
Financial Information H1 2010

- Supplementary Material -

Creditors' Report



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Overview of the Bank's Statement of Assets



■ Results:

- Excluding FX fluctuations, the actual value increase of the Bank's assets* amounted to ISK 119bn in H1 2010
- The effect of the appreciation of the ISK on the Bank's accounts: Kaupthing Bank's functional currency is the Icelandic krona (ISK). The ISK appreciated by 9% in the first half of 2010. The sharp appreciation of the ISK has significant negative impact on the Bank's reported asset values
- Including FX fluctuations, the value of the Bank's assets* increased by ISK 60bn in H1 2010
- Significant value increase in the loans to customers portfolio and in shares and instruments with variable income
- Fee income generated from the Loans to customers portfolio amounted to ISK 800m covering the majority of the Bank's internal operating cost and fully covers salaries and salary related cost
- The cash reserve amounts to ISK 195bn and increases by ISK 19bn in H1 2010 despite negative impact of ISK 12bn deriving from FX changes on reported cash reserve and ISK 14,5bn cash payment as part of Arion Bank's capitalization
- Total annualized operating cost in H1 2010 was 0.28% of total assets at carrying value

- [A Creditors' Report Update Meeting is scheduled at 4pm London time on 12 October 2010 at the offices of Morgan Stanley, 20 Bank Street, Canary Wharf, London E14 4AD. See announcement on \[www.kaupthing.com\]\(http://www.kaupthing.com\) for further information.](#)

* Assets net of pledged positions, liabilities related to estate administration cost and known priority liabilities.

Development of the Bank's Asset Base* in H1 2010



Assets	ISK million			EUR million		
	30.06.2010	31.12.2009	% change	30.06.2010	31.12.2009	% change
Cash in hand	195.456	176.066	11,0%	1.247	979	27,3%
Loans to and claims against credit institutions	38.650	53.481	-27,7%	247	297	-17,1%
Loans to customers	304.013	366.894	-17,1%	1.939	2.041	-5,0%
Bonds and debt instruments	7.178	9.539	-24,8%	46	53	-13,7%
Shares and instruments with variable income	57.521	28.849	99,4%	367	160	128,6%
Derivatives and unpaid derivatives	114.476	118.812	-3,6%	730	661	10,5%
Investments in subsidiaries	113.663	27.276	316,7%	725	152	377,8%
Other assets	2.522	7.540	-66,6%	16	42	-61,6%
Total assets	833.479	788.457	5,7%	5.316	4.386	21,2%
Less: Liabilities related to estate admin cost and known priority liabilities	-30.960	-45.545	-32,0%	-197	-253	-22,1%
Total assets*	802.519	742.912	8,0%	5.118	4.132	23,9%

- The value of the Bank's assets*: Increase in H1 by ISK 60bn or 8% and by EUR 986m or 24% in EUR.

* Assets net of pledged positions, liabilities related to estate administration cost and known priority liabilities.

All amounts in table in mISK and mEUR.

Development of the Bank's Asset Base* on YoY basis (from H1 2009)



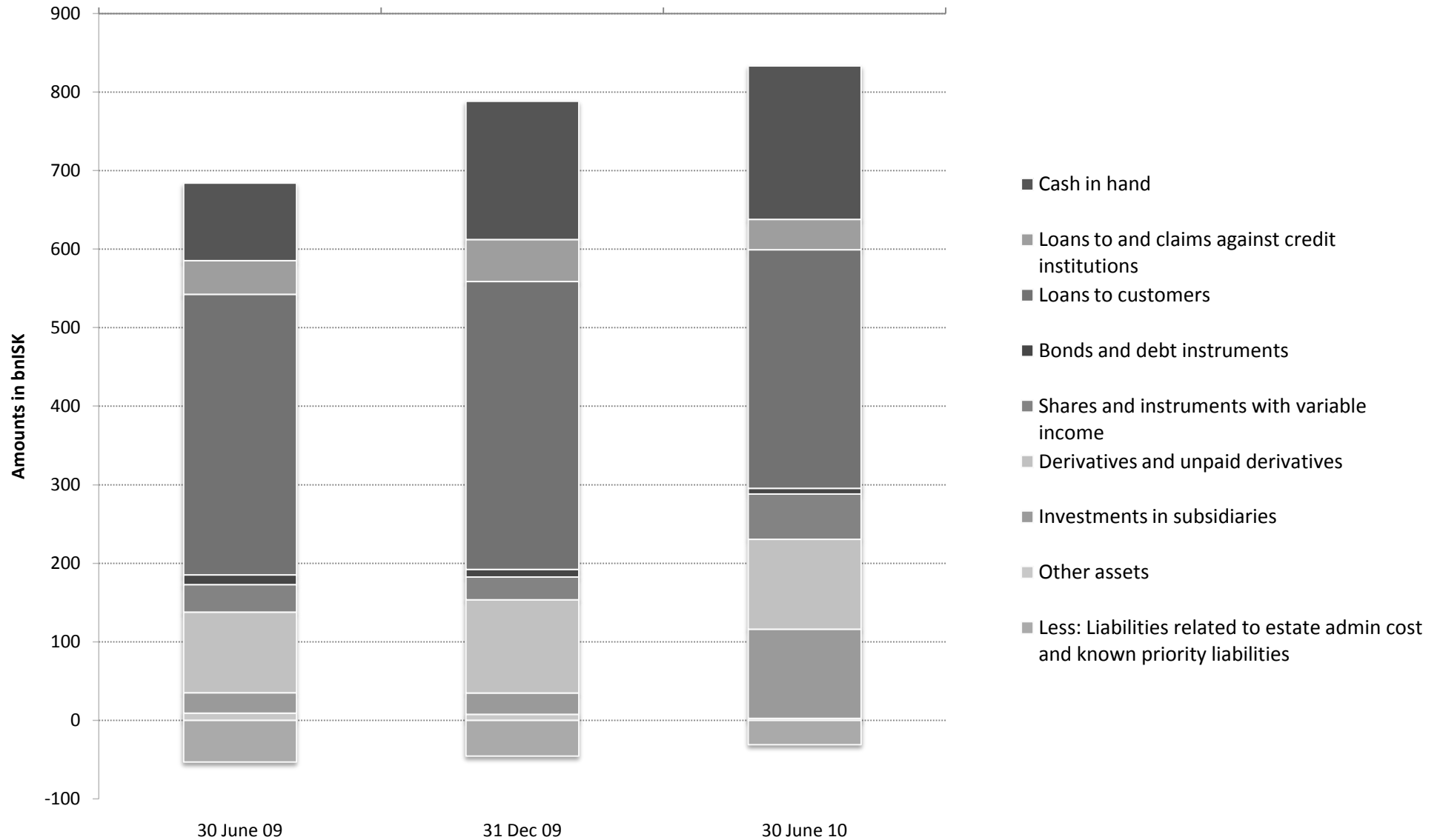
Assets	ISK million			EUR million		
	30.06.2010	30.06.2009	% change	30.06.2010	30.06.2009	% change
Cash in hand	195.456	98.799	97,8%	1.247	552	125,9%
Loans to and claims against credit institutions	38.650	42.899	-9,9%	247	240	2,9%
Loans to customers	304.013	357.259	-14,9%	1.939	1.995	-2,8%
Bonds and debt instruments	7.178	12.344	-41,9%	46	69	-33,6%
Shares and instruments with variable income	57.521	35.055	64,1%	367	196	87,4%
Derivatives and unpaid derivatives	114.476	102.556	11,6%	730	573	27,5%
Investments in subsidiaries	113.663	26.077	335,9%	725	146	397,7%
Other assets	2.522	9.102	-72,3%	16	51	-68,4%
Total assets	833.479	684.091	21,8%	5.316	3.821	39,1%
Less: Liabilities related to estate admin cost and known priority liabilities	-30.960	-53.022	-41,6%	-197	-296	-33,3%
Total assets*	802.519	631.069	27,2%	5.118	3.525	45,2%

- The value of the Bank's assets*: Increase YoY by ISK 171bn or 27% and by EUR 1.594m or 45% in EUR.

* Assets net of pledged positions, liabilities related to estate administration cost and known priority liabilities.

All amounts in table in mISK and mEUR.

Development of the Bank's Asset Base* from the end of H1 2009



* Assets net of pledged positions.
Amounts in bnISK.

Development of the Bank's Asset Base in H1 2010



Bridge at fair value (unpledged)	Fair value unpledged as at 31.12.2009	Cash flow	FX changes and other	Real value changes	Kaupskil equity injection	Fair value unpledged as at 30.06.2010
Assets						
Cash in hand	176	45,5	-12	0,5	-14,5	195,5
Loans to and claims against credit institutions	53,5	-6	-9			38,5
Loans to customers	367	-29	-24	18	-28	304
Bonds and debt instruments	9,5	-3,5		1		7
Shares and instruments with variable income	29	-0,5	-4,5	33,5		57,5
Derivatives and unpaid derivatives	119	-3,5	-5	4		114,5
Investments in subsidiaries	27,5	-0,5	-2,5	23	66	113,5
Other assets	7,5	-4,5	-0,5			2,5
Less: Payment of known priority liabilities	-45,5			15		-30,5
Total assets	743	-2	-58	95	24	802
Operating costs in period.....		4				
Interest and fee income in Loans to customers.....		-6				
Loan repayments into temporarily pledged bank accounts.....		4				
		0				
					ISK 119bn	

■ Excluding FX fluctuations, the actual value increase of the Bank's assets* amounted to ISK 119bn in H1 2010.

