

December 8, 2008
SI-46370

Coordination Committee Meeting

Nr. 1, December 5, 2008 at 12:00-14:00, Central Bank of Iceland

Attending: Mats Josefsson, Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Martin Eyjólfsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Report about meetings and discussions during the week
2. Minutes documenting topics discussed in the Committee and recommendations made.
3. Savings banks; way forward including appointment of financial advisor.
4. Commercial banks; way forward including appointment of financial advisors.
5. Corporate restructuring and the need for a policy.
6. Future structure of the financial system.
7. Communication and information
8. Other issues

1. Report about meetings and discussions during the week

MJ reported on his meetings with e.g. the Resolution Committees and management of the new banks. There is great concern about the state of the corporate sector and households in the forthcoming months. Almost no new lending is going on and all these issues relate to the Committee's agenda.

2. Minutes documenting topics discussed in the Committee and recommendations made

The following was unanimously accepted and will be carried out by TP (Task 1):

- *Minutes will be written for each meeting*
- *They will not be discussion minutes but list recommendations and decisions of the committee*
- *If someone disagrees with a recommendation or decision it will be duly recorded in the Minutes*
- *Copies of the Minutes will be circulated to the Prime Minister, Minister of Finance and Minister of Business Affairs*
- *Meetings will be held on Wednesdays at 12:00 sharp at the Central Bank*
- *Information to the Committee will be channeled through TP*

3. and 4. Commercial and Savings banks; way forward including appointment of financial advisors

After discussions the following was unanimously accepted and will be carried out by BG (Task 2):

- *The Ministry of Finance will pass on to all the four banking group's committees that they have the clearance to hire financial advisors*

5. Corporate restructuring and the need for a policy.

After discussions the following was unanimously accepted and will be carried out by B B (Task 3):

- *The Prime Minister's Office will ask Oliver Wyman to deliver a memo by the end of January 2009 on the key elements in other countries successful restructuring*

6. Future structure of the financial system

After discussions the following was unanimously accepted and will be carried out by B B (Task 4):

- *The Prime Minister's Office will ask Oliver Wyman to deliver a memo by the end of January 2009 with initial views on the future structure of the financial system in Iceland*

7. Communication and information

After discussions the following was unanimously accepted and will be carried out by the assigned members of the Committee (Task 5):

- *JFJ is going to complete and issue a note on the FME's work so far*
- *B B is going to ensure that the Prime Minister's Office announces the changes in the Committee and sends a new letter of appointment*
- *JFJ will get an outsider's assessment of the idea of holding a half a day seminar in January with short presentation by the Committee, Oliver Wyman etc., to be discussed at the next meeting*

8. Other issues

- MJ distributed the table of contents for a forthcoming book describing examples of the IMF's cooperation in financial crises prevention and reconstruction.
- BG and ME reported on the recent meetings on deposit insurance related matters in the Hague and the state of negotiations.
- B B informed that the IMF is preparing a staff visit by the middle of December with a new mission chief.
- BG asked MJ whether he could write an evaluation of the current situation. MJ offered to share with the Committee his IMF "Back to Office" report that will be ready shortly as a confidential document.
- IF distributed a Central Bank Memo, dated December 5 2008 (SI-46236), on key assumptions by the IMF in its debt sustainability analysis for Iceland.

- IF distributed (earlier e-mailed) a draft by F. Fallan sent by Lars Nyberg, Deputy Governor of Riksbanken: "Iceland – prime victim of EU's outdated supervisory and regulatory framework: Response to Letter from Iceland". Lars Nyberg has sent the paper to the de Larosiere group where he participates and which deals with the new EU architecture of supervision to follow the crisis.

The next meeting will be held on Friday December 13 at 12:00 sharp with BB in the Chair. MJ will return in mid-January and formally assume the Chairmanship of the committee.

- *After the meeting BB took upon himself the task of assembling all the minutes of Control Tower/Coordination Committee meetings held in the period October 3, 2008 to the present. (Task 6)*

Attachments:

1. Table of Contents for the forthcoming book: "Success of the International Monetary Fund: Cooperation at Work"
2. Lykilforsendur Alþjóðagjaldeyrissjóðsins sem lágu til grundvallar útreikningum á sjálfbærni erlendra skuldastöðu íslenska ríkisins, Minnisblað SÍ, dags. 5. des. 2008
3. Preliminary draft by F. Fallan, staff member at Sveriges Riksbank, dated December 1, 2008: "Iceland – prime victim of EU's outdated supervisory and regulatory framework: Response to Letter from Iceland"

December 14, 2008
SI-46523

Coordination Committee Meeting

Nr. 2, December 11, 2008 at 14:00-15:45, Central Bank of Iceland

Attending: Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Martín Eyjólfsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Ben Helps and Thomas C. Wanty, Partners from Oliver Wyman, were present when item 1 on the Agenda was discussed. ME and BRG left the meeting after that discussion.

Agenda:

1. Requested Memos regarding key elements of successful corporate restructuring and view on the future structure of financial system
2. Progress before next Creditors' Meetings
3. Authorities strategy regarding Savings Banks and Icebank
4. Proposal for an Asset Management Company
5. Other reports on outstanding tasks

1. Requested Memos regarding key elements of successful corporate restructuring and view on the future structure of financial system

BþB has negotiated with Oliver Wyman to deliver the memos mentioned above before the end of January 2009. ||

Ben Helps and Thomas C. Wanty distributed and presented "Oliver Wyman perspectives on the Icelandic bank restructuring process". They also commented on the Creditor Meetings they had attended, stating e.g.: "These are serious people with serious objections". On behalf of Oliver Wyman they recommended a restructuring expert be hired and a Central Program Management Office be set up.

The Committee resolved to (Task 7, BþB-MJ):

- *Take the Oliver Wyman suggestions under consideration.* (After the meeting BþB requested and obtained from OW the attached memo on the "Icelandic Negotiation Task Force" for further clarification).

2. Progress before next Creditors' Meeting

JFJ distributed a FME memo on the second opinion Oliver Wyman has been hired to give and the net assets valuation for the new and old banks. The indicative cost estimates received from PwC, KPMG and Deloitte are way ||

above expectations. The Committee discussed the need for these valuations and the alternatives to hiring the auditing firms.

The Committee resolved to (Task 8, BPB-JFJ):

- *Confer with the IMF regarding the need for these valuations and what the alternatives might be considering that these valuations are mentioned in the Letter of Intent for the IMF Programme. .*

3. Authorities strategy regarding Savings Banks and Icebank
Discussions postponed to the next meeting.

4. Proposal for an Asset Management Company

IF distributed an extract from a paper by Stefan Ingves and Göran Lind on AMCs. BG informed the Committee that the Minister of Finance is not for the idea and another way must be found. Discussions postponed to the next meeting.

5. Other reports on outstanding tasks

- All tasks allocated by the Committee at its last meeting have been carried out, except part of task 5, i.e. JFJ will get an outsider's assessment of the idea of holding a half a day seminar in January.

The next meeting was to be held on Monday December 15 at 14:00 (later moved forward to 11:00).

The Coordination Committee was summoned to the Prime Minister's Office at 17:00 where it reported to the Prime Minister, Minister of Foreign Affairs and Minister of Business Affairs. It was requested by the PM that such meetings be held at least weekly and even more frequently, if need be. The next one will be on **Tuesday December 16 at 17:00**

Attachments:

1. Oliver Wyman proposals on corporate restructuring and future banking industry, Dec. 9, 2008
2. Oliver Wyman perspectives on the Icelandic bank restructuring process, Dec. 11, 2008
3. Oliver Wyman: Icelandic Negotiation Task Force, Dec. 12, 2008
4. ~~X~~ FME: Minnisblað 8.12.08: Virðismat LÍ, KB og GLB
5. Extract from paper by Stefan Ingves and Göran Lind: Loan Loss Recoveries and Debt Resolution Agencies - The Swedish Experience, Dec. 6, 1996

December 15, 2008
SI-46673

Coordination Committee Meeting

Nr. 3, December 15, 2008 at 11:00-12:15, Central Bank of Iceland

Attending: Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Icelandic Negotiation Task Force
2. Net asset valuation for the new and old banks: alternatives and costs
3. Authorities strategy regarding Savings Banks and Icebank
4. Other financial companies position
5. Proposal for an Asset Management Company
6. Outstanding tasks and other issues

1. Icelandic Negotiation Task Force

The role of financial advisors was discussed with reference to Oliver Wyman's paper on Icelandic Negotiation Task Force distributed after the previous meeting.

