Statement of Assets
for the period ended 30 June 2012

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Reg. no. 560882-0419

Contents

Disclaimer

This report has been prepared for information purposes only and is not intended for third party publication, distribution or release, in any manner. Information contained in this report in no way constitutes investment advice or an offer or solicitation to buy or sell particular financial instruments. In particular, but without limitation, this report does not include an estimate of the likely level of recoveries for creditors as very material uncertainties continue to exist regarding the timing and realisable value of assets and the eventual quantum of creditors' claims. No reliance can be placed on the information provided in this report by any person for any reason.

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Kaupthing reserves the right to modify and reissue this report or any part of it, with or without notice, at any time. If errors are found in the report, Kaupthing is not obliged to update information in the report.

The Statement of Assets data reflects historic valuations as at 30 June 2012. Kaupthing's valuation of its assets is based on the valuation methodology described in note 3 to the Statement of Assets. When Kaupthing refers to "fair value" in this description of its assets it is to fair value as described in that valuation methodology. For operating assets this is in principle applying a theoretical concept of a willing buyer and a willing seller. The Statement of Assets is not audited, is not consolidated and has not been prepared in accordance with IFRS. Once IFRS is adopted asset values might be materially different than under the fair value concept adopted in the Statement of Assets and the asset categorization may be different.
The asset values set out below do not represent an assessment of the possible future value of Kaupthing's assets, or an estimate of the likely recovery of unsecured creditors' claims which will significantly depend on, amongst other things, the monetization strategy and time period allowed for monetization. Material uncertainties exist regarding the timing and realisable value of assets and the eventual total sum of accepted claims. Realisable values of Kaupthing's assets may be materially different at any given point in time as most of these assets are illiquid due to a limited number of potential buyers and are subject to a number of material uncertainties, including general economic and market conditions which could continue to be volatile.
No audit has been carried out for any financial period since 31 December 2007. Accordingly, no representation is made as to the completeness and correctness of the financial information and valuation of the assets in this Statement of Assets.

In preparing this report, Kaupthing has placed emphasis on ascertaining the value and correct accounting of the assets of Kaupthing. The liabilities of the Estate are however currently being determined through a formal claims filing process which is administered by the Winding-up Committee of Kaupthing. The scope of Kaupthing's liabilities remains uncertain until the legal process of recognizing and excluding claims has been further progressed by the Winding-up Committee.

Kaupthing continues work on further confirming and ascertaining earlier accounting of Kaupthing's assets and liabilities. In some cases however, the data and information used in this work may be incomplete or insufficient. In such cases Kaupthing has used best efforts and cautious valuation methods in determining asset value and the scope of liabilities. Due to the aforesaid, some discrepancies are inevitable when comparing earlier and more recent reports published by Kaupthing. Kaupthing endeavors to use the best information available at any given time for the preparation of reports and reserves the right to make any changes or amendments to the reports from time to time to reflect any necessary changes.

The report as they appear may be a redacted version and should be viewed as such.

Statement of Assets
as at 30 June 2012

Assets

	Notes	30.06.2012	31.12.2011
Cash in hand	6	373.345	332.911
Loans to and claims against credit institutions	7-8	23.394	35.210
Loans to customers	9-14	201.551	232.881
Bonds and debt instruments	15-16	18.072	17.218
Shares and instruments with variable income	17-19	31.045	39.897
Derivatives and unpaid derivatives	20-21	64.852	81.216
Investments in subsidiaries	22	126.916	116.347
Other assets	23	22.120	19.487
Total Assets		861.295	875.167
Total Assets in mEUR		5.444	5.511
Other information	24-26		

Statement of Assets
net of pledged assets as at 30 June 2012

The asset side of the balance sheet at carrying value and fair value:

		30.6.2012			31.12.2011
	Notes	Carrying value	Provisions	Fair value	Fair value
Cash in hand	6	373.345	-	373.345	332.911
Loans to and claims against credit institutions	7-8	56.359	(32.965)	23.394	35.210
Loans to customers*	9-14	1.226.591	(1.025.040)	201.551	232.881
Bonds and debt instruments	15-16	18.072	-	18.072	17.218
Shares and instruments with variable income	17-19	31.045	-	31.045	39.897
Derivatives and unpaid derivatives	20-21	116.280	(51.428)	64.852	81.216
Investments in subsidiaries	22	126.916	-	126.916	116.347
Other assets	23	121.393	(99.273)	22.120	19.487
Less: Claims for administration of the Estate.	24			(981)	(862)
Total assets		2.070.001	(1.208.706)	860.314	874.305
Total assets in mEUR		13.086	(7.641)	5.438	5.506

* Late in 2010 a call option was put in place between Project Abbey and 2-10 Mortimer Street (owned 50% by Kaupthing). The compensation for the site had lower carrying value than the carrying value of the initial financing which Kaupthing provided in 2006. Subsequently, the carrying value as at 30 June 2012 (31 December 2011) was adjusted downwards by the difference, i.e. ISK 12.715 million (ISK 14.869 million). The option was exercised on 8 June 2012 and the land was contributed by Kaupthing hf to the Joint Venture in return for the project equity (partly in the form of an interest free loan). Kaupthing's exposure toward the Joint Venture is also in the form of an equity contribution. Future return above the book value of the interest free loan will be recognised as change in the value of the shares.