- ISK 33,5bn from Shares and instruments with variable income
- ISK 24bn due to overcollateralization of pledged positions realized in the Kaupskil equity injection
- ISK 23bn from Investments in subsidiaries
- ISK 18bn from Loans to customers
- ISK 15bn in reduced priority liabilities (compensation instrument with Arion Bank)
- ISK 5,5bn from other asset classes

■ Further explanations are provided in the respective chapters.

All amounts in table in bnISK.

* Assets net of pledged positions, liabilities related to estate administration cost and known priority liabilities.

Statement of Assets on Carrying Value and Fair Value as at end of H1 2010



Assets	Carrying value 30.06.2010			Fair value 30.06.2010	
	Total	Unpledged	Provision	Unpledged	Avg valuation
Cash in hand	195.456	195.456	0	195.456	100,0%
Loans to and claims against credit institutions	340.202	73.523	-34.873	38.650	52,6%
Loans to customers	1.233.716	1.233.716	-929.703	304.013	24,6%
Bonds and debt instruments	56.108	7.178	0	7.178	100,0%
Shares and instruments with variable income	197.485	57.521	0	57.521	100,0%
Derivatives and unpaid derivatives	369.216	253.762	-139.286	114.476	45,1%
Investments in subsidiaries	216.114	113.663	0	113.663	100,0%
Other assets	41.981	41.981	-39.459	2.522	6,0%
Total assets	2.650.278	1.976.800	-1.143.321	833.479	42,2%
Total assets (EUR).....	16.903	12.608	-7.292	5.316	42,2%

- Total assets under management as at the end of H1 2010 amounted to ISK 2.650bn at carrying value, including assets pledged to counterparties amounting to ISK 673bn.
- Unpledged assets amounted to ISK 1.977bn at carrying value and ISK 833bn at fair value.

All amounts in table in mISK and mEUR.



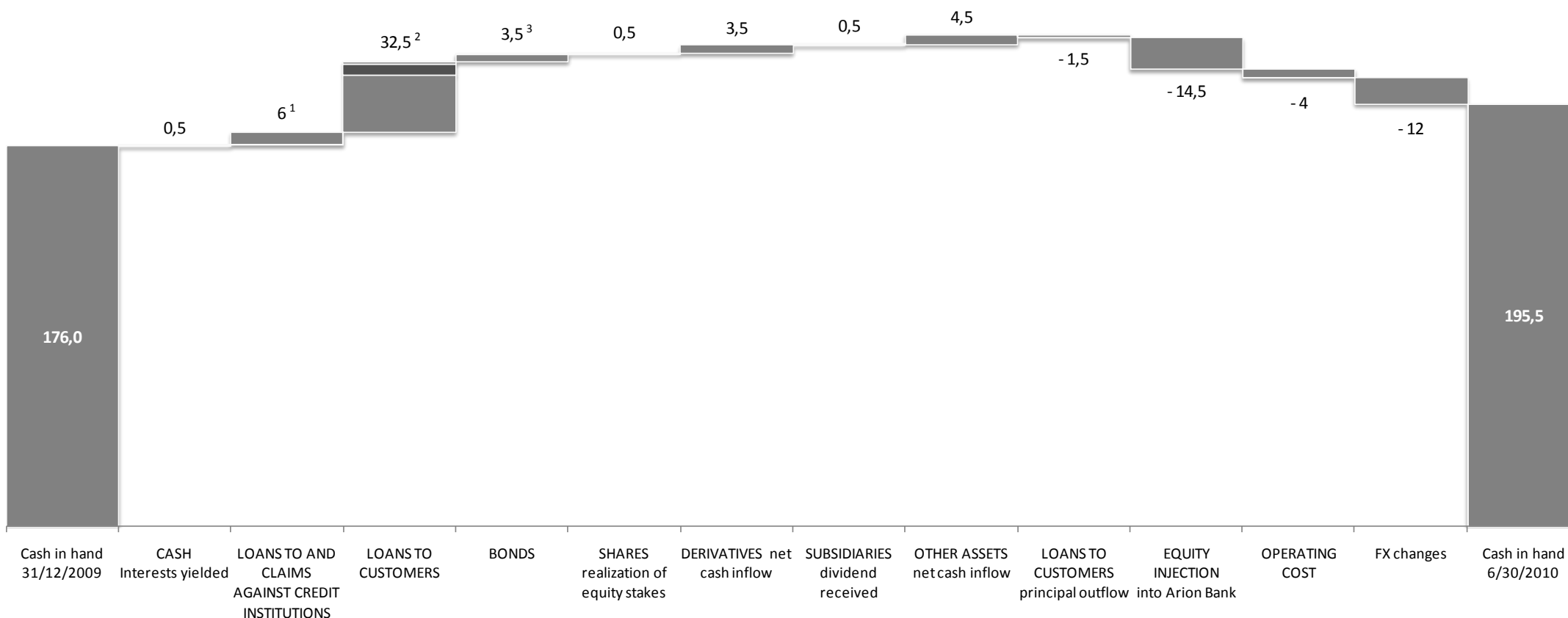
Cash in Hand



Development in H1 2010

- The cash reserve amounted to ISK 195bn and increased by ISK 19bn in H1 2010.
 - Main factors contributing to **increase** in cash in hand in H1 2010:
 - Payments related to Loans to customers of ISK 32,5bn (principal repayments, interest payments and fee income), thereof ISK 14bn from 10 final repayments.
 - Principal and interest payments from Loans to and claims against credit institutions of ISK 6bn
 - Other cash inflow (breakdown provided on the next slide) of approx. ISK 13bn
 - Main factors contributing to **decrease** in cash in hand in H1 2010:
 - ISK 14,5bn of cash was injected into Arion Bank as part of its capitalization in January 2010.
 - ISK 1,5bn cash outflow used to support assets in the Loans to customers portfolio
 - Operating cost in H1 2010 amounted to approx. ISK 3,5bn.
- As the ISK appreciated substantially against most major currencies, FX changes amounting to approx. ISK 12bn have a negative impact on the cash reserve as it is reported in ISK.
- In 2008 and 2009, the Bank repaid priority claims related to deposits amounting to approx ISK 130bn.

Cash Flow in H1 2010



- **1** Loans to and claims against credit institutions = 6: Principal payments (6)
- **2** Loans to customers = 32,5: Principal payments (26,5), interest payments (5) and fee income (1)
- **3** Bonds = 3,5: Principal payments (3) and interest payments (0,5)

Amounts in bnISK.



- Cash in hand in respective currencies as at 30.06.2010 and 31.12.2009.

Cash in hand	Cash in hand		Change in	
	30.06.2010	31.12.2009	currency	% change
EUR	361	227	134	59,0%
GBP	263	204	59	28,8%
ISK	7.475	22.999	-15.525	-67,5%
NOK	1.397	1.222	174	14,3%
SEK	1.629	1.410	219	15,5%
USD	180	137	42	30,7%
CAD	3	3	0	0,2%
CHF	11	7	3	43,6%
DKK	85	31	54	175,9%
JPY	324	317	7	2,3%

- The decrease in ISK is primarily due to ISK 14,5bn cash injection into Arion Bank as part of the capitalization.
- The interests received on the cash reserve in H1 2010 amounted to ISK 644m.

All amounts in table in million of respective currencies as at 30.06.2010 and 31.12.2009.



Loans to and Claims against Credit Institutions



Development in H1 2010

- Loans to and claims against credit institutions amounted to ISK 305bn at fair value and ISK 340bn at carrying value at the end of H1 2010. This asset class is broken down in the tables below at fair value by types of accounts.
 - Unpledged loans to and claims against credit institutions amounted to ISK 39bn at fair value and decreased by ISK 15bn in H1 2010
 - The decrease in Bank accounts is mainly due to cash inflow in H1 2010 of ISK 6bn, negative FX changes and re-classification of a large account into Loans to customers.

Loans to and claims against credit institutions	Total	Unpledged		Unpledged	
		Pledged 30.06.2010		31.12.2009	% change
Bank accounts	163.143	141.563	21.580	34.590	-38%
Subordinated loans to subsidiaries	140.804	125.116	15.688	17.983	-13%
Other loans	1.382	-	1.382	908	52%
Loans to and claims against credit institutions	305.329	266.679	38.650	53.481	-28%
Loans to and claims against credit institutions (EUR)	1.947	1.701	247	297	-17%

All amounts in table in mISK and mEUR.



Unpledged positions - overview

■ Unpledged bank accounts (ISK 22bn at fair value)

- These accounts have been emptied partially or fully by the counterparty without legitimate acceptable reasons being provided to the Bank
- These are related to ca. 30 different jurisdictions and the amounts range from c. ISK 65k to ISK 8,7bn – the 5 largest covering 81% and total 40 accounts in the class.
- A substantial amount of these bank accounts have been subject to set-off in relation to derivative cases and hence the validity and legality of the freezing/seizure of cash will be concluded as part of the settlement of the derivative portfolio which is lead by Alvarez and Marsal with the assistance of external legal counsel.
- The bank accounts which are not related to derivative set-off are being handled by the Bank's internal legal counsel and the Winding-up Committee, in co-operation with external legal counsel in the respective jurisdictions, who analyze the validity of the freezing/seizure with respect to Icelandic bankruptcy legislation in coalition with other relevant jurisdictional legislation.

■ Subordinated loans to subsidiaries (ISK 16bn at fair value)

- Included in this category is a EUR 100m subordinated loan granted to FIH in 2005. On 18 September 2010 (an event occurring after the date of this financial information) the Central Bank of Iceland as a pledgee of the Bank's shares in FIH entered into an agreement to sell the shares to a consortium of funds. As part of this transaction the repayment of this subordinated loan has been agreed but is subject to regulatory approval.