The Committee resolved that (Task9, BÞB):

- *The Oliver Wyman suggestions on Restructuring negotiator will not be addressed now but organisation possibilities will be under further consideration. A meeting will be set up with the Chairmen of all the Resolution Committees and the Heads of the Project groups of Kaupthing and Glitnir in order to define the role of the financial advisors.*

2. Net asset valuation for the new and old banks: alternatives and costs

JFJ distributed a FME table depicting key variables in the valuation of the New and Old banks, i.e. project, buyer and time.

The Committee resolved to (Task 10, JFJ):

- *The valuation of the new and old banks will be carried out for the new banks as suggested in the table. For the old banks, the valuation will be carried out as described in the table unless the IMF, first and foremost, and resolution committees, and possibly the creditors, finds it unnecessary. The buyers of the projects would be the New banks and Old banks (as shown in the table). One company*

will be asked to deliver the net asset valuations (isl. undirmat) and that would not be Oliver Wyman as that company has been hired to give the second opinion (isl. yfirmat).

Discussions postponed to the next meeting of items 3-5:

3. Authorities strategy regarding Savings Banks and Icebank

4. Other financial companies

5. Proposal for an Asset Management Company

6. Outstanding tasks and other issues

- JSL recommended more communication and suggested that a background press meeting be held this week. A decision was postponed to the next meeting.

- BBP will check whether the meeting with the ministers planned for tomorrow can be postponed.

- TP will send to the Committee a Memo on Kaupthing and Sparisjóður Mýrarsýslu written by Finnur Sveinbjörnsson, CEO of Kaupthing.

The next meeting will be on Wednesday December 17 at 11:00.

Attachments:

1. FME: Valuation of New and Old banks

December 17, 2008
SI-46725

Coordination Committee Meeting

Nr. 4, December 17, 2008 at 11:00-12:30, Central Bank of Iceland

Attending: Bolli Þór Bollason, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Martin Eyjólfsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Authorities strategy regarding Savings Banks and Icebank
2. Other financial companies position
3. Proposal for an Asset Management Company
4. Communication: background press meeting and seminar
5. Outstanding tasks and other issues

1. Authorities strategy regarding Savings Banks and Icebank

BG informed that the government had adopted rules with respect to paragraph 2 in the Emergency Act 125/2008. TP and JFJ reported on SPRON's and Icebank's negotiations with creditors and the viability of savings banks.

The Committee resolved (Task 11, JFJ):

- *FME will request a report on the alternatives, including the legal consequences, for protecting deposits in case of a potential savings bank bankruptcy. Andri Árnason and Jóhannes Bjarni Björnsson will be asked to write the report and finish it before the end of the month.*

The Committee further resolved (Task 12, BG)

- *Þórhallur Arason, as head of the working group analysing the smaller financial companies, will urge the three main savings banks intending to merge to complete their merger before the end of the month.*

2. Other financial companies

JFJ, TP and IF reported on the situation of the investment banks, in particular Straumur's request for a loan from the Central Bank. The need of the Central Bank to proceed with margin calls was also discussed.

The Committee resolved (Task 13, BG and IF):

- *The Treasury and Central Bank will as soon as possible find a solution to the unsecured claims held by the Central Bank issued by the old banks.*

3. Proposal for an Asset Management Company

Discussions postponed.

4. Communication: background press meeting and seminar

JSL proposed that a press meeting be held tomorrow with presentations by BpB, JFJ and the Chairmen of the Resolution Committees. BpB suggested that the Resolution Committees should be a separate matter and more time was needed for preparations.

5. Outstanding tasks and other issues

To be addressed at the next meeting.

The next meeting will be on Monday December 22 at 15:00.

December 23, 2008
SI-47219

Coordination Committee Meeting

Nr. 5, December 22, 2008 at 15:00-16:30, Central Bank of Iceland

Attending: Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Martin Eyjólfsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Communication: background press meeting and/or seminar
2. Other outstanding tasks and issues
 - a. Committee's Letter of Mandate (Task 5)
 - b. Negotiating Team (Task 7 and 9)
 - c. Valuations (Task 8 and 10)
 - d. Protection of Deposits (Task 11)
 - e. Mergers of Savings Banks (Task 12)
 - f. Recapitalization of Central Bank (Task 13)

1. Communication: background press meeting and/or seminar

JSL had talked to JFJ prior to the meeting about the possibilities. After discussions the Committee resolved (Task 14, BÞB, JSL and JFJ):

- *BÞB, JSL and JFJ will on behalf of the Committee prepare two press meetings to be held in January. The former to be held in early January and the latter when Mats Josefsson will be able to take part.*

2. Other outstanding tasks and issues

a. Committee's Letter of Mandate (Task 5)

A draft presented by BÞB was discussed.

b. Negotiating Team (Task 7 and 9)

Under consideration.

c. Valuations (Task 8 and 10)

BÞB had discussed the matter with JFJ in light of the IMF Programme. TP and BRG were asked to follow up with JFJ the question regarding the need for valuations of the old banks. The process might be speeded up and costs lowered if two valuations for the old banks are not needed.

d. Protection of Deposits (Task 11)

Under consideration.

e. Mergers of Savings Banks (Task 12)

TP informed of NIB's and CEB's apparent refusal to accept write downs or conversions of their claims in the SPRON negotiations. Furthermore, the situation regarding the negotiations of Sparisjóðabankinn, mergers of three savings banks, injections of capital into the savings banks, position of other financial institutions and liquidity needs of Straumur were discussed.

The Committee resolved (Task 15, BG and TP):

- The Ministry of Finance is in charge of this matter. It is important that the working team under the chairmanship of Þórhallur Arason gives an account of the authorities' negotiation position and alternatives as soon as possible.

f. Recapitalization of Central Bank (Task 13)

BG informed that the discussions between the Ministry of Finance and the Central Bank are progressing and a solution to the transfer of claims is to be expected before the end of the year.

The next meeting will be on Wednesday January 7 at 12:00.

7 January, 2009
SI-47393

Coordination Committee Meeting (6)

7 January, 2009 at 12:00-14:30, Central Bank of Iceland

Attending: Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Martin Eyjólfsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Ben Helps from Oliver Wyman and Ágúst Þór Jónsson participated in the meeting for Agenda item 1.

Agenda:

1. Progress report from Oliver Wyman
2. Smaller financial companies and associated matters
3. Outstanding tasks and issues
4. Other matters

1. Progress report from Oliver Wyman

Ben Helps presented a Status update: Corporate Restructuring / Future of Domestic Banking, dated 6 January 2009. Initial findings were discussed. Oliver Wyman intends to present its initial recommendations to the Committee in the week commencing 19 January.

The Committee resolved (Task 16, BÞB):

- *To hold meetings with the Chairmen and CEO's of the new banks and the Chairmen of the Resolution Committees. The first meeting will be with Kaupþing next Friday. Jón Sigurgeirsson, the Central Banks representative on the Kaupþing Steering Committee will be asked to attend that meeting.*

2. Smaller financial companies and associated matters

TP, BG, JFJ and IF reported. The Ministry of Finance and the Central Bank are close to finding a solution to the unsecured claims held by the Central Bank issued by the old banks. The Treasury will then set the terms and conditions for credit to the smaller financial companies concerned. It is now believed that NIB will not block the SPRON negotiations and will accept a write down of claims but refuse conversion into equity.

3. Outstanding tasks and issues

- JFJ reported that Deloitte had been assigned to valuate the new banks (Task 10).

- The FME will contact the IMF regarding the need for valuation of the old banks and time limits in the Letter of Intent (Task 8).
- The report on alternatives to protect deposits in case of a potential savings bank bankruptcy is to be expected soon (Task 11).
- JFJ presented a list of points for discussion.

4. Other matters

Einar Gunnarsson, Director, will be replacing Martin Eyjólfsson in the Committee as representative of the Ministry for Foreign Affairs.

The next meeting will be with Kaupping on Friday 9 January at 15:00 in the Central Bank, followed by a regular meeting on Friday 16 January at 14:00. Meetings with the other two banks are planned for next week.