Claims for administration of the Estate represent priority liabilities which are listed in note 24.

The valuation herein of Kaupthing's assets is based on the methodology described in note 2 and 3 and is a historical valuation only. No attempts were made to assess the possible future value of assets or to estimate likely recovery of creditors' claims.

The table above does not fully take into account the impact of set-off. The Winding-up Committee currently estimates on a preliminary basis additional set-off effects on assets at fair value as at 30.06.2012 will likely be in the range of ISK 20-48 billion, as further described in note 26. The exact set-off effects on the assets and liabilities willl differ.

The financial information in this report is presented in Icelandic krona (ISK), rounded to the nearest million. Certain numbers are also shown in EUR for information purposes only and the foreign exchange rate as at 30 June 2012 is used (as further described in note 5). A significant proportion of Kaupthing's assets are denominated in foreign currencies, therof 21,7% of assets [at fair value] in EUR and 26% in GBP. As a result, movements in foreign exchange rates may have a material impact on the estimated values presented herein. The ISK depreciated by 0.6% in the first half of 2012. The EUR depreciated by 0,4% against the ISK while the GBP appreciated by 3%. Table of foreign currency conversion rates can be found in note 5

Notes

General information

Introduction

1. Kaupthing hf. ("Kaupthing", the "Estate") is currently in winding-up proceedings headed by a winding-up committee (the "Winding-up Committee") and previously also headed by a resolution committee (the "Resolution Committee").

   The Financial Supervisory Authority of Iceland (the "FME") was pursuant to provisions set out in the Act No. 125/2008, on Authority for Treasury Disbursements due to Unusual Financial Market Circumstances etc., given the power to appoint a resolution committee for Kaupthing and other financial institutions. On 9 October 2008, Kaupthing's board of directors resigned on its own initiative due to Kaupthing's financial difficulties. In accordance with the aforementioned legislation, the FME appointed the Resolution Committee for Kaupthing which immediately assumed control of Kaupthing and wielded all of the authority of Kaupthing´s board of directors.

   On 25 May 2009, the Reykjavík District Court approved a request from the Resolution Committee and appointed a Winding-up Committee for Kaupthing to handle the claims' process, as provided for in Act No. 44/2009, amending the Act on Financial Undertakings, No. 161/2002.

   Financial reorganisation and insolvency of credit institutions is regulated by the provisions of the Act on Financial Undertakings No, 161/2002 (the "AFU") which contains a specific set of insolvency rules supplemented by the general provisions of the Bankruptcy Act No 21/1991 (the "BA") applicable to all insolvency cases in Iceland. These rules are set out in Chapter XII of the AFU and consist of both provisions on reorganisation measures and winding-up proceedings.

   In accordance with provisions of the Act. No. 78/2011 which amended the provisions of the AFU the Resolution Committee was dissolved from 1st January 2012. The Winding-up Committee has taken over respective tasks that were previously handled by the Resolution Committee.

   Kaupthing entered into moratorium proceedings on 24 November 2008, pursuant to chapters III-IV of the BA, cf. Act 129/2008, which amended the provisions of the AFU. Pursuant to amendments to the rules applicable to the moratorium, passed with the Act No. 44/2009, the moratorium was based on the main principles and characteristics of winding-up proceedings. Post several extensions in 2009 and 2010, the moratorium period ended on 22 November 2010 and Kaupthing entered into winding-up proceedings pursuant to a decision of the District Court of Reykjavík, rendered on that same day.

   The winding-up proceedings, like the moratorium before, provides Kaupthing with appropriate protection from legal actions, such as freezing of assets. A petition for Kaupthing to enter insolvent liquidation cannot be filed nor can its assets become subject to an attachment while the winding-up proceedings remain in effect. Article 103 of the AFU stipulates that during winding-up proceedings the Winding-up Committee shall manage the interests of the Estate according to the same rules as a trustee would be subject to according to the Bankruptcy Act, although with some exceptions. The exceptions mainly concern the objective for the Winding-up Committee to maximise the value of the Estate's assets which includes waiting for the Estate's outstanding claims to mature, instead of realising them immediately. To this end, the Winding-up Committee is allowed to disregard a decision of a creditors' meeting if the Winding-up Committee deems such a decision contrary to its objective of maximizing asset value. This means that the Winding-up Committee has ample time to safeguard the interests of the Estate and its creditors.