■ Other Loans: (ISK 1,4bn at fair value)

- Mostly domestic claims



Pledged positions - overview

- Pledged bank accounts (ISK 142 bn at fair value)
 - Collateral accounts (ISK 135bn at fair value) represent to a large extent collateral posted under derivative trades (ISK 86bn) and repurchase agreements (ISK 49bn).
- Subordinated loans to subsidiaries (ISK 125bn at fair value)
 - The subordinated loan which is classified as pledged is to the Bank's subsidiary Kaupthing Mortgage Institutional Investor Fund and is related to the issuance and structure of Kaupthing's covered bonds.

Loans to Customers



- Loans to customers amounted to ISK 304bn at fair value and ISK 1.234bn at carrying value at the end of H1 2010.
- The portfolio is divided into three portfolios:
- The Europe and Nordic portfolios are actively managed by the asset management team and most of the loans have underlying operations or assets
- The loans in the NOA portfolio consist primarily of non-operating assets.
 - The increase in the carrying value of the NOA portfolio in H1 2010 is due to a reclassification of two accounts of ISK 115bn carrying value which as at YE 2009 was categorized in Loans to and claims against credit institutions. In addition, penalty interests are accumulating which increases the carrying value.
 - The portfolio is under the supervision and management of the Inspection Committee and undergoes thorough revision by the Committee.

Loans to customers	Carrying value	Fair value	Weighted average	30.06.2010		31.12.2009	
				Carrying value	Fair value	Carrying value	Fair value
Europe	243.421	146.604	60,2%	325.803	176.033	54,0%	
Nordic	179.489	120.627	67,2%	231.377	152.294	65,8%	
NOA	810.806	36.782	4,5%	707.983	38.567	5,4%	
Pledged	-	-	-	107.917	84.054	77,9%	
Loans to customers	1.233.716	304.013	24,6%	1.373.080	450.948	32,8%	
Loans to customers (EUR)	7.869	1.939	24,6%	7.638	2.508	32,8%	

All amounts in table in mISK and mEUR.



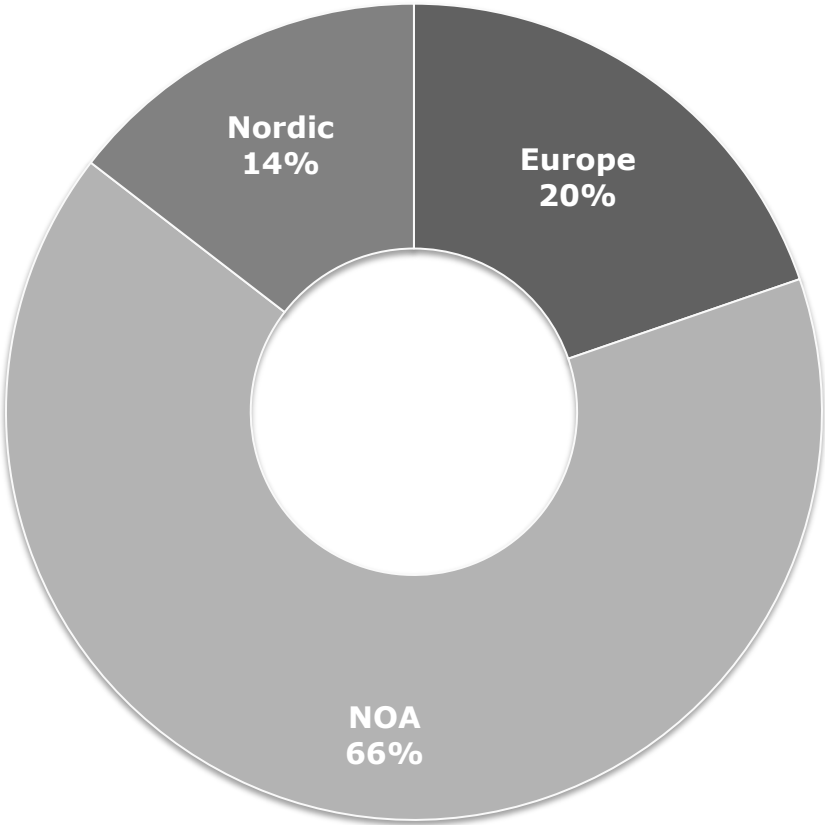
- The fair value of the Loans to customers amounted to ISK 304bn and decreased by ISK 147bn in H1 2010.
 - The decrease is driven by transfer of loans to Arion Bank, inflow due to principal repayments of ISK 29bn and negative FX changes of ISK 24bn.
- Value increase, excluding FX variations, in H1 2010 related to loans to customers amounted to ISK 18bn.
 - Europe portfolio: ISK 147bn at fair value (value increase in H1 2010 ISK 6bn)
 - Nordic portfolio: ISK 121bn at fair value (value increase in H1 2010 ISK 11bn)
 - NOA portfolio: ISK 37bn at fair value (value increase in H1 2010 ISK 1bn)

Loans transferred to Arion Bank

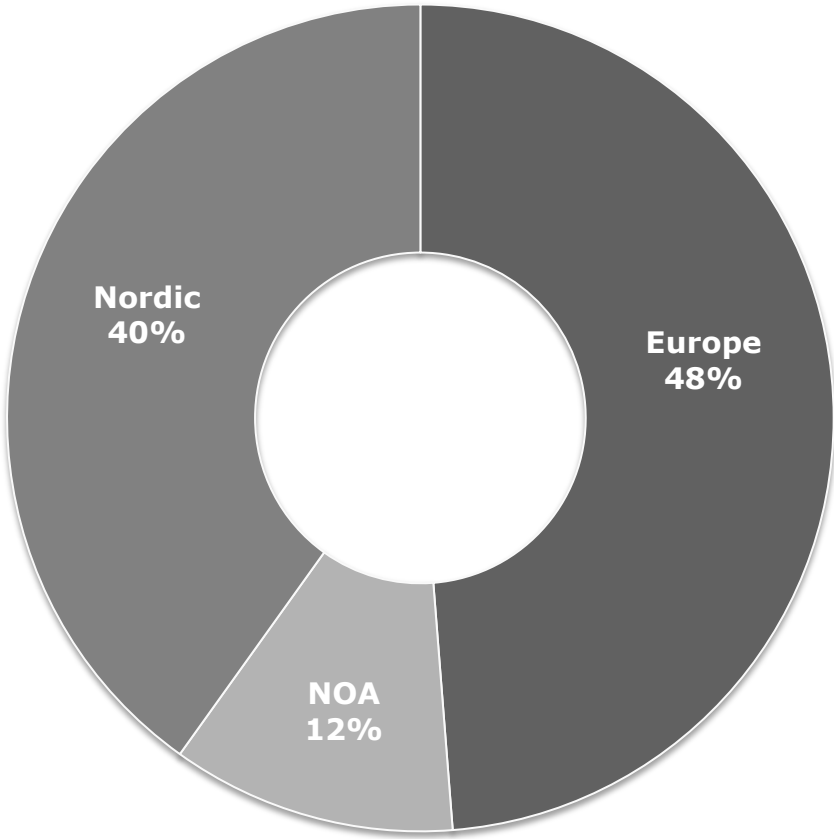
- The pledged portfolio amounting to ISK 84bn at fair value as at YE 2009 and included a portfolio of ISK mortgage loans, FX mortgage loans and loans to Icelandic municipalities, organisations and other government related entities, which had previously been pledged by the Bank to the ICB.
 - In January 2010, when the equity injection into Arion Bank was executed, the assets of this pledged portfolio were injected into Arion Bank and are therefore not included in Kaupthing's parent company accounts as at the end of H1 2010.
- The loans in the Nordic portfolio which were injected into Arion Bank amounted to ISK 20,4bn at fair value and ISK 21bn at carrying value.
- The loans in the Europe portfolio which were injected into Arion Bank amounted to ISK 7,6bn at both fair value and carrying value.