Attachments:

1. Oliver Wyman: Memo from Ben Helps - Status update: Corporate Restructuring/Future of Domestic Banking, 6 January 2009
2. JFJ: Points for discussion

9 January, 2009
SI-47434

Coordination Committee Meeting (7)

9 January, 2009 at 15:00-17:00, Central Bank of Iceland

Attending: Steinar Þór Guðgeirsson, Chairman of the Resolution Committee for Kaupthing, Finnur Sveinbjörnsson, CEO of New Kaupthing, Jón Sigurgeirsson, member of the Kaupthing Steering Committee, Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Progress made by the Resolution Committee
 - a. Policy on Asset Management
 - b. Creditor Management
 - c. Communication
2. Corporate Restructuring
 - a. Restructuring Process (Asset Management Companies)
 - b. Work-outs and flow of Credit
3. Future of Domestic Banking
 - a. Need for financial services
 - b. Future ownership/sources of equity
 - c. Pressing issues
4. Other issues

1. Progress made by the Resolution Committee

Steinar Þór Guðgeirsson reported on the work of the Resolution Committee and Jón Sigurgeirsson commented on the situation regarding FIH. A summary of the main points discussed is in the attached memo.

2. and 3. Corporate restructuring / Future of Domestic Banking

Finnur Sveinbjörnsson reported on the main issues in the operations of the New Kaupthing and some aspects of the road ahead. A summary of the main points discussed is in the attached memo.

4. Other issues

BþB informed the Committee of the new role Guðmundur Árnason has been entrusted with.

The next meetings are scheduled the Chairman and CEO of NBI on Monday 12 January at 13:30, Chairmen of the Resolution Committees of NBI and Glitnir on Wednesday 14 January at 12 and Chairman and CEO of Glitnir on Thursday 15 January at 12. The next regular meeting will be on Friday 16 January at 14:00.

Attachment:

1. Memo on discussions regarding Old and New Kaupping.

13 January, 2009
SI-47745

Coordination Committee Meeting (8)

12 January, 2009 at 13:30-15:30, Central Bank of Iceland

Attending: Elín Sigfúsdóttir, CEO of NBI, Ásmundur Stefánsson, Chairman of NBI, Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Corporate Restructuring
 - a. Restructuring Process (Asset Management Companies)
 - b. Work-outs and flow of Credit
2. Future of Domestic Banking
 - a. Need for financial services
 - b. Future ownership/sources of equity
 - c. Pressing issues
3. Other issues

1. and 2. Corporate restructuring / Future of Domestic Banking

Elín Sigfúsdóttir and Ásmundur Stefánsson reported on the main issues in the operations of the NBI. A summary of the main points discussed is in the attached memo.

3. Other issues

1. **Communication:** JFJ distributed an outline of a seminar with the press. After discussions he was asked to prepare a revised draft to be presented at the next regular meeting on Friday.
2. **Valuations:** The FME has announced that the deadline for the valuations will be decided on 15 February.
3. **AMC:** The need for AMCs was discussed but no recommendation made.

The next meetings are scheduled with the Chairman and CEO of Glitnir on Thursday 15 January at 12:00 and the Chairmen of the Resolution Committees of NBI and Glitnir that same day at 13:00. The next regular meeting will be on Friday 16 January at 14:00.

Attachment:

1. Memo on discussions regarding NBI.

Coordination Committee Meeting (9)

15 January, 2009 at 12:00-13:10, Central Bank of Iceland

Attending: Birna Einarsdóttir, CEO of NBI, and Jóhannes Baldursson, MD of Glitnir's Treasury & Capital Markets, Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Corporate Restructuring
 - a. Restructuring Process (Asset Management Companies)
 - b. Work-outs and flow of Credit
2. Future of Domestic Banking
 - a. Need for financial services
 - b. Future ownership/sources of equity
 - c. Pressing issues
3. Other issues

1. and 2. Corporate restructuring / Future of Domestic Banking

Birna Einarsdóttir and Jóhannes Baldursson reported on the main issues in the operations of Glitnir. A summary of the main points discussed is in the attached memo.

3. Other issues

No other issues were discussed.

This meeting was directly followed by a meeting with the Chairmen of the Resolution Committees of NBI and Glitnir. The next regular meeting will be on Friday 16 January at 14:00.

Attachment:

1. Memo on discussions regarding Glitnir.

Coordination Committee Meeting (10)

15 January, 2009 at 13:15-14:40, Central Bank of Iceland

Attending: Árni Tómasson, Chairman of Glitnir's Resolution Committee, Lárus Finnbogason, Chairman of Landsbanki's Resolution Committee, Bolli Þór Bollason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Progress made by the Resolution Committees
 - a. Policy on Asset Management
 - b. Creditor Management
 - c. Communication

2. Other issues

1. Progress made by the Resolution Committees

Árni Tómasson and Lárus Finnbogason reported on progress made. A summary of the main points discussed is in the attached memo.

2. Other issues

No other issues were discussed.

The next regular meeting will be on Friday 16 January at 14:00.

Attachment:

1. Memo on discussions regarding Glitnir.

Coordination Committee Meeting (11)

16 January, 2009 at 14:00-16:10, Central Bank of Iceland

Attending: Mats Josefsson, Bolli Þór Bollason, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Role and responsibility of the Coordination Committee
2. Note on Strategy, including priorities, e.g.
 - New banks
 - Savings banks and other financial companies
 - Corporate Restructuring
 - AMCs
 - Creditor Management
 - Old banks
 - ?
3. Communication
4. Asset Management Companies
5. Other issues
 - Regular meetings on Wednesdays
 - List of Tasks

1. Role and responsibility of the Coordination Committee

The Committee resolved to (Task 17, MJ):

- *Write a summary of the role of the Coordination Committee. (MJ will write a one page first draft, send it to other members of the Committee and put it on the Agenda for the next meeting.)*

Handwritten note: eundistnef.

2. Note on Strategy, including priorities

The Committee resolved to (Task 18, Members of the Committee):

- *Write a Strategy Note. (The Strategy Note will be a live document covering the main issues. It will be both a status report and forward-looking, it will set out the goals and key issues with priorities in mind. It will be about 5 pages in length. Members will send drafts of separate inputs in English to TP before 6 o'clock pm on Tuesday, 20 January, in preparation for discussion at the next meeting. The Committee will then send the revised draft to the four key Ministers, whereupon it will be shown to the Cabinet and presented at a Press Seminar.)*

Handwritten note: Stefnustýjal

The allocation of the inputs to the Strategy Report was as follows:

- Introduction: MJ
- New banks: FME
- Savings banks and other financial companies: MoF
- Savings banks and ownership issues: FME
- Corporate restructuring: PMO
- AMCs: CB
- Creditor management: FME
- Old banks: FME
- Settlement with depositors: MFF
- Ownership issues: MOF
- Regulation and supervision: MBA
- Communication: MBA

3. Communication

JFJ presented a preliminary program for the Press Seminar. Some changes were suggested. The Seminar is to be held on the same day as the Cabinet approves the Strategy Note.

4. Asset Management Companies

The need for AMCs and the banks' ability or inability to handle work-outs independently was discussed. A policy outline will be forthcoming in the Strategy Note.

5. Other issues

- Regular meetings will be held on Wednesdays at 12:00
- A Task List was distributed. It gives an overview of tasks allocated by the Committee and facilitates follow up.
- JFJ flagged problems ahead for the smaller financial companies, e.g. how should the Authorities respond to creditors' request for a further extension of negotiations regarding Sparisjóðabankinn.
- Rumours about the instability of the new banks and possible threat to deposits were discussed.
- Mats Josefsson will be staying at the 1919 Radisson Hotel, his e-mail addresses are mats.josefsson@for.stjr.is or mj@pmo.is, his mobile number is 695 3341.

The next meeting will be on Wednesday 21 January at 12:00-15:00 for discussion about the Strategy Note to be followed by a meeting on the topics of Sparisjóðabankinn and smaller financial companies (except savings banks). The main representatives in the Working Group on Smaller Financial Companies will be asked to attend and send a memo before the meeting. A discussion about savings banks will be on the Agenda for the regular meeting on 28 January.

Coordination Committee Meeting (12)

21 January, 2009 at 12:00-16:00, Central Bank of Iceland

Attending: Mats Josefsson, Bolli Þór Bollason, Guðmundur Árnason, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Jónas Fr. Jónsson, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

The working group on smaller financial companies, i.e. Þórhallur Arason, Kjartan Gunnarsson, Guðmundur Jónsson, Sturla Pálsson and Jóhannes Bjarni Björnsson attended for deliberations on item 3.

