

To whom it may concern,

5 December 2008

Ref: 2008120020

Announcement on the Financial Reorganization of Landsbanki Íslands hf.

The financial reorganization of credit institutions is covered in Chapter XII A of Act No. 161/2002 on Financial Undertakings. Article 98, par. 1, states i.a. that if a credit institution's head office is in Iceland, financial reorganisation shall mean an authorisation for suspension of payments (*moratorium*) or to seek debt composition as provided for in the Act on Bankruptcy etc., No. 21/1991.

On 5 December 2008 the District Court of Reykjavík granted a moratorium order on Landsbanki Íslands hf., ID no. 540291-2259, until 26 February 2009 at 14:00. At that time the case will be readdressed. The FME iterates that the moratorium is not a bankruptcy proceeding and does not itself affect Landsbanki Íslands' banking licence or its ability to operate as a bank in those jurisdictions where appropriate. Rather it is a specialized proceeding under Icelandic law designed to provide Landsbanki Íslands hf. with appropriate global protection from legal action taken, or anticipated to be taken.


Mr. Kristinn Bjarnason, Supreme Court Attorney, has been appointed Moratorium Administrator, reporting to the Reykjavík District Court, and will supervise the actions taken by the Resolution Committee.

To avoid any doubt, NBI hf. (former New Landsbanki Íslands hf.), which took over the domestic operations of Landsbanki Íslands hf. on 9 October 2008, is completely unaffected by the moratorium and will continue to provide full service to its clients in Iceland.

For further information, please contact the FME.

Regards,

The Financial Supervisory Authority


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