Press release from
The Icelandic Pension Funds Association
October 6th 2008

Icelandic Pension Funds Association's stand towards Iceland's Economic Actions.

The Icelandic Pension Funds Association (IPFA) agreed on Saturday, October 4th, to encourage their members to take part in Iceland's widespread Economic Actions by selling up to 50% of their foreign securities and injecting the capital back into the Icelandic currency market.

Total assets of the Icelandic pension funds amount to ISK 1.800 billion, with around 500 billion in foreign securities. The assets of the pension funds within the IPFA amount to approximately 99,5% of total pension fund assets in Iceland.

The pension funds are expected to invest in Icelandic bonds, guaranteed by the government, for the amount formerly invested in foreign securities. The transfer of capital is expected to strengthen the Icelandic currency, the *króna*, and the Icelandic currency market.

The pension funds will benefit from the Icelandic economic and financial life's return to normal. Therefore the funds have decided to seriously consider the Icelandic government's action plan, intended to strengthen the *króna*, as it is also clear that the government will guarantee the disbursement of the capital the pension funds might move back into the Icelandic financial system in the coming weeks and months.

The Icelandic government approached the IPFA about participating in the Economic Actions intended to counteract the difficulties the currency market is facing. The IPFA has responded positively to this request.

According to the *Pension Markets in Focus*, published by the OECD, the assets of the Icelandic pension funds are the highest in the world, in proportion to gross domestic product (GDP). At the end of 2006, the pension savings in all of the OECD contries averaged around 72,5% of their GDP. Iceland was at the top of the list with pension savings amounting to 133% of its GDP, followed by the Netherlands with 130% and Switzerland in third place with 122%.