Agenda:

1. Role and responsibility of the Coordination Committee
2. Strategy Note
3. Sparisjóðabankinn and small financial companies
4. Creditors' concerns/Resolution Committees
5. Other issues
 - a. Valuation of old banks
 - b. Regional MoU mandate

1. Role and responsibility of the Coordination Committee

MJ had written a draft which was sent to the Committee before the meeting. MJ will incorporate a revised draft into the Strategy Note document. GÁ indicated how the Committee's role will fit in with an overall plan to be presented in the Cabinet on Friday by the Prime Minister.

2. Strategy Note

A first draft of the Strategy Note was sent to the Committee before the meeting. A revised draft will be discussed at a special Committee meeting on Saturday in preparation for a Cabinet meeting next Tuesday followed by the Press Seminar. MJ and TP will do the editing with new inputs from JFJ and JSL.

3. Sparisjóðabankinn and small financial companies

The working group had sent two documents before the meeting, i.e. on the restructuring of Icebank and a memorandum on debt conversions for the financial companies. These memos met with the Committee's approval. A

third document on key facts about smaller financial companies was also discussed.

The Committee recommended, with BPB abstaining because of family ties (Task 19, JFJ/BG):

- *The FME should extend its deadline by one month to 28 February. The MoF should set out and present its policy regarding Icebank and SPRON to other creditors.*

4. Creditors' concerns/ Resolution Committees

MJ informed about his, GÁ's and BRG's meeting with creditors. After discussions JFJ offered to prepare a note describing the legal framework and process with reference to the FME paper on Restructuring of the Icelandic Banking Sector, dated 10 December 2008. ||

5. Other issues

- JFJ will present the Committee with FME's proposal regarding valuation of old banks at the meeting on Saturday. The Prime Ministers Office will confer with the IMF regarding these valuations.
- TP reported on Peter Nyberg's request for a revised mandate and timeline for the Nordic-Baltic Financial Cooperation Working Group. ||

The next meeting will be on Saturday 24 January at 12:00 for finalizing the draft of the Strategy Note.

The next regular meeting will be on Wednesday 28 January.

Attachments:

1. Restructuring of Icebank- Notes on Current Status and next steps
2. Memorandum- Proposal for restructuring of financial undertakings' debt due to collateral loan facilities with the Central Bank of Iceland, 20 January 2009
3. FME: (Key facts about smaller financial companies)
4. MJ: Meeting with the German Creditors, 19 January 2009
5. Peter Nyberg: Revising the mandate and timeline for the Nordic-Baltic Financial Cooperation Working Group, 20 January 2009

Coordination Committee Meeting (13)

28 January, 2009 at 12:00-15:20, Central Bank of Iceland

Attending: Mats Josefsson, Bolli Þór Bollason, Guðmundur Árnason, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Jónas Fr. Jónsson, Ingimundur Friðriksson (had to leave early) and Tryggvi Pálsson who drafted the minutes.

Þórhallur Arason and Ragnar Hafliðason attended for deliberations on item 1 and 2. Ben Helps and Sean Cory from Oliver Wyman attended for item 2.

Agenda:

1. Savings banks
2. Oliver Wyman: Asset Management Company and related issues
3. Strategy Note
4. Note on Legal Framework and Resolution Committees
5. Other issues
 - a. Valuation of old banks
 - b. Venue for meetings

1. Savings banks

RH presented an overview and key statistics on the savings banks' position. JFJ warned that if the negotiations with creditors of Sparisjóðabankinn and SPRON are not successful then action will have to be taken. The FME has an emergency plan ready.

The Committee recommends (Task 20, BG)

- *The Ministry of Finance should stress the finality of the deadline FME has given to Sparisjóðabankinn and SPRON, the limits to the financial commitment by the Government and that if the negotiations are not successful then action will have to be taken by the relevant authorities. This will be done by writing formal letters to the creditors' Steering Committees, drafted by the Working Group, with copies sent to the Coordination Committee before the end of this week.*

2. Asset management Company and related issues

Ben Helps and Sean Cory presented Oliver Wyman's Memo proposing the establishment of an AMC and referred to their letter sent to MJ and BpB earlier. After all members had given their views it was decided to aim for a recommendation at the next meeting.

3. Strategy Note

The draft of the Strategy Note was discussed. It will be further edited by MJ and TP in order to incorporate suggestions made by members. A new draft will be sent out before the next meeting. The Press Seminar will not take place before the new government has been appointed.

4. Note on Legal Framework and Resolution Committees

Discussion was postponed. The Note will be sent to members before the next meeting.

5. Other issues

- MJ reported on his, GÁ and BRG meetings with the new banks' CEOs.
- Oliver Wyman will next Friday send to members it's findings on the Future of Icelandic Domestic Banking. The topic will be discussed at the next meeting along with the question of a Bank Holding Company.
- A mission from the IMF will arrive on 12 February to prepare the first review.
- X • JFJ will not be attending the Committee's meeting from now on. He thanked members for the cooperation. Members wished him well.

Feb.

The next meeting will be on Wednesday 4 January at 12:00 in the Culture House, 2nd floor.

Attachments:

1. FME: Tables and other information on the savings banks, 28 January 2009.
2. Oliver Wyman: Icelandic bank restructuring project- Establishing a single Icelandic Asset Management Company.
3. Oliver Wyman: Establishing an Asset Management Company, Letter to MJ and BpB, 26 January 2009.

Coordination Committee Meeting (14)

4 February, 2009 at 12:00-15:00, Cultural House

Attending: Mats Josefsson, Guðmundur Árnason, Björn Rúnar Guðmundsson, Baldur Guðlaugsson, Jónína S. Lárusdóttir, Einar Gunnarsson, Ragnar Hafliðason, Ingimundur Friðriksson and Tryggvi Pálsson who drafted the minutes.

Ben Helps and Sean Cory from Oliver Wyman attended for item 2.

Agenda:

1. Strategy Note
2. Presentation by Oliver Wyman about Future Banking System
3. Valuation of banks
4. Press Seminar
5. Next Agenda

1. Strategy Note

A new draft of the Strategy Note was distributed before the meeting. Minor changes were suggested. The Strategy Note was approved by the Committee and will now be translated.

GÁ, JSL and BRG have discussed the Strategy Note and the establishment of an AMC with the Ministers of Finance and Business Affairs. Tomorrow GÁ and BRG will meet with the Prime Minister for that same purpose. The intention is to present the Strategy Note to the Cabinet on Friday.

2. Oliver Wyman's Report on the Future Banking System

Ben Helps and Sean Cory presented Oliver Wyman's Report. All of the members of the Committee gave their response to the Report. Oliver Wyman was asked to substantiate better their recommendations and finalize their report.

3. Valuation of banks

RH reported on the valuation of the new and old banks and delivered a memo. The FME intends, given the approval of the Ministry of Finance, to finalize a contract with Oliver Wyman to carry out the valuation of the old banks' net assets.

4. Press seminar

The seminar will take place early next week. The program is yet to be determined.

5. Next agenda and other issues

- MJ, GÁ and BRG attended Glitnir's Creditor Meeting this morning. MJ suggested creditors' representatives should be invited to present their views to the Committee at its next meeting. The suggestion was accepted.
- RH will at the next meeting hold a presentation on the condition of the new banks.
- BRG is going to ask the law firm Logos to clarify its role as advisors in order to avoid conflicts of interest.

The next meeting will be on Wednesday 11 February at 12:00 in the Culture House, 2nd floor.

Attachments:

1. Oliver Wyman: Future of domestic-banking, 4 February 2009.
2. FME: Memo to the Coordination Committee on the valuation of the old banks, 3 February 2009.

Coordination Committee Meeting (15)

11 February, 2009 at 12:00-13:45, Cultural House

Attending: Mats Josefsson, Guðmundur Árnason, Indriði H. Þorláksson, Þórhallur Arason, Jónína S. Lárusdóttir, Einar Gunnarsson, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Áslaug Árnadóttir (MoBA) attended for item 1 and Guðmundur Jónsson (FME) for item 2.

