

# ANNOUNCEMENT<sup>1</sup>

## DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY

### **on the appointment of a Resolution Committee for Straumur – Burdaras Investment Bank hf.**

On 6 October 2008 Althingi, the Parliament of Iceland, passed Act 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 act authorized the FSA 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 FSA evaluate the situation a 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 a of the Act on Financial Undertakings, as amended by Act no. 125/2008.

In a letter from the FSA to Straumur-Burdaras Investment Bank hf. (Straumur) on 8 March 2009, information was requested on the bank's liquidity position with regards to the obligations the bank has to meet in the next few days. The Central Bank of Iceland had informed the FSA of the tight liquidity position of Straumur and i.a. due to this reason the letter was sent.

In a reply sent by Straumur the same day it came forth that the bank had to meet obligations of the amount of 33 million euros on 9 March 2009 but only had disposable funds of the amount of 15,3 million euros. In the letter it was also stated that it is the assessment of Straumur that it is not a viable option to come up with the necessary funds to be able to ensure ongoing operations and that it had been decided to request a moratorium on 9 March 2009.

With reference to the above-mentioned it is clear that Straumur's position is such, that the provisions of Article 100 a of the Act on Financial Undertakings apply to the bank. It is the FSA's assessment that the pending and serious liquidity shortage of the bank entails dire circumstances in the sense of paragraph 3 of Article 100 a of the before-mentioned Act.

IT IS THE DECISION OF THE FSA to assume the powers of a meeting of the shareholders of Straumur and immediately suspend the Board in its entirety. Further, the FSA 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 and in

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<sup>1</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.

accordance with Article 100 a of the Act on Financial Undertakings. The Resolution Committee shall take on all matters related to Straumur, 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 FSA on the basis of Article 100 a of the Act on Financial Undertakings and operate in consultation with the FSA.

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-à-vis the financial undertaking on the basis of the Act on Legal Execution or the Act on Arrest and Injunction.

The following individuals have been appointed to the Resolution Committee:

- Reynir Vignir, chairman, certified public accountant, ID number 040754-3469
- Kristinn Freyr Kristinsson, certified public accountant, ID number 090873-5049
- Arna Guðrún Tryggvadóttir, certified public accountant, ID number 080278-3499
- Elín Árnadóttir, solicitor, ID number 080661-3559
- Ragnar Þórður Jónasson, solicitor, ID number 290571-4999

This decision was taken by the Board of the FSA and is effective immediately. No non-compliance remedy of contracting parties shall come into force as a result of this decision.

#### FINANCIAL SUPERVISORY AUTHORITY

9 March 2009

Gunnar Haraldsson  
Chairman of the Board

Ragnar Hafliðason  
Director General