

2nd December 2010

Dear Deputy,

The Royal Court appointed Landsbanki Guernsey Administrators have clearly felt obliged to issue a public comment in the wake of statements regarding the anticipated levels of cash returns for Landsbanki Guernsey depositors, made by the Chief Minister, during the States of Guernsey debate about the Depositors Compensation Scheme held on 25th November 2010.

The Chief Minister is on record as having stated, *twice*, that depositors may receive *greater than 100% of their deposits returned* – statements which, you will note, the Royal Court appointed Administrators diplomatically discount as ‘speculation’.

Below is a copy of the Administrators’ statement as well as a transcript of the relevant part of the Chief Minister’s address.

The LGDAG feels obliged to defend the actions of the Royal Court appointed Administrators, and in doing so reminds Deputies that the Administrators have estimated that depositors are likely to recover 85-91 pence in the pound over years, a range that they reaffirmed in their previous public release just two weeks ago and of which the Chief Minister was undoubtedly aware.

One can only speculate as to why the Chief Minister chose to contradict and second-guess the Royal Court appointed Administrators by failing to inform Deputies of the Administrators’ publicly announced figures and, instead, repeatedly emphasised the alleged opinions of unspecified ‘*commentators*’ in his statements to the Assembly .

The transcript of the relevant part of the Chief Minister’s address demonstrates that he failed to lay out the facts before the States Assembly in favour of, for the most part, pure speculation – presumably in order to denigrate the address of Deputy DeLisle. The LGDAG considers this totally unethical and unacceptable as, it hopes, do all Deputies, as it appears to be a deliberate and unacceptable abuse of a trusted position of power. LGDAG feels this issue should be referred to the States Members Conduct Panel and will be giving this further consideration.

Yours sincerely

Gary Blanchford

Deputy Chairman, LGDAG

For and on behalf of the LGDAG

DeLoittes statement on their website.

<http://www.deloitte.com/uk/landsbankiguernsey>

Landsbanki Guernsey Limited (in Administration)

1 December 2010

We understand that there has been some reference in the States of Guernsey to speculation in relation to the estimated ultimate recovery to creditors of the Bank.

The Joint Administrators would like to draw creditors' attention to their fourth interim report, which states that their estimate of the ultimate recovery to creditors of the Bank remains at between 85p and 91p in the pound. However, it should be noted that these returns are subject to a wide range of factors which may result in the actual return being lower or higher than this range. For example, should the legal action in Iceland be successful then the recovery may increase, however the Joint Administrators remain cautious about the prospects of success.

STATES DEBATE ON THE AMENDMENT TO THE DEPOSITORS COMPENSATION SCHEME

25th NOVEMBER 2010. A transcript of part of the Chief Minister's speech

Deputy Trott: Sir two things have brought me to my feet, the first is Deputy DeLisle's comments, he says that Guernsey has failed miserably its depositors, well sir I felt obliged to defend the actions of the Royal Court appointed Administrators, whose job it is to deal with this matter, and in doing so remind this assembly that they have suggested that depositors are likely to recover in excess of 90 pence in the pound, **and I say in excess because I am aware that there are some commentators who have followed this closely who believe that that figure may in fact exceed 100%**, so for Deputy DeLisle to stand up and insinuate that landsbanki has lost £117 million, when he is aware of the fact that the depositors have already received nearly 70pence in the pound back is quite simply sir outrageous and I'm sure he'll be the first to jump to his feet and apologise to this assembly for attempting to mislead the house.

Deputy DeLisle: Sir can the Minister correct the fact that they haven't received 70pence in the pound.

Bailiff: Sorry, what did you say they have received.

Deputy Trott: **I did say approaching 70pence, it is 67.5 pence in the pound so far and expectations are that that number will be , as I say, close, if not , in the views of some commentators, greater than 100%. Lets be very clear about that, the situation is nowhere near as bleak as Deputy DeLisle seeks to paint.**