Agenda:

1. Proposal for new legislation on winding up financial undertakings
2. Condition of the new banks
3. Valuation of banks
4. Next Agenda and other issues

1. Proposal for new legislation on winding up of financial undertakings

MoBA has prepared a draft bill of law on amendment of provisions on winding up of financial undertakings. ÁÁ presented the draft bill.

The Committee recommends (Task 21, JSL):

- *Further professional advice should be sought before the bill is presented to Alþingi such as from the IMF. The Resolution Committees should be given the opportunity to comment and creditors subsequently engaged before the bill is finalized.*

2. Condition of the new banks

GJ and RH delivered the FME report on the business plans of the new banks.

The Committee recommends (Task 22, IHP):

- *The MoF should ask for information on all assets that have been moved between the new and old banks since the initial split up. The information is to be discussed at the Committee's meeting on 25 February.*

3. Valuation of banks

RH reported on negotiations for the valuation of the old banks. He will recommend to the Board of the FME that Oliver Wyman be engaged to perform the valuation. The cost is to be borne by the old banks and the FME

will inform the Chairmen of the Resolution Committees before the agreement is finalized.

4. Next agenda and other issues

- The Committee will meet on 18 February to discuss work in progress. Mats Josefsson will be away during that week.
- For the Agenda on 25 February the following subjects were mentioned:
 - Balance sheets of the banks from 15 November 2008 to present.
 - Information on transfer of assets
 - Savings banks and Sparisjóðabankinn (FME and MoF)

The next meeting will be on Wednesday 18 February at 12:00 in*the Culture House, 2nd floor.

Attachments:

- 1. Chapter XII on the Act on Financial Undertakings, ÁÁ 11 Feb. 2009*
- 2. Business Plans of the New Banks, FME 11 Feb. 2009*
- 3. Letter from Deloitte to FME regarding timetable of valuation, 6 Feb. 2009(+ Appendix 1 & 2)*

Coordination Committee Meeting (16)

18 February, 2009 at 12:15-13:50, Cultural House

Attending: Guðmundur Árnason, Björn Rúnar Guðmundsson, Indriði H. Þorláksson, Þórhallur Arason, Jónína S. Lárusdóttir, Einar Gunnarsson, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Agenda: No formal agenda

1. Meeting with creditors

In a meeting with the Resolution Committee of Landsbanki with its advisors it was requested that members from the Ministries would meet tomorrow with the Informal Creditor Committee. Representatives from the UK and Dutch authorities will be present. A list of questions will be supplied today. The Prime Minister's Office and the Ministry of Finance are going to attend this meeting along with the FME. The Cabinets' three policy memos will be presented but possible changes in the law on winding up financial undertakings are not to be outlined.

2. Oliver Wyman

Potential conflicts of interest in the OW projects were discussed. There is disappointment regarding OW report on the future of Icelandic banking and general agreement that OW's work on the valuation of the banks should have priority.

3. Negotiations between the old and new banks/ advisors

IHP presented a draft of a MoF memo on the preparations for the negotiations. It mentions a Steering Group with members from the new banks and the chairman Þorsteinn Þorsteinsson acting for the MoF. The Steering Group will report to a group from the PMO, MoF and MoBA and keep the CC informed. Hawkpoint and Holihan Lokey have made bids to advise the State in this matter. The arrangement will be in accordance with the Cabinet's decision.

4. Other issues

- EG urged that Ríkiskaup should be consulted regarding contracts with advisors. It is important to use its expertise in concluding such contracts and to be compliant with EEA directives.
- TP, ÞA and RH provided information on the precarious situation of SPRON, Sparisjóðabankinn and other small financial undertakings.

- JSL drew attention to the situation of the smaller savings banks with difficult operating prospects. Also, she informed the committee of the work being done in relation to foreign exchange loans to households.

The next meeting will be on Wednesday 25 February at 12:00 in the Culture House, 2nd floor.

Attachment:

1. *Negotiations between the old and new banks, MoF Memo 18 Feb. 2009*

Coordination Committee Meeting (17)

25 February, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Guðmundur Árnason, Björn Rúnar Guðmundsson, Indriði H. Þorláksson, Þórhallur Arason, Jónína S. Lárusdóttir and Ragnar Hafliðason. Mats drafted the minutes.

Representatives for Bayern LB, Bingham Mc Cutchen, Deutsche Bank and SMBC took part in item 1 and from Deloitte in item 2.

Agenda: No formal agenda

1. Presentation by creditors

Representatives from the creditors told the Committee of their concerns, laid out a possible solution and suggested some next steps. These points were summarized in a letter sent to the Committee the following day. This letter is attached to these Minutes.

2. Valuation of the banks

Deloitte is requested to finish its valuation by the end of March. The second opinion provided by Oliver Wyman is to be ready on 15 April. The FME had determined that a maximum of 10 days may elapse after that before the instrument between the old and new banks would be determined. The creditors find this time limit of 10 days too short.

The Committee recommends that (Task 23, RH):

- *The FME should extend the maximum time limit, e.g. to 20 days.*

3. Draft of a bill for the AMC

The Ministry of Finance and the Ministry of Business Affairs are working on an AMC bill. In order to give Parliament sufficient time the Ministries will have the bill ready for a Cabinet meeting next Tuesday 3 March.

4. Savings bank and Sparisjóðabankinn

The discussion will be continued at the next meeting of the Committee.

The next meeting will be on Wednesday 4 March at 12:00

Attachment:

1. *Coordination Committee Meeting with Bayern LB, Bingham Mc Cutchen, Deutsche Bank and SMBC, 26 February 2009*
2. *Principles for stable capital flows and fair debt restructuring in emerging markets, Institute of International Finance, 31 March 2005*

Coordination Committee Meeting (18)

4 March, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Guðmundur Árnason, Björn Rúnar Guðmundsson, Indriði H. Þorláksson, Þórhallur Arason, Jónína S. Lárusdóttir, Einar Gunnarsson, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Participating from the IMF: Mark Flanagan and Luis Cortavarria. For item 5 four representatives from Hawkpoint attended, led by Charles Wilson and Andrew Seip and joined by Þorsteinn Þorsteinsson.

Agenda:

1. Representatives from the IMF will join the Committee for lunch and provide some thoughts
2. Committee's response to the creditors
3. Balance sheets of the banks from 15 November 2008 to present.
4. Information on transfer of assets
5. Presentation of financial advisors to the government (Hawkpoint)
6. Savings banks and Sparisjóðabankinn
7. Follow up on Committee's recommendations
8. Topics expected to be addressed over the next 6 weeks
9. Next Agenda and other issues

The Chairman welcomed the participation of the Governor of the Central Bank of Iceland who now represents the bank in the Committee.

1. The IMF mission

The representatives from the IMF stressed the following points: there is a significant debt sustainability problem, no further socializing of losses, give creditors a downside along with an upside, speed up the restructuring process and finish it before the review, treat the remaining restructuring issues as a package, set up a timeframe and tackle the new banks no later than mid-May.

*IMF
kupur*

2. Committee's response to the creditors

The Committee resolved (Task 24, MJ):

- *The Chairman of the Committee will be available to meet creditors every third Wednesday at 15:00. Voluntary participation by other*

members of the Committee and Hawkpoint. No minutes will be drafted. The first meeting will be on 8 March 2009.

3. Balance sheets of the banks

Postponed

4. Information on the transfer of assets

IHP presented a Memo from the MoF, dated 4 March. The assets have mainly been transferred from the new banks to the old and all cases are well documented. The largest transfers are into Landsbanki and have not taken place since December 2008.

The Committee recommended (Task 25, RH):

- *A file on the actual transfers will be provided to the Chairman of the Committee.*
- *The FME should ask for a report from the banks on asset sales with detailed explanations.*

5. Presentation of financial advisor to the government

The representatives of Hawkpoint introduced their company and mentioned some difficulties ahead in their assigned task.

6. Savings banks and Sparisjóðabankinn

SHØ offered that the Central Bank would take the lead in preparing an action plan.

7. Follow up on Committee's recommendations

Postponed

8. Actions to be taken over the next two months

MJ asked members of the Committee to send written comments to the draft.