   The Winding-up Committee now handles the Estate's affairs, including directing its daily operations, ensuring proper handling of assets, (concluding contracts and other legal instruments on its behalf,) and safeguarding its interests to the utmost extent possible.
   During the winding-up proceedings, the Winding-up Committee shall continue to decide the recognition of claims and aim to resolve disputes with creditors.

   The Winding-up Committee's principal objective is to ensure proper handling of and maximise the value of the Estate's assets to the benefit of its creditors.

Estimated valuation of Kaupthing's assets

2. The financial information in this report as at 30 June 2012 and 31 December 2011 was prepared by Kaupthing with the assistance of external advisors where appropriate. The figures herein were not audited by an independent auditor and the report does not include all the information required for full financial statements according to the Rules. The financial information is presented in Icelandic krona (ISK), rounded to the nearest million.

   Kaupthing emphasizes that the valuation herein is a historic valuation only, and one which only takes into account the Kaupthing's current strategy, to safeguard and increase the value of Kaupthing's assets achieved to 30 June 2012 and not thereafter. No attempts were made to assess the possible future value of assets, or to estimate likely recovery of creditors' claims. Whilst significant data is included in this report, readers are cautioned against estimating the likely level of recoveries as material uncertainties exist regarding, inter alia, the level of realizations and eventual level of recognized claims. Further information on valuation methodology for each category on the balance sheet is provided in note 3.

   A formal process for creditors to file claims against Kaupthing began on 30 June 2009 and ended on 30 December 2009. The liabilities of Kaupthing are currently being determined through a formal process administered by the Winding-up Committee. The Winding-up Committee completed its decision on all claims by the Creditors' Meeting on 3 December 2010. Until all disputes have been settled, the real and accurate amount of liabilities is uncertain. According to Act No. 44/2009, claims should generally have been filed as at 22 April 2009 in the relevant currency and converted into ISK at the selling rate published by the Central Bank of Iceland on 22 April 2009. Hence, the liability side has been fixed in ISK as at that date for all relevant claims.

   Kaupthing continues work on further confirming and ascertaining earlier accounting of the assets. In some cases however, the data and information used in this work may be incomplete or insufficient. In such cases Kaupthing has used best efforts and cautious valuation methods in determining asset values. Due to the aforesaid, some discrepancies are inevitable when comparing earlier and more recent financial information published by Kaupthing. Kaupthing endeavours to use the most accurate information available at any given time for the preparation of financial information and reserves the right to make any necessary amendments to the financial information from time to time to reflect any changes.

   The valuation in this report does not fully take into account the impact of set-off. The exact impact of Set-off could make a material difference to overall creditor recoveries. Information on set-off is provided in note 26. Further information will be provided on this matter as it becomes available.

Notes

3. Valuation methodology

The valuation methodology for each asset class is abbreviated below.

