

The District Court of Reykjavik

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COURT RULING

27 November 2009

Case no. J-7/2008

Jón Finnbjörnsson, District Court Judge

TRANSLATED FROM ICELANDIC

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COURT RULING

of the District Court of Reykjavik 27 November 2009 in case no. J-7/2008:

Request of Landsbanki Íslands for an extension of a moratorium

With a submission that was submitted for consideration during a session of the court on the 26th of this month, the Landsbanki Íslands made a request for an extension of its permission for a moratorium to be extended for six months, cf. authorization in par. 3 of Article 98 in Act no. 161/2002, cf. Article 2 in Act no. 129/2008, cf. provisional clauses IV and V in Act no. 161/2002, cf. Act no. 44/2009.

Landsbanki Íslands, (hereinafter named Landsbanki), ID no. 540291-2259, Austurstræti 11, Reykjavík was granted permission for a moratorium with a court ruling on 5 December 2008. The permission was given until 26 February 2009 but with a court ruling of 3 March 2009 it was extended until 26 November 2009. The above-mentioned request for extension was then considered but a representative of the creditors did not show up to object.

The Appointee called a meeting with creditors on 23 November 2009 in accordance with Article 14 of Act no 21/1991 on Bankruptcy et al.

In a report by the Appointee there is a thorough description of all measures that have been taken since permission was first granted for a moratorium in December last year. There is no reason to give an account of these in this ruling. However, it should be pointed out that a winding-up board was appointed on 29 April last. A special report gives a more detailed description of its activities, as well as the resolution committee, and also of the division of tasks among them, and the Appointee.

The report also includes an account of the communications with creditors and what methods have been used supply them with information. It states that at this point their attention is primarily directed towards the negotiations that are under way between Landsbanki, NBI and the Financial Supervisory Authority concerning payment for the assets that went from Landsbanki over to NB on the basis of the decisions of the Financial Supervisory Authority. It states that it is believed that negotiations may be completed within a few weeks.

As mentioned before, a meeting with the creditors was held on 23 November. It was advertised extensively in the media, both in this country and the bank's most important trading countries. The meeting was attended by a large number of creditors.

The Appointee says in its report that if the moratorium is extended, the operations of Landsbanki will be unchanged for the most part in the near future. However, there will be great emphasis on collecting default claims. Also, work has begun on settling disputes

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on claims that have been submitted. A creditors' meeting has been called on 24 February next year, to deal with submitted claims.

The report also states that the resolution committee believes that Landsbankinn will not be able to completely fulfil all of its obligations. The moratorium and the winding-up period are intended for completing the settlement with creditors with a composition, cf. Article 103 in Act no. 161/2002. It is necessary to allow a certain leeway to be able to collect claims and sell assets at a suitable time. This would be the best way to ensure that the creditors receive as much as possible towards their claims.

Premises and conclusion

The purpose of the moratorium of Landsbanki is to ensure the normal process of winding up the company and that creditors will all be on an equal basis, within the framework of the law. Special regulations on financial companies now permit that a moratorium according to Act no. 21/1991 is used to wind up a company. Therefore, the position has obviously been reached that was discussed in point 4 in par. 2 of Article 103 in Act no. 21/1991. However, it does not apply with respect to this case, cf. provisional clause IV in Act no. 161/2002, cf. Article 4 in Act no. 129/2008, which applies with respect to this special case, cf. par. 2 of Article 10 and provisional clause II in Act no. 44/2009.

It cannot be seen that the provision of par. 2 of Article 17 of Act no. 21/1991 applies. With a view to the above-mentioned provisions, the general requirements for an extension of a moratorium have been fulfilled. The request of Landsbankinn will therefore have to be accepted. The moratorium will terminate on Thursday 26 August 2010. The case will then be considered at 10:00 AM in courtroom 102.

Court Ruling

Permission to Landsbanki Íslands hf. ID no. 540291-2259, for an extension of a moratorium is granted until Thursday, 26 August 2010 when a court session will be held to consider the case again at 10:00 AM in courtroom 102.

Jón Finnbjörnsson

Correct copy confirmed

in the District Court of Reykjavík, 27 November 2009

(Seal of the District Court of Reykjavík)

(sign. *illegible*)

Fee: paid

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