

FAQ SECTION

1. Will bondholders under the same bond indenture be able to file a global proof of claim, or do individual bondholders need to file claims?

In general, the same rules apply to handling of claims against the bank as apply to handling of claims in liquidation pursuant to the provisions of the Act on Bankruptcy etc. No. 21/1991. Details on the substance of claims submitted are provided in the second paragraph of Art. 117 of this Act. It states, for instance, that a claim must state “in clear manner in whose interest it is submitted”. As a result thereof, claims must be lodged for each individual creditor, but creditors may naturally entrust the lead manager of a bond issue or other party with handling the lodgement of claims on their behalf and, if such administration has previously been agreed upon as part of the terms and conditions of the bond issue in question, this would be regarded as satisfactory authorisation to lodge a claim. If such procedure is followed, however, the beneficial owner of each claim must always be clearly stated.

2. Do holders of unmatured, or unliquidated claims need to file by the bar date? How should they quantify their claims?

Claims which have not matured or fallen due prior to the expiry of the time limit (bar date) must be lodged, unless the exceptions listed in Points 1–6 of Art. 118 of the Act on Bankruptcy etc., No. 21/1991, apply. A claim which is not lodged and is not covered by the above-mentioned exceptions will be cancelled against the bank if not lodged within the specified time limit. Claims which have not matured shall be lodged based on their balance, including accrued interest and cost up until 22 April 2009. The amount of the principal of the unmatured portion of the claim must be indicated specifically, together with its maturity, in the creditor’s estimation.

3. Can an attorney or agent sign and file a claim on behalf of a beneficial owner of a claim? What evidence of agency must be provided.

Yes, an attorney or other agent may lodge a claim on behalf of a creditor. In such instances it must be stated on whose behalf the claim is submitted, i.e. who is the creditor (beneficial owner) concerned. In signing the claim submission, the attorney or other agent declares that he/she has full authority to lodge the claim and represent the creditor in other respects. To eliminate any possible doubt, it is recommended that a signed power of attorney accompany the claim submitted.

4. Will there be a "record date" for when the claim was held? What happens if a claim has been transferred after the record date, or after the bar date? How can the new owner notify the claims reviewer/ claims distribution agent?

Yes, it could make a difference when the creditor acquired its claim. It can, for instance, affect the right to set-offs as provided for in the rules of Art. 100 of the Act on Bankruptcy etc., No. 21/1991. The date which is of principal significance in this regard is the reference date, which in this case is determined by law as 15 November 2008; according to Art. 100 of the Act on Bankruptcy etc., No. 21/1991, as a general rule a creditor must have acquired a claim more than three months prior to the reference date if it intends to have it set-off against another claim. Claims may be assigned, but if a claim is assigned after it has been lodged, the claim's new owner must provide the Winding-up Board with satisfactory proof that it is the new owner of the claim. With regard to the significance of assignment for set-off, reference is made to the above-mentioned Art. 100 of the Act.

5. What substantive law will apply to whether the claim is valid? (If there is a contract that selects applicable law and if there is not.)

Contract provisions as to what substantive rules apply to the contractual relationship in question continue to be valid. However, the amount of the claim, its priority, distribution and other aspects of the winding-up procedure as such, are determined in accordance with the rules which apply to the winding-up procedure, i.e. the Act on Financial Undertakings, No. 161/2002, as subsequently amended, and the Act on Bankruptcy etc., No. 21/1991.

6. Will creditors be able to file a claim in English? Will the bar date notice be in English?

According to a decision by the Winding-up Board, claims may be lodged in Icelandic or English. Creditors from member states of the European Union and the European Free Trade Association may lodge their claims in their own language, in which case an Icelandic translation must be attached. The same applies to all documentation accompanying claims submitted, as such documents are regarded as part of the claim submission. Notices to creditors and advertisements on the winding-up proceedings will be published in English and in other respects comply with Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions.

7. Will depositors have to file a proof of claim and what documentation needs to accompany a proof of claim?

The content of claims lodged is discussed in detail in Art. 117 of the Act on Bankruptcy etc. No. 21/1991. The claim submission must describe the claim clearly, stating the

circumstances and grounds behind the claim, other aspects which must be explained due to the context, and the documents upon which the claim submission is based. Accordingly, documentation should be attached which could serve as proof of a deposit, such as a statement of the account balance in question.

8. Are there any categories of creditors who do not have to file claims? Who will decide that?

All claims must be lodged, regardless of their ranking in priority, unless the exceptions listed in Points 1-6 of Art. 118 of the Act on Bankruptcy etc., No. 21/1991, apply. If a claim is lodged based on an exception, specific grounds must be provided for such and the Winding-up Board will decide whether such a claim should be admitted. Any dispute which could arise in this regard which cannot be otherwise resolved will be referred to a District Court pursuant to the rules of Articles 166-179 of the Act.

9. Do secured creditors need to file claims?

Yes, all claims must be lodged, cf. also the answer to question No. 8.

10. Can claims be amended? What is the process?

Claims may be corrected without restriction after being lodged as long as the time limit for lodging claims has not expired. In such instances, the new claim is deemed to have replaced the previous one. Once the time limit for lodging claims has expired, a claim may be corrected as long as such correction does not involve an increase to the claim, change in its priority of ranking or other change which is liable to prejudice the legal status of other creditors. If a claim is fully or partly rejected by the Winding-up Board due to insufficient grounds or documentation, the creditor concerned will be notified thereof as promptly as possible. The creditor concerned shall then have an opportunity to provide further grounds or documentation aimed at having the claim recognised.

11. Will claims be filed in ISK? At what conversion rate?

As is stated in the Invitation to Lodge Claims, claims are to be lodged in the currency of the claim in question. In the record of claims which the Winding-up Board will prepare, all claims will be converted to ISK based on the official selling rate of the Central Bank of Iceland on 22 April 2009.

12. How will interest be treated? What about attorneys' fees, liquidated and termination damages, costs of collection, etc?

Interest, indexation, currency differential and cost of collection of priority claims as referred to in Art. 112 and of general claims as referred to in Art. 113 of the Act on

Bankruptcy etc., No. 21/1991, which have accrued on claims up until and including 22 April 2009, are part of the claim in its appropriate ranking. Interest, indexation, currency differential and cost accruing after this date are classified as deferred claims. In the Invitation to Lodge Claims, creditors were specifically requested to state the balance of the claim, including the above items, as of the said date.

13. What rules apply to composition of creditors and who has the role of administering such a composition.

According to the third and fourth paragraphs of Article 103a of the Act on Financial Undertakings, No. 161/2002, as amended by Act No. 44/2009, the Winding-up Board is entrusted with seeking composition with creditors in co-operation with the Resolution Committee. Specific provisions of the Act on Bankruptcy etc., No. 21/1991, which are referred to in the above-mentioned Act, also apply to composition. It is too early for any decision on seeking composition until, on the one hand, the claims procedure has been concluded and any disputes which may arise as a result have been resolved and, on the other hand, until the bank's final asset position has become clear or fully foreseeable.