



Íslandsbanki hf. obtains 42% of shares in Icelandair Group hf.

Íslandsbanki today announced that it has obtained 42% of shares in Icelandair Group. In its press release the Bank says that this will not affect the daily operations of the company, that the company will continue to be listed on OMX Nasdaq and that the Bank's stake will be sold in an open and transparent sales process as soon as possible. Íslandsbanki also says in the press release that Icelandair Group's operations in the first quarter 2009 exceeded management expectations.

For further information please contact
Björgólfur Jóhannsson, Icelandair Group CEO tel: +3548961455
Bogi Nils Bogason Icelandair Group CFO tel: +3546658801

Following is the press release of Íslandsbanki hf:

Press Release:

“Íslandsbanki hf. obtains 42% of shares in Icelandair Group hf.

- Will not affect the daily operations of Icelandair Group hf.
- The company will continue to be listed on OMX Nasdaq
- The FSA in Iceland has granted Íslandsbanki an exemption from a mandatory bid
- The Bank's stake will be sold in an open and transparent sales process

Reykjavík 18 May 2009 Íslandsbanki hf. has, as of today, obtained 42% of shares in Icelandair Group hf. The shares were acquired at the price of ISK 4.5 per share which is the last trading price of the company's shares. Total shares owned by the Bank after the acquisition is 47%. This change in ownership will not affect the daily operations of Icelandair Group hf.

The shares which Íslandsbanki hf. has taken possession and title of today were pledged as security for loans to finance shareholders investment in Icelandair Group.

Financial restructuring continues

Operations of Icelandair Group hf. in the first quarter 2009 exceeded management's expectations. Íslandsbanki hf. has worked closely with Icelandair Group hf. on the financial restructuring of the company. This work is in progress and the Bank intends to continue to work with the company's management team.

The company will continue to be listed



Icelandair Group hf. is listed on Nasdaq OMX Stock Exchange and its current number of shareholders is 850. The group consists of 12 subsidiaries working in the airline and travel service industry with a total of 4000 employees.

It is the intention of Íslandsbanki hf. that Icelandair Group hf. will continue to be a listed company at Nasdaq OMX. The Bank intends to sell its stake in an open and transparent sales process at earliest possible time.

The Financial Supervisory Authority in Iceland has granted Íslandsbanki hf. an exemption from a mandatory bid, but has limited the Bank's voting rights to 30% of the common stock.

A shareholder meeting is expected to be held in the near future.

For further information please contact:

Már Másson, Head of Corporate Communications, mobile +354 844 4990,

e-mail: mar.masson@islandsbanki.is .

Vala Pálsdóttir, Corporate Communication, mobile, +354 844 4989,

e-mail: vala.palsdottir@islandsbanki.is .“