9. Next Agenda and other issues

- *MJ urged that a holding company provision be included in the AMC bill to Alþingi.*
- *The next meeting will be on Wednesday 11 March at 12:00*

Attachment:

1. *MoF Memo on the transfer of bank assets, dated 4 March 2009*
2. *MJ: Actions to be taken over the next two months, draft dated 3 March 2009*

Coordination Committee Meeting (19)

11 March, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Guðmundur Árnason, Björn Rúnar Guðmundsson, Þórhallur Arason, Jónína S. Lárusdóttir, Einar Gunnarsson, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Actions to be taken over the next 2 months
2. Asset sales (Data to be provided by FME) X
3. Update on savings banks and small financial institutions
4. Valuation of the old banks
5. Next Agenda and other issues

1. Actions to be taken over the next two months

Before last week's meeting MJ had sent out a draft which is to serve as a basis for the next Strategy Note. Written comments came from the MoBA and MoF. The format of the Strategy Note and points raised were discussed. A first draft is to be ready next week and the final version a week later.

2. Asset sales

Postponed to the next meeting.

3. Update on savings banks and small financial institutions

SHØ described the coordination of work to speed up the reconstruction of the smaller deposit taking financial undertakings. The FME has given the SPRON creditors until next Wednesday 18 March at 16:00 to respond to its letter and the MoF and CBI have given the Sparisjóðabankinn creditors the same deadline. If positive responses are received, a satisfactory solution will be worked out before Friday 20 March at 16:00. If not, the relevant authorities will have to take necessary action.

4. Valuation of the old banks

Lois Cortavarria (IMF) in an e-mail to Jón Þ. Sigurgeirsson in the CBI opened up the possibility of using domestic auditors which would reduce costs considerably. RH will reply to Lois Cortavarria's e-mail. The

possibility of a forensic audit report was discussed as well as hiring specialists to reclaim ill gotten gains sheltered away in tax havens on a "no cure-no pay" basis. MJ advised consultations with Lois Cortavarria (IMF) on this issue. ||

5. Other issues and next meeting

- GÁ informed that the ministries held a meeting this morning with Hawkpoint and other financial advisors and such meetings will be held each week henceforth. The information to be given to creditors will be determined and also to what extent Hawkpoint should communicate directly with creditors.
- || • RH will get in touch with Þorsteinn Þorsteinsson to find a solution to the requests of creditors for information on the new banks. ||
- BRG reported on the extended visit of the IMF delegation and the draft of the new Letter of Intent. He also mentioned that the negotiations on deposit insurance might have to be speeded up and that the sovereign's debt profile now looks more difficult.
- JSL informed about new bills that are in different stages of introduction to Alþingi, i.e. leniency bill, transparency in the FME, transparency in ownership issues and winding up of financial undertakings. The last one will break the link between the FME and the resolution committees. Finally work is progressing on a bill for payment adjustment.
- SHØ reported that the CBI will today publish its report on household debt.
- The next meeting will be on Wednesday 18 March at 12:00

|| Bauley
|| Reynold

Coordination Committee Meeting (20)

18 March, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Indriði H. Þorláksson, Jónína S. Lárusdóttir, Guðmundur Árnason, Björn Rúnar Guðmundsson, Þórhallur Arason, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Strategy Note II (Content and timing)
2. Update on savings banks
3. Valuations of the banks
4. Asset sales (Data to be provided by FME)
5. Other issues

1. Strategy Note II

Before the meeting MJ had distributed an outline for the next Strategy Note. The Committee discussed the outline and allocated separate inputs, such as a summary on savings banks from the CBI and guideline on banks' debt restructuring from the MoF as well as the holding company. The FME will provide input on valuations and forensic audits going 12 months back (and a month after the collapse). SHØ recommended that action be taken to recover fraudulent funds with the help of specialists and offered to deliver a memo on the Norwegian Jahre case as an example. GÁ will make a list of working groups dealing with restructuring and their mandate. The publication of the Strategy Note is planned for 7 April after prior approval of the Cabinet.

The Committee recommends (Task 26, RH, JSL):

- *The FME should draft a proposal to recover fraudulent funds with the assistance of specialists on a "no cure-no pay" basis. A shortlist of capable specialist should be prepared and the IMF consulted as this action would broaden the scope of what the IMF is requiring regarding forensic audits. JSL will check with the Ministry of Justice whether this action conflicts with the work of other investigative bodies.*

The Committee recommends (Task 27, IHB):

- *The working group on AMC should request outside advice on the establishment and operations of the AMC and on debt restructuring guidelines.*

2. Update on savings banks and small financial institutions

SHØ gave an account of progress made. The deadline given in the case of Sparisjóðabankinn and SPRON is today at 4 o'clock. Daily meetings are held to share information and coordinate actions.

3. Valuation of the banks

In the process of determining the capital injection to the new banks and the instrument it is crucial to get the audited accounts which are to be ready no later than 31 March. That deadline now seems tight which puts the 18 May timeline for completion, announced by the FME and ministers, into jeopardy.

4. Asset sales

RH delivered information from the new banks on asset sales. The Chairman asked members to go through these papers and raise questions at the next meeting if need be.

5. Other issues and next meeting

- JSL referred to the Consultative Group of the Ministries, FME and CBI which has been dormant since 3 October 2008. She wondered whether that forum should be revitalized to exchange information and be alerted to risks in the financial system.
- The regular monthly meeting with creditors will be today at 15:00
- The next meeting will be on Wednesday 18 March at 12:00. Topics mentioned for that meeting were the savings banks, draft of the Strategy Note and FME's note on the forensic audit and recovery of funds.

Attachments:

1. *MJ Outline of Strategy Note II, sent 17 March*
2. *Information on assets sales from Kaupþing 13 March, Landsbankinn 11 March and Íslandsbanki 10 March.*

Coordination Committee Meeting (21)

25 March, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Indriði H. Þorláksson, Jónína S. Lárusdóttir, Þórhallur Arason, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes. (JSL and ÞA had to leave the meeting as item 2 was being discussed and IHP after item 3 was covered).

Agenda:

1. Discussion with Kaarlo Jännäri
2. Update on savings banks/ going forward
3. Strategy Note II (contributions)
4. Valuation of banks
5. Timetable for recapitalization
6. Asset sales (reactions from members)
7. Other issues

1. Discussion with Kaarlo Jännäri

Kaarlo Jännäri presented the outline and conclusions of his Report on Banking Regulation and Supervision in Iceland: past, present and future. It is part of the Authorities and IMF stand by programme and will be published on Monday at a Press Conference. The Report will be followed up by the relevant authorities.

2. Update on savings banks/going forward

RH reported on events since the last Committee meeting with SPRON and Sparisjóðabankinn going under on March 23. The situation at SPM was also discussed and conditions for public support.

The Committee recommends (Task 28, IHP, RH, TP):

- *A working group under the leadership of MoF should set out the conditions for public support for the savings banks such as change of management, possibilities of additional capital, cost cutting, limits on dividends and business plan. The working group should keep the Committee informed and report its initial findings at the next meeting.*

3. Strategy Note II

MJ asked for requested contributions to be delivered.

4. Valuation of the banks/forensic reviews

RH delivered a memo and accompanying slides on the terms of reference to commission a forensic review of the old banks. The matter will be discussed at FME's Board meeting today and taken up with the Special Prosecutor subsequently.

5. Timetable for recapitalization

Postponed

6. Asset sales

RH supplied dates of sales of Glitnir's assets which had not been provided in an earlier list. He will receive supporting documentation within a week.

5. Other issues and next meeting

- BRG should chair the next weekly meeting in the absense of MJ (The meeting was later cancelled)

Attachments:

1. *Memorandum on the Requirements for Terms of Reference to commission a Forensic Review of the Old Banks, FME, 24 March 2009*
2. *Forensic Review, Requirements for scoping, Áhættustýring ehf, 25 March 2009*
3. *Glitnir- Seldar eignir, KPD 10 mars 2009*

Coordination Committee Meeting (22)

8 April, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Björn Rúnar Guðmundsson, Guðmundur Árnason, Indriði H. Þorláksson, Áslaug Árnadóttir, Þórhallur Arason, Ragnar Hafliðason, Einar Gunnarsson and Tómas Brynjólfsson who drafted the minutes.

Agenda:

1. Report about the valuation done by Deloitte
2. Report about progress in strengthening the savings banks
3. Strategy Note 2. Why have there been no contributions?
4. Role of the Committee (comments expected from members)
5. Valuation by Oliver Wyman
6. Other issues

1. Report about the valuation done by Deloitte

Ragnar Hafliðason reported that Deloitte had not yet submitted a complete report but would hopefully provide one by the end of Wednesday. The delay is related to parts that handle homogenous portfolios. A draft timetable for the process following Deloitte handing in its report is being prepared. A written decision on who will see which part of the report also being prepared.