Carrying value

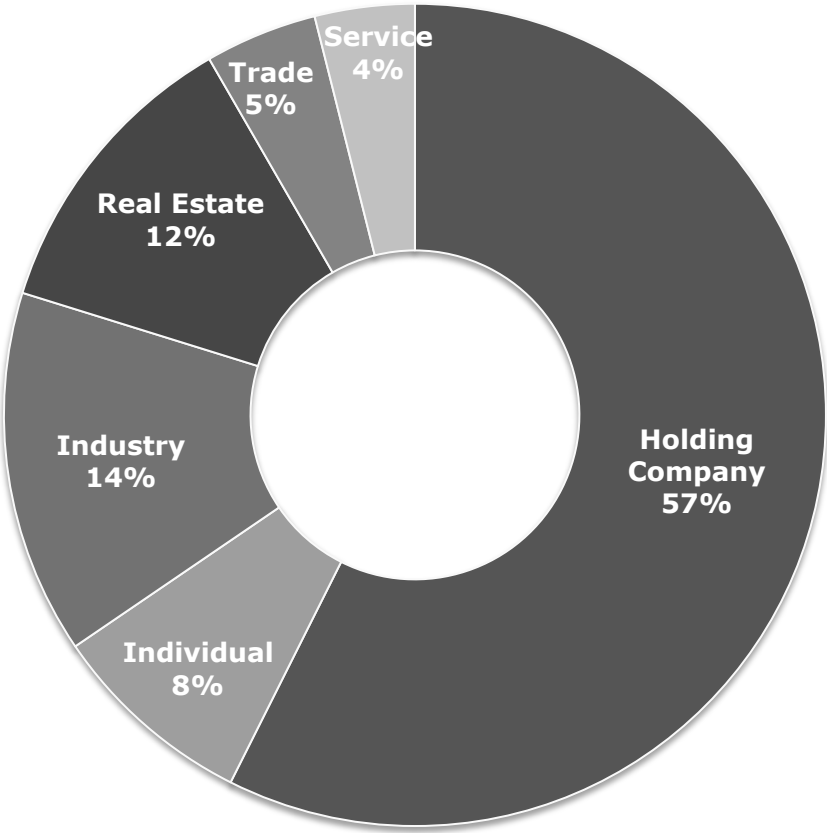


Fair value





Carrying value



Fair value



Loans to Customers – Breakdown by Sector



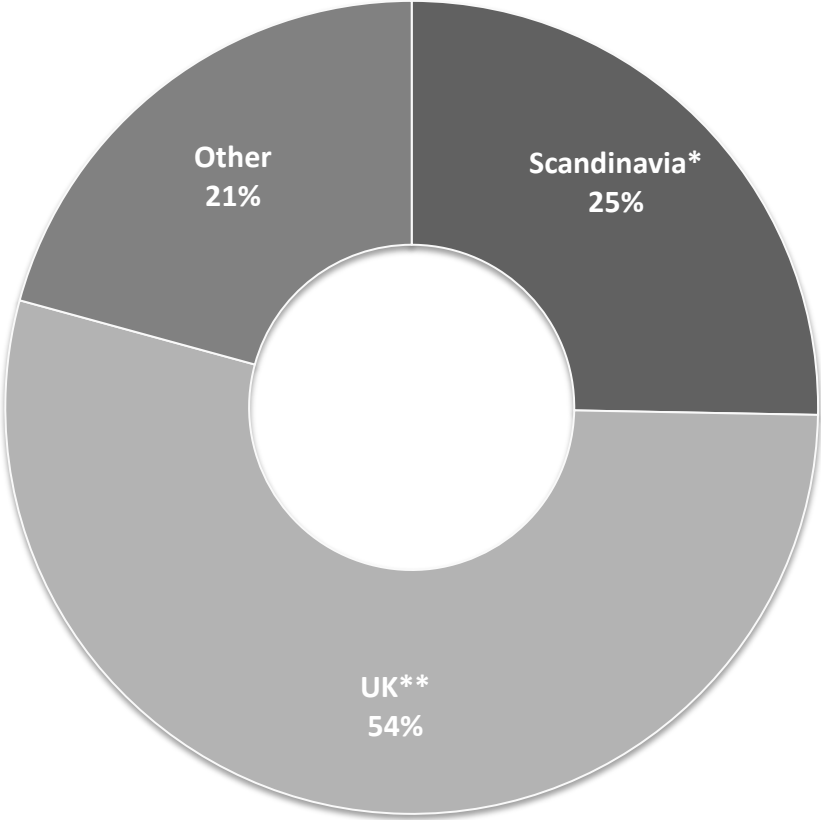
Operating Assets (Europe & Nordic) - breakdown by sector	Carrying value	Fair value	Weighted average	Carrying value	Fair value	Weighted average
	30.06.2010			31.12.2009		
Holding Company	52.001	20.587	39,6%	61.710	27.615	44,7%
Individual	28.948	18.346	63,4%	36.444	19.871	54,5%
Industry	114.470	79.447	69,4%	144.741	97.138	67,1%
Real Estate	124.575	64.073	51,4%	141.374	74.616	52,8%
Trade	54.461	48.055	88,2%	114.706	64.129	55,9%
Service	48.456	36.723	75,8%	58.205	44.957	77,2%
Loans to customers	422.910	267.231	63,2%	557.180	328.326	58,9%
Loans to customers (EUR)	2.697	1.704	63,2%	3.099	1.826	58,9%

NOA portfolio - breakdown by sector	Carrying value	Fair value	Weighted average	Carrying value	Fair value	Weighted average
	30.06.2010			31.12.2009		
Holding Company	656.193	30.026	4,6%	553.926	31.099	5,6%
Individual	70.728	5.528	7,8%	68.990	4.184	6,1%
Industry	62.139	1.227	2,0%	61.953	2.842	4,6%
Real Estate	21.746	-	0,0%	23.114	441	1,9%
Trade	-	-	-	-	-	-
Service	-	-	-	-	-	-
Loans to customers	810.806	36.782	4,5%	707.983	38.567	5,4%
Loans to customers (EUR)	5.171	235	4,5%	3.938	215	5,4%

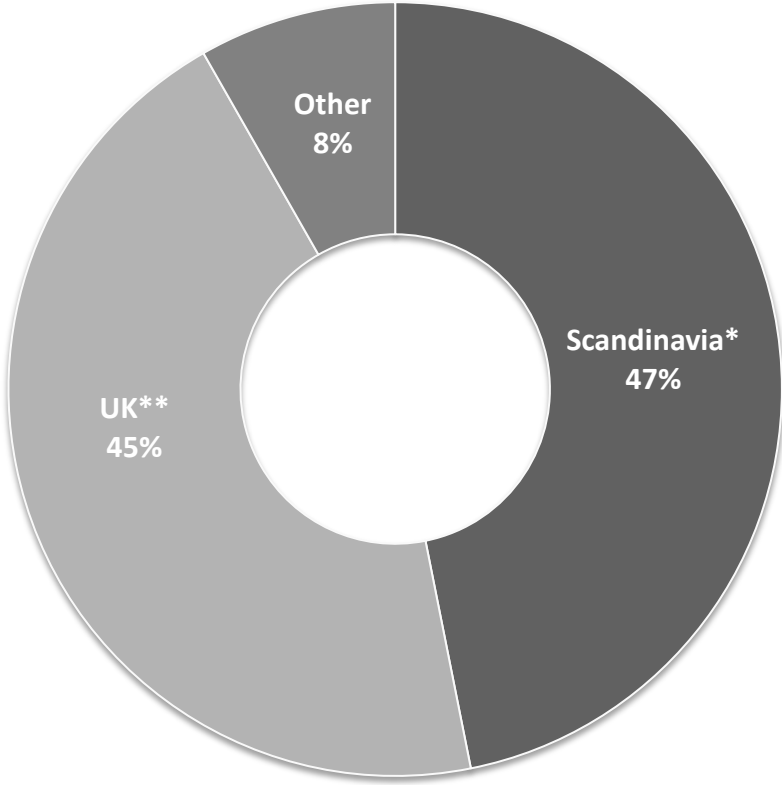
For comparison reasons, the tables as at 31.12.2009 exclude the pledged portfolio which was injected into Arion Bank in January 2010. All amounts in table in mISK and mEUR.



Carrying value



Fair value



*Scandinavia includes Iceland

** UK includes UK overseas territories and Crown dependencies

Loans to Customers – Breakdown by Geography



Operating assets (Europe & Nordic) - breakdown by geography	Carrying value	Fair value	Weighted average	Carrying value	Fair value	Weighted average
	30.06.2010			31.12.2009		
Scandinavia*	225.662	142.472	63,1%	277.897	173.441	62,4%
UK**	142.037	99.659	70,2%	208.792	115.232	55,2%
Other	55.210	25.100	45,5%	70.491	39.653	56,3%
Loans to customers	422.910	267.231	63,2%	557.180	328.326	58,9%
Loans to customers (EUR)	2.697	1.704	63,2%	3.099	1.826	58,9%

NOA portfolio - breakdown by geography	Carrying value	Fair value	Weighted average	Carrying value	Fair value	Weighted average
	30.06.2010			31.12.2009		
Scandinavia*	86.414	-	0,0%	2.387	-	0,0%
UK**	523.518	36.775	7,0%	500.782	38.076	7,6%
Other	200.874	7	0,0%	204.814	491	0,2%
Loans to customers	810.806	36.782	4,5%	707.983	38.567	5,4%
Loans to customers (EUR)	5.171	235	4,5%	3.938	215	5,4%

*Scandinavia includes Iceland

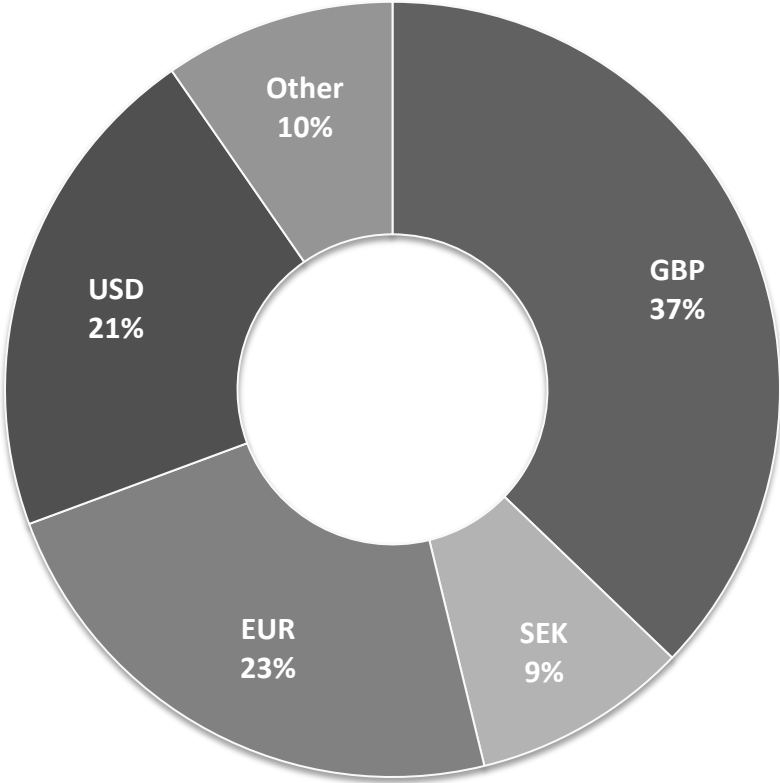
** UK includes UK overseas territories and Crown dependencies