Cash in hand	The balance of all cash accounts as at 30 June 2012 is without any discount and including accrued unpaid interest up to 30 June 2012.
Loans to and claims against credit institutions	The balance of bank accounts as at 30 June 2012 is valued without any discount. Other loans to and claims against credit institutions are valued at estimated fair value. Estimated credit risk of the counterparty has been taken into account in provisions for losses. Set-off, which is further discussed in note 26, may significantly affect this asset class.
Loans to customers	Loans to customers are valued at estimated fair value. The methods of assessing the fair value of the loans are based on the principles presented in the August 2010 edition of the International Private Equity and Venture Capital Valuation Guidelines (can be found at www.evca.eu), the official website of European Private Equity & Venture Capital Association ("EVCA"). The fair value derived is an estimate of the hypothetical price at which an orderly transaction would take place between market participants at the reporting date and not the price Kaupthing could expect to receive in a forced transaction, insolvent liquidation or a distressed sale. However, the hypothetical price takes into account the market conditions as at the reporting date. The methods applied for valuation are the following (in order of importance): 1) Valuation of loans that have traded recently is based on the transaction value (i.e. last price). The background to the respective transaction and any substantial price fluctuations (general and abstract) that may have characterized such a trade are taken into consideration; 2) Recent offers received for loans or known recent trades of comparable loans; 3) The value of the underlying collateral, in particular for asset backed loans, using 3rd party valuations of the collateral where applicable; and 4) 3rd party valuations of loans. 5) When nothing of the above was available, Kaupthing applied one of the following methods: a) for loans of carrying value, i.e. notional value including accrued interests, exceeding ISK 2 billion, a judgment is made of the value of individual loans applying an appropriate and reasonable valuation multiples or other valuation techniques likely to be used by a prospective purchaser of the loan and for comparable loans, taking into account ranking of the relevant loans in the capital structure, or; b) for loans with carrying value of less than ISK 2 billion a categorization into good-, medium-, and poor assets based on each account managers judgment and the data at hand. The categories were assigned with the following valuations: "Poor asset" valued at 20% of carrying value, "medium asset" valued at 50% of carrying value, and finally a "good asset" valued at 75% of carrying value. The values assigned reflect the loan market in general by taking into account various loan indices with appropriate discounts for the Kaupthings's portfolio due to lack of liquidity and the small-scale size of these exposures. For loans with less than ISK 2 billion carrying value but where information according to valuation method 5 a) has been gathered then valuation according method 5 a) is used.
Bonds and debt instruments	Listed and liquid: The assets in this asset category are valued at estimated fair value based on the quoted closing price on 30 June 2012. Unlisted and listed illiquid: The assets in this asset category are valued at estimated fair value. The methods of assessing the fair value are based on the principles presented in the August 2010 edition of the International Private Equity and Venture Capital Valuation Guidelines and are similar to the methodology applied to Loans to customers as described above. Illiquidity discount was applied to less liquid positions. When determining the value of structured bonds, Kaupthing is using the services of external advisors as appropriate who specialize in structured bonds valuations and risk management services. Set-off, which is further discussed in note 26, may significantly affect this asset class.
Shares and instruments with variable income	Listed and liquid: The assets in this asset category are valued at estimated fair value based on the quoted closing price on 30 June 2012. Unlisted and listed illiquid: The assets in this asset category are valued at estimated fair value. The methods of assessing the fair value are based on the principles presented in the August 2010 edition of the International Private Equity and Venture Capital Valuation Guidelines and are similar to the methodology applied to Loans to customers as described above. Illiquidity discount was applied to less liquid positions.
Derivatives and unpaid derivatives	This category includes mainly terminated trades but some trades are still open. Where relevant, terminated trades are converted to the determined termination currency as at the termination date, e.g. for ISDA counterparties for which the termination currency and date are contractual and for cases where a settlement currency has been otherwise agreed upon. Other contracts are booked in accordance with the original contract currencies. The calculated amount of derivatives before provisions is based on Kaupthing's own valuations, which may differ significantly from the final settlement amounts. When determining the value of more complex derivatives and structured products, Kaupthing is using the services of external advisors as appropriate who specialize in derivative valuation services. Derivative assets, liabilities and collateral with the same legal entity are netted and hence, each counterparty is accounted for either on the asset side or on the liability side. In cases where multiple entities/branches of a counterparty are being settled under a single legal agreement the respective positions are netted. For example if Kaupthing's exposure to a counterparty consists of positions held under a single ISDA with e.g. two branches where one is an asset for Kaupthing and one a liability, these positions are netted into a single exposure equal to the resultant asset or liability.

Kaupthing hf. Statement of Assets 30 June 2012 7 Amounts are in ISK millions

Valuation methodology, continued

Most of the derivatives are not quoted in active markets but in those cases the valuation is based on quoted prices. A market is considered active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. For all other derivatives fair value is determined by using valuation techniques. Kaupthing uses widely recognised valuation models for the common and simpler derivatives like options and interest rate and currency swaps. For more complex instruments, Kaupthing uses proprietary models, which usually are developed from recognised valuation models. Some of the inputs into these models may not be directly observable from market data but are commonly derived from market observables, e.g. from market prices or rates.

Default valuation rules under the ISDA framework generally favour the non-defaulting counterparty which may result in adverse effect on the value of the derivatives. Once ISDA derivative contracts have been terminated, the non-defaulting counterparty must determine the net amounts owed by or to the defaulting counterparty. Close-out notices providing details of such calculations enable Kaupthing to reconcile amounts. Some provisions are made to the Kaupthing's valuation of ISDA derivatives to account for potential disputes in valuation. For non-ISDA counterparties, a significant valuation adjustment is made on derivative assets to account for credit, legal and settlement risk.

Foreign exposures in this category on the asset side are converted to ISK as at the date of this account, 30 June 2012.

Set-off, which is further discussed in note 26, may significantly affect this asset class.

Investments in subsidiaries — Investments in subsidiaries are accounted for by an equity method where value is derived from the subsidiaries net assets as at 30 June 2012 or the most recent financial information available at the date of this report.

Other assets — Other assets are valued at estimated fair value. Estimated credit risk of the counterparty is taken into account in provisions for losses.

Set-off, which is further discussed in note 26, may significantly affect this asset class.

Claims for administration of the Estate. — Liabilities determined as priority claims relating to the costs of managing the Estate after the commencement of the Resolution Committee in October 2008. Those liabilities are converted into ISK as at the date of this report, i.e. 30 June 2012.