RH to provide in writing a timeline and list of those permitted to access the report.

2. Report about progress in strengthening the savings banks

Members were given an opportunity to express disagreement with decisions taken in the preceding meeting as few members had been present. No comments given.

IP reported on progress in strengthening the savings banks. Draft conditions handed out and discussed in light of the 8 applications for equity received by the Ministry of Finance. ÞA also reported on recent developments with SPM.

DA to present by next meeting a memo on what is to be done when and by whom regarding the savings banks.

3. Strategy Note 2. Why have there been no contributions?

4. Role of the Committee (comments expected from members)

Issues discussed concurrently.

MJ presented that status of the 2nd Strategy Note and reasons for its delay. Members gave feedback on their view as to the role of the Committee. MJ requested members to consider the Committee's weak spots before the next meeting.

5. Valuation by Oliver Wyman

Ben Helps and Sean Cory from Oliver Wyman reported that the firm had not received a final report from Deloitte. OW had been working closely with Deloitte. The process should therefore not be delayed if Deloitte submits its final reports by Monday, 13 April. OW also discussed its view of the timeline following the release of their report.

The Committee is to meet with representatives of Deloitte on 16 April at 2.00 pm in the Cultural House to discuss results of the valuation process. OW is to arrange the meeting.

6. Other issues and next meeting

- IP reported on meetings with the new banks on 6 April regarding their losses.
- BRG discussed the status of the forensic audit.

The Committee agreed unanimously that it would view the proposed process by the Special Prosecutor sufficient if it was approved by the IMF.

- BRG presented the preliminary results of the working group on banks' FX imbalances.

Attachments:

1. *Assets Sold by the Old Banks, FME 8 April 2009.*
2. *Sérstök skilyrði fyrir framlögum ríkissjóðs til sparisjóða, starfshópur um stofnfjárframlög ríkissjóðs til sparisjóða, draft 31 March 2009.*

Coordination Committee Meeting (23)

15 April, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Áslaug Árnadóttir, Þórhallur Arason, Guðmundur Árnason, Ragnar Hafliðason, Einar Gunnarsson, Björn Rúnar Guðmundsson and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Imbalances in the new banks—how to proceed (Björn Runar)
2. Release of the report from Deloitte, to whom and in what form (written report from Ragnar).
3. Time table on how to strengthen the financial position of savings banks (written report from Indridi).
4. Discussion on how to strengthen the role of the Committee (Mats)
5. Asset sales—Presentations by the Chairmen in the RCs
6. Other issues

1. Imbalances in the new banks- how to proceed

BRG distributed a memo from the working group he leads. He went on to explain the alternatives to solve the problem. ÁÁ and EG recommended that the working group be assisted by legal advisors in order to take legal aspects into the proposed solutions.

2. Release of the report from Deloitte

RH distributed three papers and described the intended procedure.

The Committee recommends (Task 29, RH):

- *A summary of the valuation report should be published. May 4 could be a suitable date for that publication.*

3. Timetable on how to strengthen the financial position of savings banks

ÞA delivered a memo on the conditions for Treasury contributions to savings banks. In that paper a time schedule is included stating e.g. that the increase in capital will be completed before 29 May 2009.

4. Discussion on how to strengthen the role of the Committee

MJ put forward questions on the need and functioning of the Committee. He intends to present a memo on the subject at the next meeting.

5. Asset sales

The chairmen of the Resolution Committees, Árni Tómasson, Lárus Finnbogason and Steinar Þór Guðgeirsson, remarked on the assets sales and answered questions.

6. Other issues

- Meeting tomorrow with Deloitte and Oliver Wyman at 14:00.

Attachments:

1. *Draft-Solving the FX- imbalance (15 April 2009)*
2. *Valuation reports for the new banks, FME 15 April 2009*
3. *Outcomes of the valuation of net assets of the new banks submitted, FME draft of press release (15 April 2009)*
4. *E-mails between Andrew Robinson (Deloitte) and Sigurður Ingólfsson(FME), 14 and 15 April 2009*
5. *Memo on the conditions for Treasury contributions to savings banks, Working party draft 31 March 2009*

Coordination Committee Meeting (24)

22 April, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Jónína S. Lárusdóttir, Þórhallur Arason, Guðmundur Árnason, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Agenda:

1. Update from Hawkpoint on the work going forward
2. Update on the valuation report from Deloitte
3. Update on the work on imbalances
4. Update on the work regarding savings banks
5. Update on the ToR for a forensic review of the old banks
6. Other issues

1. Update from Hawkpoint on the work going forward

MJ mentioned an e-mail from IHP. The matter will be discussed further.

2. Update on valuation report

RH distributed a draft of a letter to the Resolution Committee of Landsbankinn and a draft summary of the net asset valuation of the new banks. The summary will be sent out within a few days if the Oliver Wyman report is received today. GÁ mentioned a meeting with the MoF and Hawkpoint where the dismal operating results of the new banks were discussed.

3. Update on the work on imbalances

BRG was not able to attend this meeting and the discussion about the alternatives was postponed.

4. Update on the work regarding savings banks

ÞA mentioned feed back from the Central Bank and FME. Due diligence has been conducted on BYR and SPÍK. The MoF is working on the technical details regarding capital injections. Three possibilities exist i.e. changing savings banks into limited companies, valuations of capital contributions should savings banks merge and changing the law on savings banks. The MoBA has prepared a new bill of law on savings banks.

BYR
SPÍK.

5. Update on the ToR for a forensic review of the old banks

GÁ and JSL have briefed the MoJ and the FME has been consulted. The Office of the Special Prosecutor has produced a note on the subject. Once it has been cleared by the relevant parties BRG will send the note to the IMF.

6. Other issues

- TP gave an account of the EU MoU on financial stability which Iceland and Norway were invited to join but has not been signed yet. Furthermore, a voluntary specific Nordic Baltic MoU is being drafted and comments are requested.

The Committee recommends (Task 30, IHP):

- *The Ministry of Finance should reactivate the signing process of the EU MoU from 2008 for Iceland.*
- MJ mentioned a new draft from Oliver Wyman on restructuring the banking system. A new version will be ready in mid May and will be presented to the Committee.
- The meeting on 29 April is cancelled and the meeting scheduled for 6 May will be brought forward to 5 May at 17:00.

Attachments:

- *FME: Draft of letter to the Resolution Committee of Landsbanki Íslands hf. regarding release and distribution of reports relating to the Net Asset Valuation of assets transferred from Landsbanki Íslands hf. to NBI hf.*
- *FME: Summary of the Net Asset Valuation of the New Banks, draft 22 April 2009.*
- *Cooperation agreement on cross-border financial stability, crisis management and resolution between relevant Ministries, Central Banks and Financial Supervisory Authorities of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden, draft 17 April 2009.*

Coordination Committee Meeting (25)

5 May, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Jónína S. Lárusdóttir, Indriði H. Þorláksson, Þórhallur Arason, Björn Rúnar Guðmundsson, Einar Gunnarsson, Gunnar Andersen, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Þorsteinn Þorsteinsson attended the meeting. For item 1 on the Agenda Sigurður Tómas Magnússon and Sveinn Ingiberg Magnússon from the Special Prosecutors Office and Jón Magnússon from the MoJ attended

Agenda:

1. Update on the process to conduct forensic assessments of the old banks
2. The set up of a team within the Ministry of Justice in preparation of expected litigations (Ministry of Justice).
3. What's next after the completion of the valuation (Ragnar/Indriði).
4. Update on discussions with the IMF in Washington (Svein/Björn Rúnar)
5. Revised Terms of Reference for Hawkpoint (Indriði).
6. Progress in the restructuring of savings banks (Þórhallur/Tryggvi).
7. The future role of the Committee (Mats).
8. Strategy Note No.2.
9. Future structure of the banking system.
10. Other issues

1. Update on the process to conduct forensic assessments of the old banks

The representatives from the Special Prosecutors Office delivered a Memo and informed the Committee about e.g. the added manpower and that dozens of cases are under investigation. There was debate about the need to show action soon. Resource constraint and possible loss of overall picture were mentioned as drawbacks whereas Iceland's integrity and credit ratings

require that material progress be communicated as soon as possible. The Committee wants nothing more or less than specified in the Letter of Intent.