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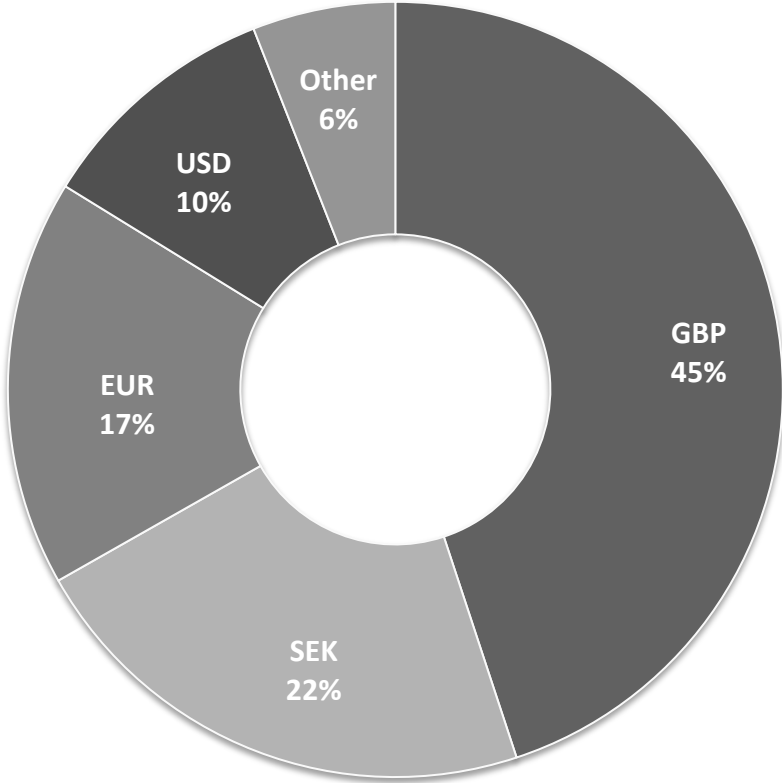
All amounts in table in mISK and mEUR.



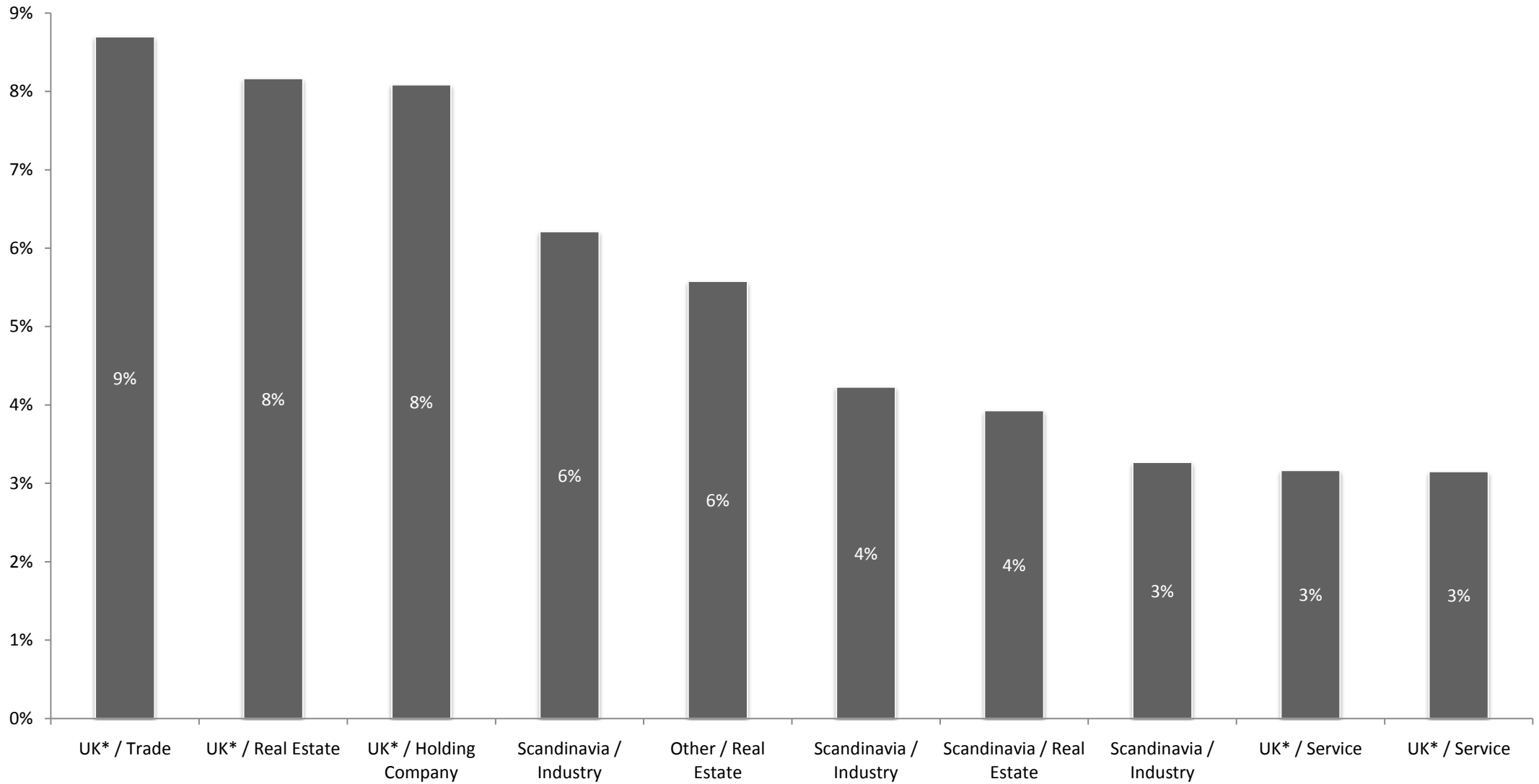
Carrying value



Fair value



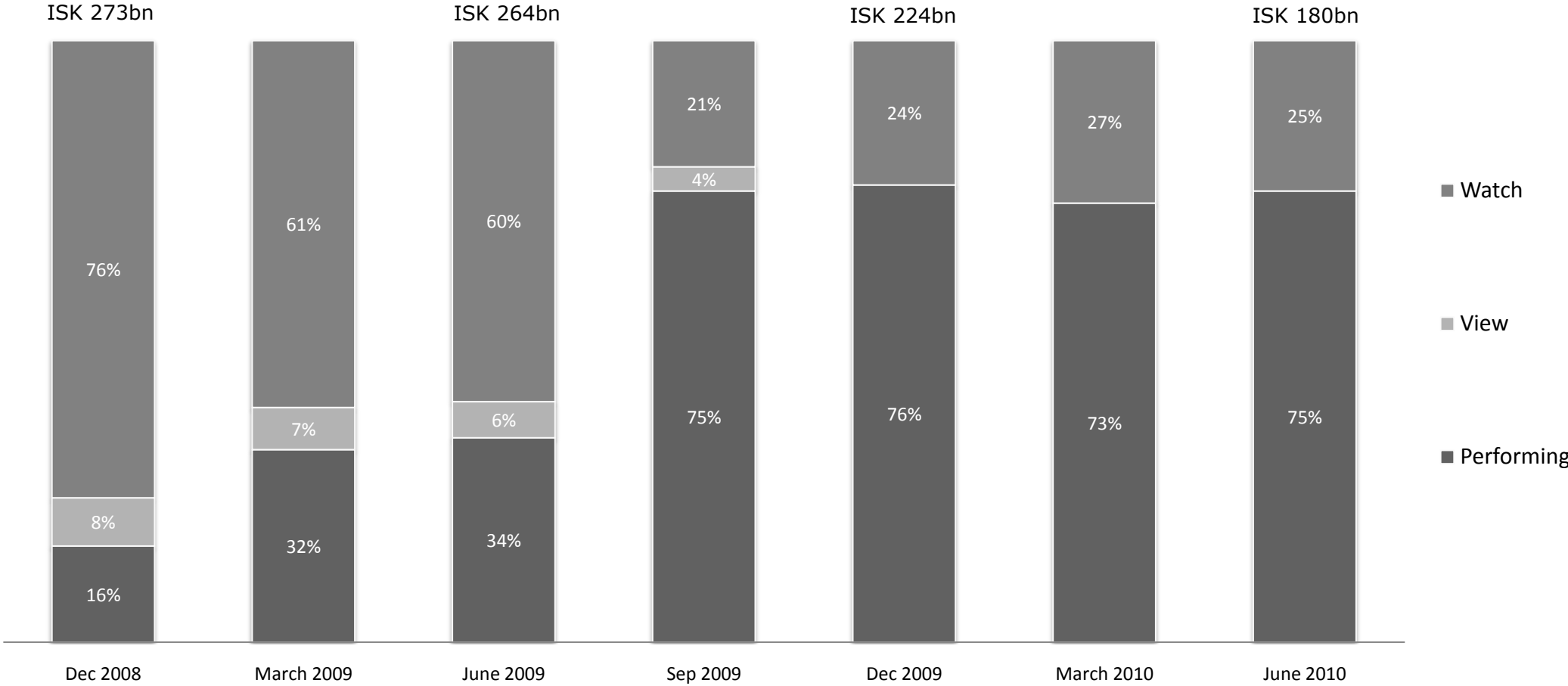
Ten Largest Loans to Customers



■ The ten largest Loans to Customers by Sector and Country at Fair Value as a % of total Loans to Customers at fair value as at the end of H1 2010

