

## DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY (FME)<sup>i</sup>

### on the disposal of assets and liabilities

of Landsbanki Íslands hf., ID no. 540291-2259, to New Landsbanki Íslands hf., ID no. 471008-0280.

With reference to the authorization in Article 100a of 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 has taken the following decision on the disposal of assets and liabilities of Landsbanki Íslands hf.:

#### ASSETS:

1. All assets of Landsbanki Íslands hf. of any type, such as property, liquid assets, cash, shares in other companies and claims, are immediately allocated to New Landsbanki Íslands hf. Excluded from this transfer are the assets and entitlements specified in the ANNEX to this decision. At the same time, New Landsbanki Íslands hf. takes over contractual rights of use of property and liquid assets.
2. Further, New Landsbanki Íslands hf. takes over all rights used to secure the performance of obligations of the debtors of Landsbanki Íslands hf., including all liens, guarantees and other comparable rights connected to the claims of the bank.
3. New Landsbanki Íslands hf. takes over all immaterial assets and rights, including trademarks, registered and unregistered, co-brands, databases, software and related licenses, as well as all comparable rights whether based on a contract, registration, public permits or other.
4. The following parties are mandated to register or transfer rights and/or assets of New Landsbanki Íslands hf., as per par. 1-3 above, to all property, securities, liquid assets, bank deposits and or/other rights:
  - a. The Central Bank of Iceland
  - b. Financial Undertakings
  - c. The Icelandic Securities Depository hf.
  - d. Registers, as per the provisions of Act no. 39/1978 on Registration
  - e. The Central Databank of Real Property/The Land Registry of Iceland
  - f. The Icelandic Patent Office
  - g. Hosting agents for domains that Landsbanki Íslands hf. and associated parties have used
  - h. Telecommunications companies
  - i. The National Registry
  - j. Nasdaq OMX (Icelandic Stock Exchange)
  - k. Boards of organizations that are responsible for the register of shares and such

1. Other parties involved in the registry of rights

5. From 9 a.m. on 9 October 2008 New Landsbanki Íslands hf. takes over the operations which have been under the auspices of Landsbanki Íslands and are connected to the transferred assets, including the participation of Landsbanki Íslands hf. in any type of payment system. Furthermore, New Landsbanki Íslands hf. takes at this time over the rights and obligations according to contracts on custodianship and asset management with the customers of Landsbanki Íslands hf. in Iceland.
6. The account balance of debt instruments corresponds to the same time period as stipulated in par. 5 above. The place of payment for debt instruments of Landsbanki Íslands hf. is considered to be at the corresponding branch of New Landsbanki Íslands hf. and bills of exchange are further considered properly claimed for payment to New Landsbanki Íslands hf.

LIABILITIES AND OTHER OBLIGATIONS:

7. New Landsbanki Íslands hf. takes over obligations of the branches of Landsbanki Íslands hf. in Iceland due to deposits from financial undertakings, the Icelandic Central Bank and other customers. Furthermore, New Landsbanki Íslands hf. takes over rights and obligations according to derivative contracts.
8. Domestic deposits at Landsbanki Íslands hf. are transferred to New Landsbanki Íslands hf. according to the balance and interest earned at the time of transfer according to par. 5. This transfer does not necessitate a recall or public announcement.
9. New Landsbanki Íslands hf. furthermore takes over obligations according to import and export guarantees, guarantees due to discharge of contract by companies and individuals regarding regular activities. New Landsbanki Íslands does not take over obligations of Landsbanki Íslands hf. due to: a) commitments of subsidiaries abroad, b) companies under moratorium, composition or in bankruptcy, c) commitments of the owners of Landsbanki Íslands hf. and connected parties, d) commitments to Icelandic financial undertakings.

VALUATION OF ASSETS AND SETTLEMENT:

10. The FME appoints recognized appraisers to evaluate the true worth of assets and liabilities allocated to New Landsbanki Íslands hf. according to this decision. Following this valuation, a settlement shall be made, whereby New Landsbanki Íslands hf. shall pay Landsbanki Íslands hf. the difference between the worth of assets and liabilities, with reference to the time frame of the transfer according to par. 5. The conclusion of the appraisers shall be available within 30 days of this decision.
11. New Landsbanki Íslands hf. shall issue a bond to Landsbanki Íslands hf. as payment of the remuneration. The terms of the bond shall be available within 10 days of the announcement of the

conclusion of the appraisers. The value of the bond shall be verified by an internationally recognized appraisal company to be appointed by the FME.

This decision is 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 may make any changes to this decision, including nullifying it in part or in whole.

This decision was taken by the Board of the FME and is effective immediately. No default remedies of contracting parties shall take effect as a result of this decision.

#### THE FINANCIAL SUPERVISORY AUTHORITY

9 October 2008

Jón Sigurdsson  
Chairman of the Board

Jónas Fr. Jónsson  
Director General

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<sup>i</sup> 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.

## ANNEX

The following assets and liabilities of Landsbanki Íslands hf. will not be transferred to the New Landsbanki Íslands hf.

### **I. Liabilities**

- a. All securities issues and other borrowings
- b. All subordinate loans
- c. Tax liabilities
- d. Liabilities relating to employee bonuses
- e. All deposits in Landsbanki Íslands hf.'s foreign branches

### **II. Assets**

- a. All assets of Landsbanki Íslands hf.'s foreign branches, with the exception of eligible loans in Helsinki and eligible loans in the fisheries sectors in Halifax and Norway
- b. Claims of Landsbanki Íslands hf. on its overseas branches and subsidiaries
- c. Holdings in foreign subsidiaries
- d. Appropriated assets
- e. Loans with a high risk of loss