertakings. The Resolution Committee shall take on all matters related to Glitnir bank hf., including oversight of all handling 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 Glitnir bank hf. as a domestic commercial bank.
2. No recall shall be issued to creditors of Glitnir bank 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:

- Árni Tómasson, certified public accountant, ID number 251055-7269
- Heimir Haraldsson, certified public accountant, ID number 220455-5999
- Steinunn Guðbjartsdóttir, barrister., ID number 220864-3249
- Sverrir Örn Þorvaldsson, Managing Director Risk Management, ID number 231069-4539
- Ágúst Hrafnkelsson, internal auditor, ID number 290467-4119

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 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.