*UK includes UK overseas territories and Crown dependencies

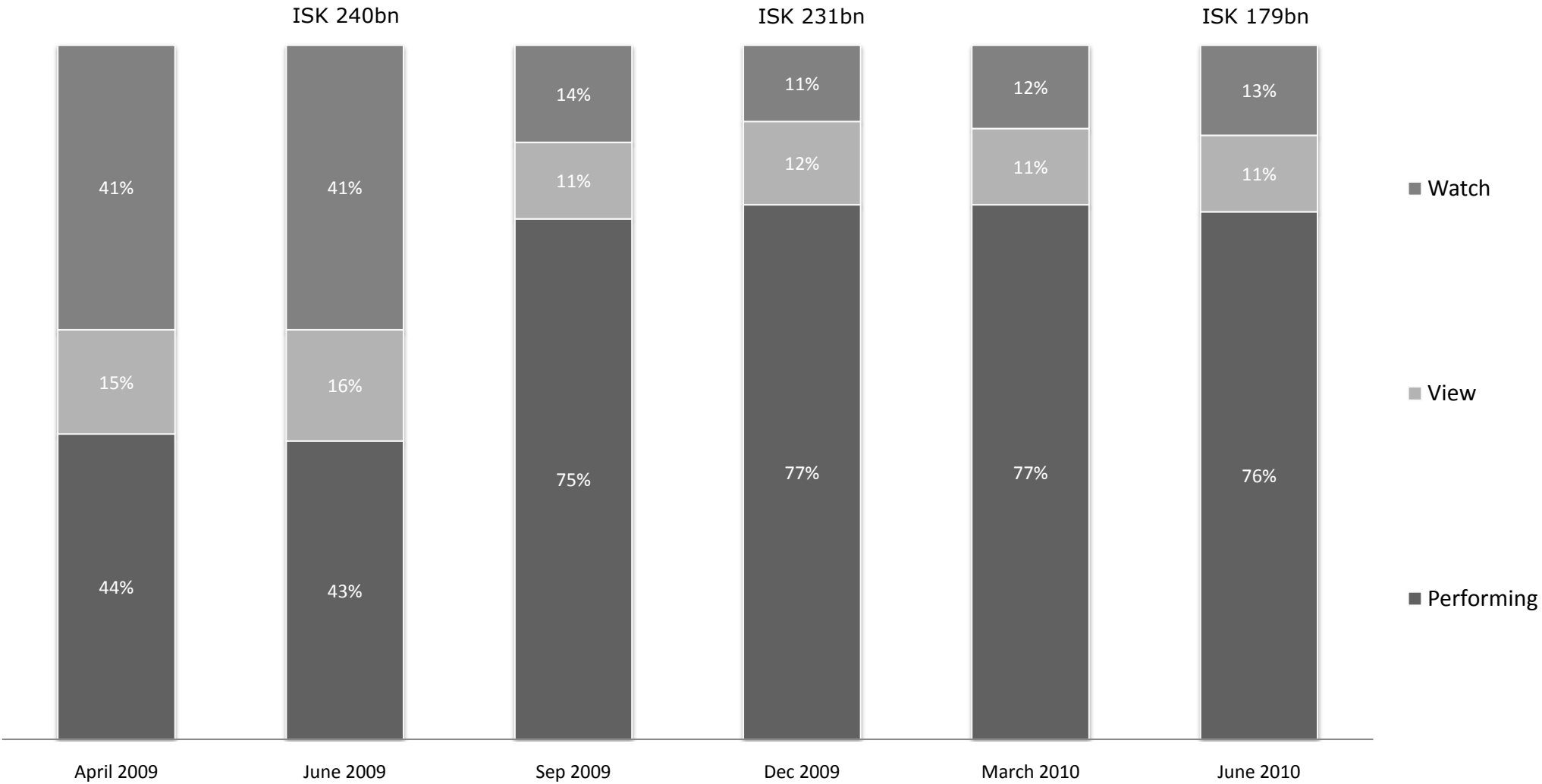
Europe Portfolio* at Carrying Value – Performance



For definition of watch, view and performing, see note 13 in the Statement of Assets in the Bank’s Creditors’ Report.

* The Europe portfolio excludes project Los Angeles and the Bank's financing of NoHo Square (real-estate development at standstill) where the Bank has also all the equity.

Nordic Portfolio at Carrying Value – Performance



For definition of watch, view and performing, see note 13 in the Statement of Assets in the Bank’s Creditors’ Report.

Bonds and Debt Instruments



- Bonds and debt instruments amounted to ISK 56bn at the end of H1 2010. This asset class is broken down in the tables below at fair value by types of instruments
- Unpledged Bonds and debt instruments amounted to ISK 7,2bn and decreased by ISK 2,3bn in H1 2010
 - The decrease is driven by cash inflow from principal payments in H1 2010 of ISK 3bn
 - In addition, interest payments amounted to ISK 0,5bn and real value increase amounted to ISK 1bn
 - The vast majority of the unpledged positions are ISK-denominated and CPI linked bonds
- Pledged positions amounted to ISK 48,9bn and decreased by ISK 4,5bn in H1 2010, solely due to FX changes

Bonds and debt instruments	Total 30.06.2010	Pledged 30.06.2010	Unpledged 30.06.2010	Unpledged 31.12.2009	% change
Listed	49.712	43.276	6.436	8.958	-28%
Unlisted	6.396	5.654	742	581	28%
Bonds and debt instruments	56.108	48.930	7.178	9.539	-25%
Bonds and debt instruments (EUR)	358	312	46	53	-14%

Bonds and debt instruments	Total 30.06.2010	Pledged 30.06.2010	Unpledged 30.06.2010	Unpledged 31.12.2009	% change
Financial institutions	30.281	30.281	-	-	-
Housing Financing Fund	13.162	8.317	4.845	4.656	4%
Government	10.059	8.289	1.770	4.302	-59%
Corporates	2.606	2.043	563	581	-3%
Bonds and debt instruments	56.108	48.930	7.178	9.539	-25%
Bonds and debt instruments (EUR)	358	312	46	53	-14%

The pledged positions are represented at the assumed market value of the underlying collateral as at the bank's interpretation of the valuation date of the underlying agreements.

Amounts in tables in mISK and mEUR.



Shares and Instruments with Variable Income



- Shares and instruments with variable income amounts to ISK 197,5bn at the end of H1 2010. This asset class is broken down in the tables below at fair value by types of accounts.
 - Unpledged shares amounted to ISK 57,5bn and increased by ISK 28,7bn in H1 2010
 - Pledged positions amounted to ISK 48,9bn and decreased by ISK 4,5bn in H1 2010 solely due to FX changes as the pledged positions have been fixed at the assumed market value of the underlying collateral as at the Bank's interpretation of the valuation date of the underlying agreements.

Shares and instruments with variable income	Total	Pledged	Unpledged	Unpledged	
	30.06.2010	30.06.2010	30.06.2010	31.12.2009	% change
Listed	145.418	139.964	5.454	5.118	7%
Unlisted	52.067	-	52.067	23.731	119%
Shares and instruments with variable income	197.485	139.964	57.521	28.849	99%
Shares and instruments with variable income (EUR)	1.260	893	367	160	129%

- The value increase in unpledged shares is driven by real value changes in H1 2010 amounting to ISK 33,5bn. See further on the next slide.
- FX changes amounting to approx. ISK 4,5bn have a negative impact on the shares and instrument with variable income as it is reported in ISK.

All amounts in table in mISK and mEUR.



- The value of ten largest unpledged equity positions increased by ISK 29,1bn or 109% in H1 2010 and by EUR 207m or 140% in EUR.
- Significant value increase is coming from equity positions through debt for equity swaps and general asset management.
 - When converting debt for equity the Bank endeavors to set the debt level not lower than perceived enterprise value at restructuring

10 largest unpledged positions		
	30.06.2010	31.12.2009
Retail/UK	20.046	1.824
Industry/Other	10.900	6.671
Retail/UK	7.541	5.674
Financial/Other	6.428	4.494
Industry/UK	3.266	2.929
Real estate/UK	3.032	3.136
Other/UK	1.966	203
Retail/UK	993	203
Industry//UK	848	760
Real estate/Other	779	809
Ten largest unpledged positions total	55.799	26.703
Ten largest unpledged positions total (EUR)	356	149

Derivatives and Unpaid Derivatives

Derivatives and Unpaid Derivatives – Assets - Overview



- Derivatives and Unpaid Derivatives - Assets amounted to ISK 229,9bn at fair value as at the end of H1 2010.
 - Derivatives, i.e. open contracts: ISK 4,1bn at fair value. All these contracts are governed by General market terms and conditions.
 - Unpaid derivatives, i.e. matured and terminated trades as well as unpaid cash flow from open trades: ISK 225,8bn at fair value
- Estimated netting effects on Derivatives and Unpaid Derivatives – assets amounted to ISK 115,5bn.
 - This estimation reflects the Bank’s current best estimate but any final valuation will depend on the agreement reached with the counterparties.

Derivatives and unpaid derivatives	30.06.2010				31.12.2009			
	Carrying value	Provision	Fair value	Avg valuation	Carrying value	Provision	Fair value	Avg valuation
Derivatives	6.618	(2.507)	4.111	62,1%	18.265	(10.684)	7.581	41,5%
Unpaid derivatives*	362.598	(136.779)	225.819	62,3%	372.964	(141.528)	231.436	62,1%
Derivatives and unpaid derivatives	369.216	(139.286)	229.930	62,3%	391.229	(152.212)	239.017	61,1%
Derivatives and unpaid derivatives (EUR)	2.355	(888)	1.466	62,3%	2.176	(847)	1.330	61,1%
Estimated netting effects due to collateral:			(115.454)				(120.204)	
Fair value of Derivatives and unpaid derivatives net			114.476				118.813	

*Matured and terminated trades, and unpaide cash flow from open trades.