4. Coordinated sectoral classification

This report features coordinated sectoral classification between asset classes which is based on sectoral classification by European Private Equity and Venture Capital Association ("EVCA") which is mapped to an international industry code system (NACE code Rev. 2 of 2007, Eurostat). An overview of EVCA sectoral classification and its mapping to the NACE standardized sectoral classification of Eurostat (NACE Rev. 2, 2007) can be found at www.evca.eu, the official website of EVCA. In addition, in order to provide more descriptive information on certain aspects of the asset base, the following sector clusters were added to the classification presented by EVCA; Holding companies, Individuals, Governments and Government Agencies.

5. Foreign exchange rates

The foreign exchange rates used in the Statement of Assets as at 30 June 2012 are based on Reuters foreign exchange rates as at 16:30 on that date. The table below shows the foreign exchange rates used for the balance sheet as at 30 June 2012 and the foreign exchange rates for past comparison period.

	Balance sheet	
	30.6.2012	31.12.2011
AUD	127,83	125,40
CAD	122,62	120,25
CHF	131,69	130,79
DKK	21,28	21,36
EUR	158,18	158,80
GBP	195,97	190,30
JPY	1,57	1,59
NOK	20,96	20,50
SEK	18,06	17,80
USD	124,98	122,24

Amounts are in ISK millions

Notes

Notes to the Statement of Assets

Cash in hand

6. Cash in hand specified by currency:

	30.6.2012	31.12.2011
	Total	Total
EUR	111.530	101.891
SEK	88.495	80.285
GBP	65.098	61.572
USD	49.236	39.834
NOK	32.290	30.543
ISK	19.199	12.333
Other	7.497	6.453
Cash in hand	373.345	332.911
Cash in hand in mEUR	2.360	2.096

On 13 March 2012 the Parliament of Iceland approved Act no. 17/2012, amending the Foreign Exchange Act, no. 87/1992, with subsequent amendments. This amendment provides for limitations on the exemptions afforded to Kaupthing in respect of the statutory prohibition against cross-border movement of foreign currency. For this reason cross-border withdrawal by Kaupthing of cash deposits in foreign currencies from any accounts held at domestic financial institutions as at 12 March 2012 requires a prior approval from the Central Bank of Iceland, such approval dependent on the view of the Central Bank of Iceland of the effects of such withdrawals on the financial stability in Iceland. Cash deposits in foreign currencies, with foreign financial undertakings or with the Central Bank of Iceland, as of end of day 12 March 2012 are exempted from the above restrictions, but are subject to notifications to the Central Bank of Iceland. According to the Act, the Central Bank of Iceland shall at the earliest opportunity set rules on how exemptions will be granted on account of cash in foreign currency which occur after 12 March 2012 with foreign financial undertakings or with the Central Bank of Iceland. These rules have not yet been published.

As at 30 June 2012, equivalent of ISK 354.146 million of Cash in Hand was held in foreign currencies and ISK 19.199 million was held in ISK. Thereof, cash deposits in foreign currencies equivalent of ISK 309.736 million were exempted from the Act no. 17/2012 as described above, equivalent of ISK 27.693 million were restricted as they were held with Icelandic financial institutions as at 12 March 2012 and equivalent of ISK 16.717 million were restricted and are subject to the unpublished rules as they were received after 13 March.

Loans to and claims against credit institutions

Collateral accounts, i.e. collateral posted by Kaupthing to counterparties in secured funding agreements, primarily repurchase agreements, have been shown in previous financial statements as pledged in this asset class, under the sub class bank accounts.

Set-off, which is further discussed in note 26, may significantly affect this asset class.

7. Loans to and claims against credit institutions specified by types of loans and claims:

	30.6.2012			31.12.2011
	Carrying value	Provisions	Fair value	Fair value
Restricted cash	10.133	-	10.133	9.982
Guarantee accounts	6.525	-	6.525	5.894
Frozen/emptied bank accounts	6.140	-	6.140	15.564
Subordinated loans to subsidiaries	32.698	(32.698)	-	-
Other loans	863	(267)	596	3.770
Loans to and claims against credit institutions	56.359	(32.965)	23.394	35.210
Loans to and claims against credit institutions in mEUR	356	(208)	148	222

8. Loans to and claims against credit institutions specified by geographical location of the counterparty:

	30.6.2012			31.12.2011
	Carrying value	Provisions	Fair value	Fair value
Domestic	10.133	-	10.133	12.921
Foreign	46.226	(32.965)	13.261	22.289
Loans to and claims against credit institutions	56.359	(32.965)	23.394	35.210
Loans to and claims against credit institutions in mEUR	356	(208)	148	222

Loans to customers

* Late in 2010 a call option was put in place between Project Abbey and 2-10 Mortimer Street (owned 50% by Kaupthing). The compensation for the site had lower carrying value than the carrying value of the initial financing which Kaupthing provided in 2006. Subsequently, the carrying value as at 30 June 2012 (31 December 2011) was adjusted downwards by the difference, i.e. ISK 12.715 million (ISK 14.869 million). The option was exercised on 8 June 2012 and the land was contributed by Kaupthing hf to the Joint Venture in return for the project equity (partly in the form of an interest free loan). Kaupthing's exposure toward the Joint Venture is also in the form of an equity contribution. Future return above the book value of the interest free loan will be recognised as change in the value of the shares.

