



IMMEDIATE: 07.10.08

MEDIA INFORMATION

FSCS gears up to assist Icesave's UK branch customers

In the light of the current uncertainties, the Financial Services Compensation Scheme (FSCS) is today gearing up to assist approximately 300,000 savers at Icesave should it prove necessary.

Icesave is the UK branch of Landsbanki Islands hf (trading here under the registered name Icesave). It is an EEA bank that is authorised by the Fjármálaeftirlitið (FME), the financial services regulator in Iceland. The Financial Services Authority in the UK has reported that Icesave is now expected to go into insolvency proceedings in Iceland and this would trigger an FSCS default.

Eligible savers with Icesave are protected by the Icelandic Depositors' and Investors' Guarantee Fund (IDIGF) (www.tryggingarsjodur.is), up to a limit of the first €20,887 of their deposits. As an Icelandic bank Icesave is not automatically a member of the FSCS, but it opted to become a 'top-up' member. This means that eligible retail savers with Icesave's UK branch whose savings exceed the Icelandic limit would benefit from top-up compensation from the FSCS covering the excess over the Icelandic limit up to the new FSCS compensation limit for deposits of £50,000.

If the default is triggered as expected, FSCS will contact all UK savers directly with details of how to apply for compensation.

The FSCS has a memorandum of understanding with the IDIGF and is working to implement arrangements to enable a prompt and efficient pay-out for Icesave's UK branch savers following today's developments. The top priority for FSCS will be to make the process for compensating savers as quick and simple as it can.

Loretta Minghella, FSCS chief executive said: 'We are pulling out all the stops to help those who have deposits with Icesave. We know that they will be feeling anxious today and want to reassure them that we will do everything we can to help them get the help they are entitled to as quickly as possible. What we have agreed in principle with the Icelandic scheme is that we should try to use a single application form for both schemes that will spare consumers the need to make separate claims to both compensation schemes. We expect to send application forms to all of Icesave's eligible depositors within the next week. If possible, this will be a form

which will enable people to make claims on either the Icelandic scheme or both Schemes according to the size of their claim. ‘

For more information about FSCS see Notes to Editors section or visit www.fscs.org.uk

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Notes to Editors:

1. About FSCS

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA). Our service is free to consumers.

2. Topping up

Under the EU Deposit Guarantee Schemes Directive, all member states of the EEA are required to establish a deposit guarantee scheme that gives a minimum level of protection for eligible depositors of €20,000 per eligible depositor in the event of a bank failure.

A bank established in another EEA state should be a member of that state's compensation scheme, which is designed to protect depositors in that EEA state, and those with accounts at branches in other EEA countries. Where the bank's home state scheme provides a lower limit of payment than the FSCS (i.e. less than 100% of £50,000), or the scope of protection is less than FSCS's, the bank may choose to join the FSCS to 'top up' the level of protection offered by the home state scheme. Icesave had done this.