- Settlements, partial or complete, were reached with close to 40 counterparties in H1 2010 resulting in cash inflow of c. ISK 3,5bn.
- FX changes amounting to approx. ISK 5bn have a negative impact on derivatives and unpaid derivatives as it is reported in ISK.
- Real value increase in H1 2010 amounted to ISK 4bn.

All amounts in table in mISK and mEUR.

Derivatives and Unpaid Derivatives – Assets - Overview



Derivatives and unpaid derivatives	Carrying value	Provision	Fair value	Carrying value	Provision	Fair value
	30.06.2010			31.12.2009		
Unpaid FX Trades, Asset Swaps, IRS, FX Options*	6.618	(2.507)	4.111	372.245	(140.793)	231.452
Open FX Trades, Asset Swaps & IRS	-	-	-	16.275	(8.962)	7.313
Unpaid Credit Derivatives*	360.192	(134.919)	225.273	(5.935)	(43)	(5.978)
Unpaid Equity Options*	(5.659)	1.552	(4.107)	6.491	(589)	5.902
Open Caps, Floors, Barriers	5.779	(1.201)	4.579	1.991	(1.722)	269
Unpaid Caps, Floors, Barriers*	2.286	(2.212)	74	162	(103)	59
Derivatives and unpaid derivatives	369.216	(139.286)	229.930	391.229	(152.212)	239.017
Derivatives and unpaid derivatives (EUR)	2.355	(888)	1.466	2.176	(847)	1.330
Estimated netting effects due to collateral:			(115.454)			(120.204)
Fair value of Derivatives and unpaid derivatives net			114.476			118.813

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

- A derivative contract is accounted for as an asset if the total net position of all derivatives contract of the counterparty is in the bank's favor. Negative unpaid carrying value in the analysis of assets is therefore always counteracted by positive values of other contracts by the same counterparty.
- Provisions primarily reflect estimated creditworthiness of each counterparty but legal and valuation uncertainties are also taken into account.
 - The provision level is decided on a counterparty level, not a product level, and is reviewed regularly as the Bank progresses in the derivatives stream.

All amounts in table in mISK and mEUR

Investments in Subsidiaries

Investments in Subsidiaries – Development in H1 2010



- Investments in subsidiaries amounted to ISK 216,1bn at the end of H1 2010.
 - Unpledged positions amount to ISK 113,6bn and increased by ISK 86,4bn in H1 2010, driven by Kaupthing's equity stake in Arion Bank via Kaupskil ehf, which was not included in the Bank's asset valuation as at year end 2009.
 - Pledged positions amount to ISK 102,5bn and decreased by ISK 11,9bn in H1 2010
- FX changes amounting to approx. ISK 2,5bn have a negative impact on investments in subsidiaries as it is reported in ISK.
- Investments in subsidiaries are accounted for by an equity method where value is derived from subsidiaries net assets as at 30 June 2010 except for FIH which is shown as fully pledged against a loan with the ICB at the estimated value of the obligation at the reporting date. The estimated value has been reduced which contributes to the decrease in the value of the pledged positions.

Investments in subsidiaries	Total	Pledged	Unpledged	Unpledged	
	30.06.2010	30.06.2010	30.06.2010	31.12.2009	% change
Kaupskil ehf. (Arion Bank), Iceland	88.520	-	88.520	-	-
FIH Erhvervsbank A/S, Denmark	86.235	86.235	-	-	-
Kaupthing Mortgage Inst. Investor Fund, Iceland	16.216	16.216	-	-	-
Norvestia Oyj, Finland	7.525	-	7.525	8.776	-14,3%
NBS Diversified Credit Fund, UK	5.463	-	5.463	6.264	-12,8%
Kaupthing Sverige AB, Sweden	4.769	-	4.769	5.103	-6,5%
Kirna ehf., Iceland	4.123	-	4.123	3.557	15,9%
Other	3.263	-	3.263	3.576	-8,8%
Investments in subsidiaries	216.114	102.451	113.663	27.276	316,7%
Investments in subsidiaries (EUR)	1.378	653	725	152	377,8%

- Actual value increase in H1 2010 amounted to ISK 23bn, primarily due to increase in valuation of Arion Bank.
- On 18 September 2010 (event occurring after the date of the above valuation) the ICB entered into an agreement to sell the shares to an investor consortium. This claim against Kaupthing will be fully settled with this transaction and the ICB will not have a deficiency claim against Kaupthing in relation to this transaction.

All amounts in table in mISK and mEUR.

Other Assets



Development in H1 2010

- Other Assets amounts to ISK 2,5bn at fair value and ISK 42bn at carrying value at the end of H1 2010.
 - Other assets at fair value decreases by ISK 5bn in H1 2010
 - The decrease is mainly due to cash inflow in H1 2010 of ISK 4,5bn and negative FX changes of approx ISK 0,5bn.

Other Assets	Unpledged		% change
	30.06.2010	31.12.2009	
Accounts receivables	37.717	40.549	-7,0%
Sundry assets	4.264	4.003	6,5%
Other assets at carrying value	41.981	44.552	-5,8%
Provisions	(39.459)	(37.012)	
Other assets at fair value	2.522	7.540	-66,6%
Other assets (EUR)	16	42	-61,6%

All amounts in table in mISK and mEUR.



Liabilities

- the Claim Process -



- A formal process for the creditors of the Bank to file claims against the Bank began on 30 June 2009 and ended on 30 December 2009. The liabilities of the Bank are currently being determined through a formal process administered by the Winding-up Committee. Until the Winding-up Committee has taken decisions on all claims and disputes have been settled, the real and accurate amount of liabilities is uncertain.
- The estimated liability side fixed at 22 April 2009 was published by the Resolution Committee in the Bank's half year figures as at 30 June 2009. In the event there are discrepancies between the liabilities estimate presented by the Resolution Committee there and the accepted claims finally determined by the Winding-up Committee, the determination of the latter prevails.
- The total amount of claims in the claim registry as at 23 September 2010 is approx. ISK 6.442bn. Since the expiration of the time limit for lodging claims on 30 December 2009, the total amount of claims lodged has decreased by ISK 874 billion from the total of ISK 7.316 billion at that time. The aggregate amount of claims exceeds the Bank's liabilities as recognized in its balance sheet of 30 June 2009, ISK 4.129 billion.
- Priority and senior claims, lodged under article 109-113 amount as at 23 September 2010 to ISK 5.889bn compared to ISK 3.679bn as recognized in the Bank's balance sheet of 30 June 2009. The difference can in part be explained by claims lodged for deposits which the Bank has already repaid, significant amount of bond claims and some deposits claims lodged in duplicate or triplicate, and off-balance sheet items, such as claims for damages and guarantees. Furthermore, creditors generally lodge claims at maximum levels. The aforementioned claims add up to at least ISK 2.000bn.

Breakdown of Claims against the Bank under each Article and by Type



- As at 31 December 2009, total amount of lodged claims amounted to ISK 7,316bn.
- However, as at 23 September 2010 the total amount of claims had decreased to ISK 6.442bn.
- The table below shows amounts of claims by relevant article and type as at 23 September 2010.

Type	Art. 109	Art. 110	Art. 111	Art. 112	Art. 113	Art. 114	Total
Guarantees	1.287	-	114	152.709	144.160	1.358	299.628
Derivatives	26.862	8.728	13.865	118	434.489	18.867	502.929
Miscellaneous	26.226	1.539	0	12	143.057	1	170.834
Deposit Agreements	-	-	-	216.817	89.389	4.684	310.890
Deposits	1.700	-	-	8.312	35.835	31	45.878
Reimbursements	-	-	-	1.308	315	9	1.632
Loan Agreements	-	-	201.193	18	354.621	5.639	561.472
Invoices	159	731	-	70	2.621	251	3.832
Contracts	-	43.569	-	-	47.747	0	91.316
Damages	26.537	317.948	-	1.012	211.344	60.977	617.818
Bonds	9.080	-	102.012	12.601	3.245.600	461.150	3.830.443
Interests	87	0	48	4.957	634	92	5.818
Grand Total	91.936	372.515	317.231	397.934	4.709.814	553.060	6.442.491

- As at 23 September 2010, priority claims lodged under article 109-112, amounted to ISK 1.180bn. The total amount of priority claims against Kaupthing Bank is thus ISK 912bn lower than presented at the Creditors' Meeting on 18 May 2010, at which time they amounted to ISK 2.092bn.
- Included in the table above is approx. ISK 101bn claim from the ICB related to a EUR 500m loan granted in October 2008 with a security in FIH shares. On 18 September 2010, the CBI as a pledgee, entered into agreement to sell the shares in FIH. The CBI's claim against Kaupthing is fully settled with this transaction and the CBI will not have a deficiency claim against Kaupthing.
 - Thus, by completion of the transaction, priority claims will further decrease by ISK 101bn.



- Please note that the decisions made by the Winding-up Committee, summarized in the table below as at 23 September 2010, may not be final. Decisions are in many cases under dispute.

Decision	Art. 109	Art. 110	Art. 111	Art. 112	Art. 113	Art. 114	Total
Total claims as lodged	91.936	372.515	317.231	397.934	4.709.814	553.060	6.442.491
Adjusted amount*	69.924	383.667	237.238	378.503	4.820.099	553.060	6.442.491
Accepted	1	10.172	93.077	9	1.361.297	-	1.464.555
Rejected**	67.148	329.928	11.466	166.313	1.691.791	452.383	2.719.028
Decision postponed	2.775	43.568	132.696	212.182	1.767.010	100.677	2.258.907

- Included in the table above is ISK 101bn lodged claim (thereof ISK 93bn finally accepted) from the ICB related to a EUR 500m loan granted in October 2008 with a security in FIH shares.
 - As explained on the previous slide, priority claims under article 111 in the table above will decrease by ISK 93bn at the completion of the FIH sale.