9. Loans to customers specified by portfolios:

	30.6.2012		31.12.2011	
	Carrying value	Fair value	Carrying value	Fair value
Europe*	179.169	107.494	186.042	123.128
Nordic	102.285	49.845	113.823	64.218
NOA**	945.137	44.212	935.098	45.535
Loans to customers	1.226.591	201.551	1.234.963	232.881
Loans to customers in mEUR	7.754	1.274	7.777	1.467

** Non-operating assets

10. Loans to customers specified by sectors:

	30.6.2012		31.12.2011	
	Carrying value	Fair value	Carrying value	Fair value
Real Estate*	114.340	62.264	110.475	60.844
Holding Company	793.405	51.189	797.805	46.950
Business and Industrial Products	50.632	31.547	66.790	45.702
Consumer Goods and Retail	49.860	31.664	53.510	37.764
Consumer Services: Other	24.171	20.037	23.307	20.240
Individuals	108.761	2.363	101.045	3.682
Other	85.422	2.487	82.031	17.699
Loans to customers	1.226.591	201.551	1.234.963	232.881
Loans to customers in mEUR	7.754	1.274	7.777	1.467

11. Loans to customers specified by geographical location:

	30.6.2012		31.12.2011	
	Carrying value	Fair value	Carrying value	Fair value
UK*/***	708.145	114.993	677.161	120.335
Scandinavia**	178.840	59.768	315.851	82.817
Other	339.606	26.790	241.951	29.729
Loans to customers	1.226.591	201.551	1.234.963	232.881
Loans to customers in mEUR	7.754	1.274	7.777	1.467

** Scandinavia includes all the Nordic countries

*** UK includes UK overseas territories and Crown dependencies

In almost all cases, the geographical location is determined by using the registration country of the underlying operation.

12. Ten largest loans in loans to customers at fair value - sector and geographical location:

	30.6.2012	31.12.2011
Real Estate/UK***	15%	13%
Holding Company/UK***	15%	10%
Consumer Goods and Retail/UK***	7%	7%
Real Estate/Other	7%	6%
Holding Company/Other	6%	5%
Consumer Goods and Retail/UK***	6%	5%
Real Estate/Scandinavia**	5%	4%
Business and Industrial Products/Scandinavia**	5%	5%
Business and Industrial Products/Scandinavia**	5%	6%
Consumer Services: Other/UK***	4%	4%
Ten largest loans of total Loans to customers	75%	65%

** Scandinavia includes all the Nordic countries

*** UK includes UK overseas territories and Crown dependencies

In almost all cases, the geographical location is determined by using the registration country of the underlying operation.

13. Loans to customers - portfolios specified by performance:

	30.6.2012							
	Europe		Nordic		NOA		Total	
	Carrying value*/**	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value*/**	Fair value
Performing loans	70,4%	97,8%	42,4%	52,4%	2,6%	0,8%	15,6%	65,3%
Loans on view list	0,0%	0,0%	16,9%	21,5%	0,0%	0,0%	1,4%	5,3%
Loans on watch list	29,6%	2,2%	40,7%	26,1%	97,4%	99,2%	83,0%	29,4%
	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

** Europe portfolio excludes debt which is still held against Jane Norman (in administration) after its pre-pack administration

The performance categories are defined as follows:

Performing loans: Loans to entities where cash flow is sufficient to service debt, i.e. interest and principal repayments, and no breaches in agreements are foreseeable in the future.

Loans on view list: Loans to entities where cash flow is sufficient to service debt, i.e. interest and principal repayments, but agreements have been breached or are likely to be breached in the foreseeable future. Some banks include this category within performing loans.

Loans on watch list: Loans to entities where cash flow is insufficient to service debt, i.e. interest and principal repayments and agreements have been breached repeatedly.

14. Loans to customers - portfolios specified by maturity profiles:

	30.6.2012			
	Carrying value			
	Europe**	Nordic	NOA	Total
In default	35.309	29.908	920.462	985.679
H2 2012	6.884	15.438	-	22.322
2013	49.457	7.418	24.311	81.186
2014	12.819	19.957	73	32.849
2015	38.062	3.610	73	41.745
2016	4.816	6.609	73	11.498
2017+	158	19.345	145	19.648
Loans to customers	147.505	102.285	945.137	1.194.927
Loans to customers in mEUR	933	647	5.975	7.554

** A call option to acquire the site was put in place between 2-10 Mortimer Street (owned 50% by Kaupthing) and Project Abbey which was exercised on 8 June 2012. The selling price for the property was satisfied by a Promissory Note (PN) issued by Kaupthing to 2-10 Mortimer Street. The Promissory Note is an interest free loan, ranking ahead of equity with no maturity, for that reason the loan to both Abbey & 2-10 Mortimer Street is excluded from the maturity profile.