The Committee recommends (Task 31, BRG):

- *The matter should be brought up with the IMF and then discussed again by the Committee.*

2. The set up of a team within the MoJ in preparation of expected litigation

JSL mentioned that the State Advocate has a team in place and a lawyer has been especially hired for this purpose. She will ask the State Advocate to attend the next meeting of the Committee on 13 May.

3. What's next after the completion of the valuation

3.1 Negotiations with creditors

ÞP presented a confidential Memo on negotiations with creditors of the old banks. He estimates that two more weeks are needed before negotiations can start. More data and the business plans of the new banks are needed. The currency imbalances are the biggest obstacle for a sustainable business. ÞP mentioned that an outside consultant has been identified by Hawkpoint. The Chairman voiced his objection to that recruitment.

The methodology of the Deloitte valuations has led to overvaluation of assets. ÞP said that this has to be revised and the Chairman stressed that the matter had to come to the Committee before such action is decided.

There was a heated debate about the lack of progress on the AMC. It will be a separate issue at the next meeting.

3.2. Sign-off on the new banks

RH said the FME is preparing the sign-off for the new banks. GA added that investigations of some cases are continuing. The FME has asked Oliver Wyman for support in preparing and running the regulatory sign-off process. GA said it was an oversight that the Committee had not been informed sooner. The Terms of Reference will be sent to members of the Committee and the FME will consult with the MoF regarding a potential overlap with the work of Hawkpoint.

4. Update on discussions with the IMF

BRG and SHØ reported on meetings in Washington. The IMF will send a mission to Iceland next week, preceded by conference calls and a draft Letter of Intent.

5. Revised Terms of Reference for Hawkpoint

ÞP mentioned that the fee had been lowered and will be paid by the banks. The chairman recommended that no new contract be signed before the Committee's next meeting. IHP is not convinced but ready to wait.

6. Progress in the restructuring of savings banks

ÞA informed that due diligence is progressing in some cases. TP said that problems remain in transferring adequate assets along with the deposits from Sparisjóðabankinn.

7. The future role of the Committee

The Chairman has delivered to the Prime Minister his assessment of the lack of progress so far and suggested alternatives for the future role of the Committee.

8. Strategy Note No. 2

The draft will be discussed at the next meeting.

9. Future structure of the banking system

The report from Oliver Wyman was sent out before the meeting as a confidential document. The intention is to discuss the report at the meeting on 13 May.

10. Other issues

- SHØ informed about the first step the Central Bank will be taking today in relieving pressure from impatient investors in ISK by inviting legal entities to declare their interest in borrowing funds in ISK and repaying the loans in foreign currency.
- JSL handed out the press statement from the Minister of Business Affairs on the restructuring of the financial system which was published this morning.

Attachments:

1. *Memorandum to the PMO, MoJ and IMF from the Special Prosecutor on Forensic Audit on the Collapse of the Icelandic Banks, dated 4 May 2009*
2. *Memorandum from the MoF on Negotiations with creditors of the "old banks", dated 4 May 2009*
3. *Revised Terms of Reference for financial advisors, MoF May 2009*
4. *Continuing our support of the FME-Sign-off of the New Banks, Oliver Wyman, 21 April 2009*
5. *Endurreisn fjármálakerfisins-sýn viðskiptaráðherra á verkefni framundan, Viðskiptaráðuneytið 5 May 2009*

Coordination Committee Meeting (26)

13 May, 2009 at 12:00, Cultural House

Attending: Mats Josefsson, Svein Harald Øygard, Jónína S. Lárusdóttir, Indriði H. Þorláksson, Þórhallur Arason, Björn Rúnar Guðmundsson, Einar Gunnarsson, Gunnar Andersen, Ragnar Hafliðason and Tryggvi Pálsson who drafted the minutes.

Skarphéðinn Þórisson, State Advocate, attended the meeting for item 1 on the Agenda.

Agenda:

1. Preparations for expected litigation (State Advocate attends)
2. Future structure of the banking system (Discussion on the OW report)
3. Timetable for compensation instruments and recapitalization (Gunnar)
4. Terms of Reference (FME to hire OW; comments from Thorstein)
5. Continued discussion about the AMC (OW draft on AMC); CV for proposed expert and proposed ToR).
6. Organizational issues (Björn)
7. Strategy Note II (Mats)
8. Savings banks (Tryggvi/Thorhallur)
9. Other issues

1. Preparation for expected litigation

The State Advocate gave an account of his work. JSL informed about recent meetings. A draft proposal for a Consultative Legal Committee will be presented to the Cabinet on Tuesday and a Memo outlining a framework for public relations is being prepared.

The Committee recommends (Task 32, JSL):

- *A team should be set up under the authority of the State Advocate which would prepare for expected litigation and work with the Consultative Legal Committee, chaired by the PMO or the MoBA.*

2. Future structure of the banking system

The Oliver Wyman report was discussed. JSL mention competition issues and the possibility of creditor interest in merging the new and old Glitnir. Other issues discussed were the capability of the new banks to handle corporate restructuring, need for cost reductions, future role of the HFF and possibilities of attracting new investors.

An overall game plan for the restructuring of banking and the set up of a holding company as a management vehicle was identified as a central decision.

The Committee recommends (Task 33, IHP):

- *A working group to formulate the set up of a holding company according to law. IHP would chair the group and other members are SHØ, GA and Áslaug Árnadóttir. It will give the Coordination Committee a preliminary feed back next week and its final proposal on 27 May.*

3. Timetable for compensation instrument and recapitalization

The FME is going to announce that the 18 May deadline is no longer operative. MJ said that creditors feel that we have reached a stage for negotiations to start but most of them object to signing the "harmless letter" Deloitte insists on. GA said the FME will discuss the letter with Deloitte and report to the Committee next week.

4. Terms of reference

The FME had sent the TOR by e-mail prior to the meeting and comments from Þorsteinn Þorsteinsson were attached with the Agenda. Oliver Wyman is ready to attend a meeting of the Committee to clarify matters.

5. Continued discussion about the AMC

IHP informed that the Minister of Finance intends to present his bill on establishment of an AMC to Parliament and will probably bring the matter up in Cabinet on Friday.

The Committee decided to discuss the matter in detail on Monday at 10:00 and members were asked to send comments to IHP on the proposed bill before noon on Friday.

6. Organizational issues

BRG recounted the ministerial meeting last week were the concerns of MJ were addressed. Subsequently BRG requested responses from Committee members on actions taken to fulfill Strategy Note 1. The Prime Minister

will call a ministerial meeting for tomorrow to formulate the part ministers will play in bank restructuring. BRG said he sees this effort as part of revitalizing the work. The likely outcome will be that a ministerial group will meet regularly with the Chairman of the Committee and political advisors of ministers will attend Committee meetings. Coordination will be with Þorsteinn Þorsteinsson and Hawkpoint. IHP distributed a Memo to his minister and voiced his disappointment with comments made by the Chairman in his note to the ministers.

7. Strategy Note II

MJ intends to send a new draft to members of the Committee by Monday next week.

8. Savings banks

The discussion was postponed to next week.

9. Other issues

- MJ said that German creditors raised issue of conflict of interest of the Icelandic law firm Logos in advising Straumur and the Government. JSL will draft a Memo on responsibility in legal matters.
- The hire of Ian M. Beith by the MoF was discussed. The Chairman objected to the decision and sent his reservation to Committee members after the meeting which is attached.

Attachments:

1. Example of „Harmless letter“ from Deloitte, dated 4 May 2009.
2. ÞP: Momo to the Coordination Committee on Capitalization of the banks, dated May 2009
3. Chapter 9 on Issues in the Establishment of Asset Management Companies by Dong He, Stefan Ingves and Steven A. Seeling
4. Deloitte: Realising value in bank restructuring, 19 March 2009
5. Terms of reference for Ian M. Beith
6. MJ: Reservation against recommendation (regarding hire of Ian M. Beith), 14 May 2009
7. MJ: Issues that urgently need to be addressed in the restructuring of banks, Memo dated 6 May
8. IHP, ÞA: Staða verkefna við endurreisn bankakerfisins, Memo to the Minister of Finance, dated 12 May