*Adjusted amount is the total amount of all claims that decision is made on under respective Article, i.e. rejected, approved or postponed. The difference between it and total amount lodged is when the Winding-up Committee recognises a claim with different priority than claimed.

** Claims here under have been rejected or moved under Art. 114 (subordinated claims). With reference to the final sentence of the first paragraph of Article 119 of the Act on Bankruptcy, etc., No. 21/1991, no decision will be made on subordinate claims.

Claims accepted by the Winding-up Committee - Final Decision



- Final decisions* had been taken on ISK 361bn of claims as at 21 September 2010.
- The final amounts accepted amounts to ISK 96bn, a breakdown of accepted claims under each article can be seen below.

Type	Total amount accepted	Art. 109	Art. 110	Art. 111	Art. 112	Art. 113
Guarantees		-	-	-	-	-
Derivatives	474	-	-	-	-	474
Miscellaneous	1.585	-	-	-	-	1.585
Deposit Agreements	136	-	-	-	-	136
Deposits		-	-	-	-	-
Reimbursements		-	-	-	-	-
Loan Agreements	93.077	-	-	93.077	-	-
Invoices	323	-	-	-	-	323
Contracts		-	-	-	-	-
Damages	1	1	-	-	-	-
Bonds	68	-	-	-	-	68
Interests	795	-	-	-	-	795
Total accepted	96.457	1	-	93.077	-	3.380

* The Winding-up Committee's decision is deemed final if the creditor concerned accepts the Committee's decision on its claim and he or other creditors do not object to the decision, or if objections to the decision have been received too late.

Claims rejected by the Winding-up Committee - Final Decision



- Final decisions* had been taken on ISK 361bn of claims as at 21 September 2010.
- The final amounts rejected amounts to ISK 264bn, a breakdown of rejected claims under each article can be seen below.

Type	Total amount						
	rejected	Art. 109	Art. 110	Art. 111	Art. 112	Art. 113	Art. 114
Guarantees	37.271	-	-	-	35.999	-	1.272
Derivatives	-	-	-	-	-	-	-
Miscellaneous	32	5	4	-	11	12	-
Deposit Agreements	2	-	-	-	-	2	-
Deposits	1.723	-	-	-	548	1.172	3
Reimbursements	230	-	-	-	156	69	5
Loan Agreements	8.233	-	-	8.233	-	-	-
Invoices	339	-	4	-	8	112	215
Contracts	1	-	1	-	-	-	-
Damages	109	16	61	-	5	24	3
Bonds	213.911	4.978	-	253	179	100.079	108.422
Interests	2.452	65	-	46	447	1.832	63
Total rejected	264.303	5.064	70	8.532	37.353	103.302	109.983

* The Winding-up Committee's decision is deemed final if the creditor concerned accepts the Committee's decision on its claim and he or other creditors do not object to the decision, or if objections to the decision have been received too late.



- The valuation of total assets does not take fully into account the impact of set-off.
- The real and accurate amount of set-off claims finally accepted, remains uncertain until all claims have been recognized and disputes settled by the Winding-up Committee
- The Resolution Committee has independently reviewed the list of set-off claims provided by the Winding-up Committee and currently estimates that in addition to what has been incorporated in the valuation, additional set-off effects on an approximate, rough and preliminary basis of ISK 100 - 150 billion in total on the face value of the respective liabilities.
- The exact set-off effects on the assets and liabilities side may differ and the Resolution Committee estimates that the effects on the asset side will be substantially lower since some of the assets that are subject to set-off have already been impaired or provisioned for, i.e. valued lower on the asset side than on the liability side.
- It should also be stressed that this a rough estimate, put forward by the Resolution Committee and does not reflect the decisions of the Winding-up Committee on individual claims and as stated in the disclaimer may differ from the values set forth herein.
- The real and accurate amount of set-off claims accepted remains uncertain until recognized and disputes have been settled by the Winding-up Committee.
- Set-off impacts can make a material difference to overall creditor recoveries. Further information will be provided on this matter as it becomes available.



Operating Costs



- The table below sets out the operating costs of the Bank in H1 2010.
 - Operating costs of the Bank's operations, i.e. for the activities of both the Resolution Committee and the Winding-up Committee:

(mISK)	H1 2010
Salaries and salary related cost	325
ResCom and WuC	141
External advisors	2.407
- Domestic	511
- Foreign	1.896
Other expenses	395
VAT and other taxes	435
Total	3.703

- The annualized operating costs in H1 2010 were approx. 0.28% of the total carrying value of ISK 2.650bn as at the end of H1 2010.
- Salaries and salary related cost of the bank's employees and the cost related to the four members of the ResCom and three members of the WuC is fully covered by fee income.
- ISK 435 million, or 12% of the Bank's operating costs in the period, in the form of VAT and other taxes.
- The largest items in the external advisory costs are related to the activities of the Bank's financial advisor, forensic work conducted by the Inspection Committee and the settlement of the derivatives book.
- Other expenses include expenses related to IT services, housing, offices, custody services, travelling and other staff and administration items.



Appendix



FX Movements in H1 2010



■ For H1 2010

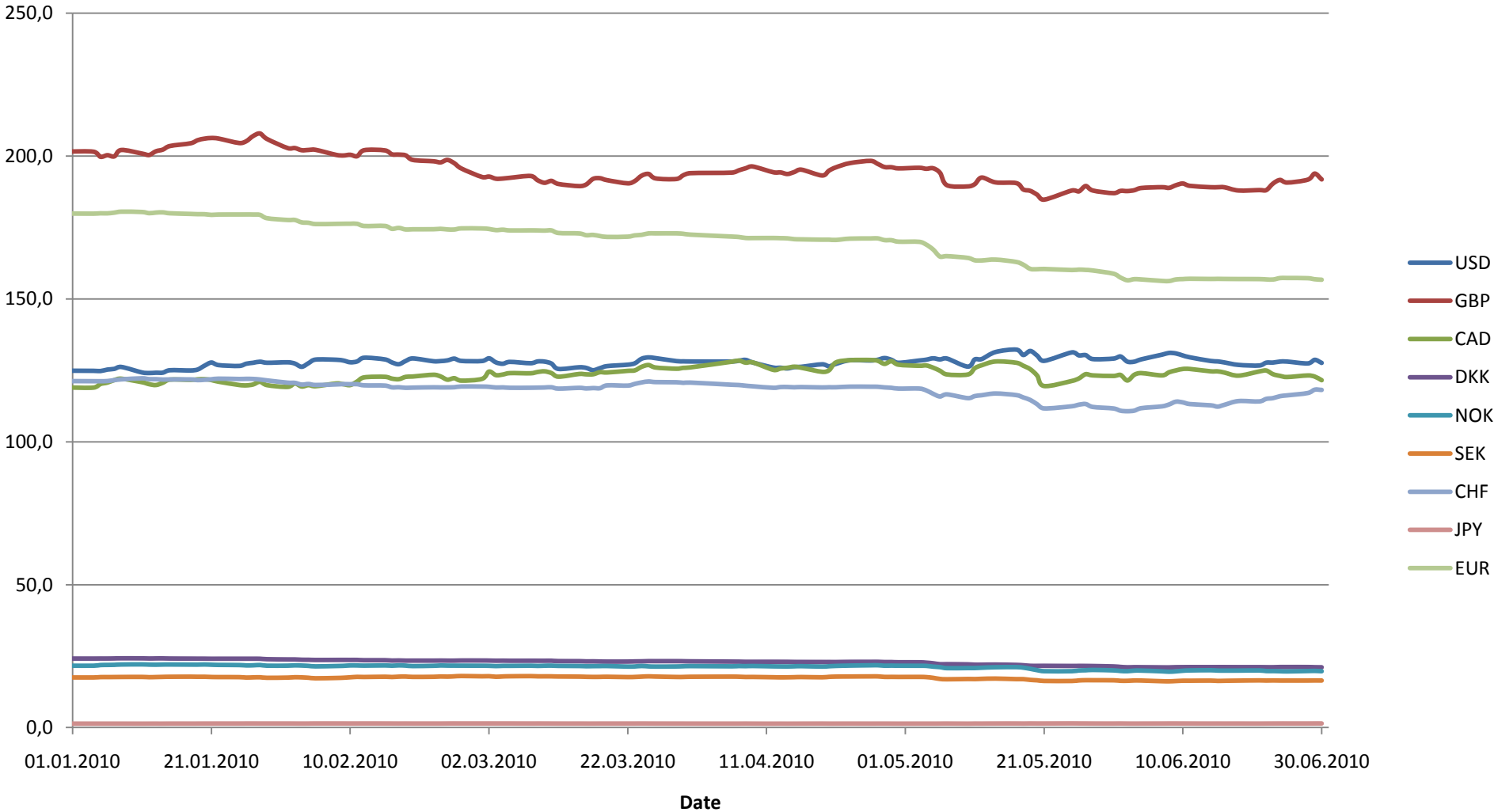
Date	USD	GBP	CAD	DKK	NOK	SEK	CHF	JPY	EUR
31.12.2009	125,43	202,65	119,74	24,16	21,63	17,54	121,18	1,35	179,78
30.06.2010	127,66	191,87	120,37	21,05	19,69	16,46	118,49	1,44	156,79

■ FX rates as at 30.06.2009 and 30.06.2010

Date	USD	GBP	CAD	DKK	NOK	SEK	CHF	JPY	EUR
30.06.2009	127,56	210,04	109,91	24,04	19,84	16,52	117,78	1,32	179,04
30.06.2010	127,66	191,87	120,37	21,05	19,69	16,46	118,49	1,44	156,79



ISK against major currencies





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