As customary in traditional loan portfolios, some loan agreements have extension clauses. The table above is based on contractual maturity specified in the underlying loan agreements unless an acceleration event has occured. Due to restructurings and refinancing the maturity profile may change over time.

Bonds and debt instruments

Set-off, which is further discussed in note 26, may significantly affect this asset class.

15. Bond and debt instruments are specified as follows:

	30.6.2012	31.12.2011
Listed	6.878	7.024
Unlisted	11.194	10.194
Bonds and debt instruments	18.072	17.218
Bonds and debt instruments in mEUR	114	108

16. Bonds and debt instruments specified by issuer:

	30.6.2012	31.12.2011
Consumer Goods and Retail	5.993	6.012
Government Agencies	5.270	5.376
Holding Companies	3.101	1.928
Governments	1.608	1.648
Financial Services	1.055	1.100
Energy and Environment	1.045	1.154
Bonds and debt instruments	18.072	17.218
Bonds and debt instruments in mEUR	114	108

Notes

Shares and instruments with variable income

17. Shares and instruments with variable income are specified as follows:

	30.6.2012	31.12.2011
Listed	5.127	5.228
Unlisted	25.918	34.669
Shares and instruments with variable income	**31.045**	**39.897**
Shares and instruments with variable income in mEUR	196	251

18. Shares and instruments with variable income specified by sectors:

	30.6.2012	31.12.2011
Consumer Goods and Retail	11.916	19.718
Financial Services	6.200	6.720
Real Estate	5.171	5.752
Consumer Services: Other	3.926	4.098
Life Sciences	2.048	1.547
Energy and Environment	1.783	2.061
Other	1	1
Shares and instruments with variable income	**31.045**	**39.897**
Shares and instruments with variable income in mEUR	196	251

19. Ten largest positions in Shares and instruments with variable income - sector and geographical location:

	30.6.2012	31.12.2011
Financial Services/Other	5.694	6.225
Consumer Goods and Retail/Other	5.283	6.708
Consumer Goods and Retail/UK*	4.487	6.075
Consumer Services: Other/UK*	3.919	4.091
Real Estate/UK*	2.326	2.664
Consumer Goods and Retail/UK*	1.999	1.941
Energy and Environment/Other	1.741	2.016
Consumer Goods and Retail/UK*	1.610	1.199
Real Estate/USA	1.275	1.247
Real Estate/UK*	955	1.235
Ten largest positions in Shares and instruments with variable income	**29.289**	**33.401**
Shares and instruments with variable income in mEUR	185	210

* UK includes UK overseas territories and Crown dependencies

Derivatives and unpaid derivatives - assets

A derivative contract is accounted for as an asset if the carrying value net of collateral of all derivative contracts of the counterparty is in Kaupthing's favour.

Collateral comprises cash collateral associated with derivative assets posted by ISDA counterparties with Kaupthing. This collateral was part of Kaupthing's own funds and had been re-used or re-invested prior to the bank's collapse. Derivatives and unpaid derivatives carrying value after collateral includes collateral amounting to ISK 1.741 million held in excess by ISDA counterparties. In addition, ISK 176 million has been posted as collateral by non-ISDA counterparties. This non-ISDA collateral is a part of off-balance sheet items which are currently being held in the name of the counterparty but have been pledged to Kaupthing.

Set-off, which is further discussed in note 26, may significantly affect this asset class.

20. Derivatives and unpaid derivatives specified by status:

	30.6.2012			31.12.2011
	Carrying value	Provisions	Fair value	Fair value
Derivatives	1.052	(210)	842	908
Unpaid derivatives*	115.228	(51.218)	64.010	80.308
Derivatives and unpaid derivatives	**116.280**	**(51.428)**	**64.852**	**81.216**
Derivatives and unpaid derivatives in mEUR	735	(325)	410	511

* Matured and terminated trades, and unpaid cash flow from open trades

Notes

21. Derivatives and unpaid derivatives specified by ISDA and non-ISDA counterparties:

	30.6.2012			31.12.2011
	Carrying value	Provisions	Fair value	Fair value
ISDA counterparties	27.111	(687)	26.424	41.641
Non-ISDA counterparties	89.169	(50.741)	38.428	39.575
Derivatives and unpaid derivatives	116.280	(51.428)	64.852	81.216
Derivatives and unpaid derivatives in mEUR	735	(325)	410	511

Investments in subsidiaries

22. Investments in subsidiaries specified by entities and geographical location:

	Functional currency	Owner-ship	30.6.2012	31.12.2011
Kaupskil ehf. (Arion Bank), Iceland*	ISK	100,0%	105.784	96.175
Kirna ehf., Iceland	ISK	100,0%	9.058	7.978
Norvestia Oyj, Finland**	EUR	32,7%	6.852	7.087
Kaupthing Holding Isle of Man Ltd, UK***	GBP	100,0%	3.038	2.953
Kaupthing Sverige AB, Sweden	SEK	100,0%	1.205	1.098
Other		100,0%	979	1.056
Investments in subsidiaries			126.916	116.347
Investments in subsidiaries in mEUR			802	733

* Kaupskil ehf. owns 87% in Arion Bank on behalf of Kaupthing.

**Kaupthings shares in Norvestia Oyj are valued at net asset value in this Statement of Assets. Kaupthing holds 32,7% of the outstanding shares in listed B-shares and unlisted A-shares and controls 56% of the votes. Listed share price 30.6.2012 is EUR 5.6 and the market value of 32,7% of the shares is equalent to ISK 4.441 million.

*** UK includes UK overseas territories and Crown dependencies

Other assets

Set-off, which is further discussed in note 26, may significantly affect this asset class.

23. Other assets specified by type:

	30.6.2012			31.12.2011
	Carrying value	Provisions	Fair value	Fair value
Accounts receivables	37.624	(32.794)	4.830	4.351
Claims on bankrupt entities	75.928	(63.051)	12.877	11.887
Sundry assets	7.841	(3.428)	4.413	3.249
Other assets	121.393	(99.273)	22.120	19.487
Other assets in mEUR	767	(628)	140	123

Notes

Other information

24. Claims for administration of the Estate:

The breakdown below is put forth for illustrative purposes only and represents claims for administration of the Estate and claims relating to agreements entered into after the commencement of the Resolution Committee.

	30.6.2012	31.12.2011
Accounts payable - costs related to managing the Estate while in winding-up proceedings	557	713
Other	424	149
Claims for administration of the Estate	981	862
Claims for administration of the Estate in mEUR	6	5

25. The asset side of the balance sheet at fair value specified by currency:

	30.6.2012								
	EUR	GBP	NOK	SEK	USD	ISK	DKK	Other	Fair Value
Cash in hand	111.530	65.098	32.290	88.495	49.236	19.199	4.455	3.042	373.345
Loans to and claims against credit institutions	1.569	50	3.270	6.910	451	-	5.186	5.958	23.394
Loans to customers	28.480	130.869	2.981	19.004	15.170	431	1.213	3.403	201.551
Bonds and debt instruments	1.432	5.993	-	-	-	10.647	-	-	18.072
Shares and instruments with variable income	11.240	17.222	293	741	1.400	18	131	-	31.045
Derivatives and unpaid derivatives	22.275	1.868	-	-	2.165	38.444	100	-	64.852
Investments in subsidiaries	7.826	3.038	-	1.205	-	114.847	-	-	126.916
Other assets	2.916	93	2	3.969	1.025	14.115	-	-	22.120
Total assets	187.268	224.231	38.836	120.324	69.447	197.701	11.085	12.403	861.295
Total assets in mEUR	1.184	1.418	246	761	439	1.250	70	78	5.445
% of Total assets	21,74%	26,03%	4,51%	13,97%	8,06%	22,95%	1,29%	1,44%	

26. Set-off

The valuation of assets in this report does not take fully into account the impact of set-off.

Until all disputes have been concluded the real and accurate amount of claims accepted for set-off remains uncertain. The Winding-up Committee received set-off claims from close to 100 counterparties amounting to approximately ISK 537 billion. In addition, several counterparties who have not formally requested a set-off in their filed claim have indicated their intention to set-off. It should be noted that set-off claims are lodged in different ways and many of them are lodged at a maximum level. Not all claims regarding set-off fulfil the conditions that a declaration for set-off must fulfil according to Icelandic law and in some cases creditors only reserve the rights to a possible set-off. All amounts regarding set-off must be reviewed bearing the aforesaid in mind.

The Winding-up Committee currently estimates, on a preliminary basis, set-off effects on assets at fair value as at 30.06.2012 to be in the order of approximately ISK 20-48 billion. The exact set-off effects on the assets and liabilities side will differ as a) the asset side is at fair value while claims are not, b) the asset side at fair value may considerably change over time which may significantly affect the set-off amount and c) several counterparties who have indicated their intention to set-off may not have filed a claim or filed a claim net of set-off, in these instances potential set-off effects will only impact the asset side and not the claims side. This set-off analysis is based on number of assumptions including Winding-up Committee's decisions, as at the reporting date, with regards to the validity of the relevant claim and rights to set-off where applicable.

Set-off impacts can make a material difference to overall creditor recoveries. Further information will be provided on this matter as it becomes available.