

SEPTEMBER 2014



INTERIM FINANCIAL STATEMENTS

1 JANUARY – 30 JUNE 2014

SUPPLEMENTARY MATERIAL

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- The various notes set out in the interim financial statements for the period from 1 January to 30 June 2014 published on Kaupthing's website, including but not limited to note 4 (Risk), applies to this presentation as well. Furthermore, interim financial statements for the period from 1 January to 30 June 2014 form part of this presentation.

OVERVIEW OF KAUPTHING'S INTERIM FINANCIAL STATEMENTS

- | | | | |
|---|---|----|--|
| 1 | OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS | 6 | SHARES AND INSTRUMENTS
WITH VARIABLE INCOME |
| 2 | CASH AT BANK | 7 | UNSETTLED DERIVATIVE RECEIVABLES |
| 3 | LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS | 8 | OTHER ASSETS |
| 4 | LOANS TO CUSTOMERS | 9 | LIABILITIES – THE CLAIMS PROCESS |
| 5 | BONDS AND DEBT INSTRUMENTS | 10 | OPERATING EXPENSES |

H1 2014 - OVERVIEW

- The interim financial statements of the Company for the period from 1 January to 30 June 2014 are unaudited.
- The Company's assets were valued at ISK 788.8 billion as at 30 June 2014, compared to ISK 778.1 billion at the end of 2013.
 - Real value of assets (measured by net impairment and fair value changes) increased by ISK 36.5 billion.
 - Negative foreign exchange effects amounted to ISK 12.9 billion
 - Payments in relation to priority claims amounted to ISK 2.6 billion.
- Cash at bank amounted to ISK 413.1 billion at the end of the period and decreased by ISK 5.4 billion or 1.3% in H1 2014. Measured in euros, Cash at bank increased by 40 million or 1.5%.
 - Total cash inflow during H1 2014, which amounted to ISK 13.6 billion, was mostly offset by (i) foreign exchange losses owing to the appreciation of the Icelandic krona amounting to ISK 11.0 billion.
- Total outstanding claims at the end of the period amounted to ISK 2,856.7 billion, decreased by ISK 22.6 billion in H1 2014.
 - Thereof, rejected disputed claims amounted to ISK 119.1 billion, decreased by ISK 16.1 billion in H1 2014.
- Total operating expenses in H1 2014 were ISK 2.7 billion decreased by ISK 0.2 billion or 6.9% compared to H1 2013.
- The Company has estimated its potential liabilities due to the bank tax in respect of the period from 1 January to 30 June 2014 could be ISK 5.0 billion, in total as at 30 June ISK 14.6 billion (2013: ISK 9.9 billion).
- Events after the balance sheet date, disclosure 33 in the financial statements.
 - The Company received an inquiry from the Icelandic Tax Authorities dated after the balance sheet date. The inquiry relates to purchase of foreign professional services and the Internal Revenue's interpretation on VAT legislation related to such purchased services. The inquiry is currently being processed by the Company.
 - A payment equivalent to ISK 37.0 billion was made into a custody account after the balance sheet date in relation to a late filed priority claim in dispute lodged against the Company in February 2014.
 - In August 2014 a claim was lodged against the Company under paragraph 3 of Art. 110 of the Bankruptcy Act, c.f. paragraph 5 of Art. 118 of the Bankruptcy Act, for a total amount of ISK 110 million. No decision has been made by the Winding-up Committee with respect to this late filed priority claim.
- The Company's reporting currency is the Icelandic krona. The Icelandic krona appreciated by 2.3% in the first half of 2014*

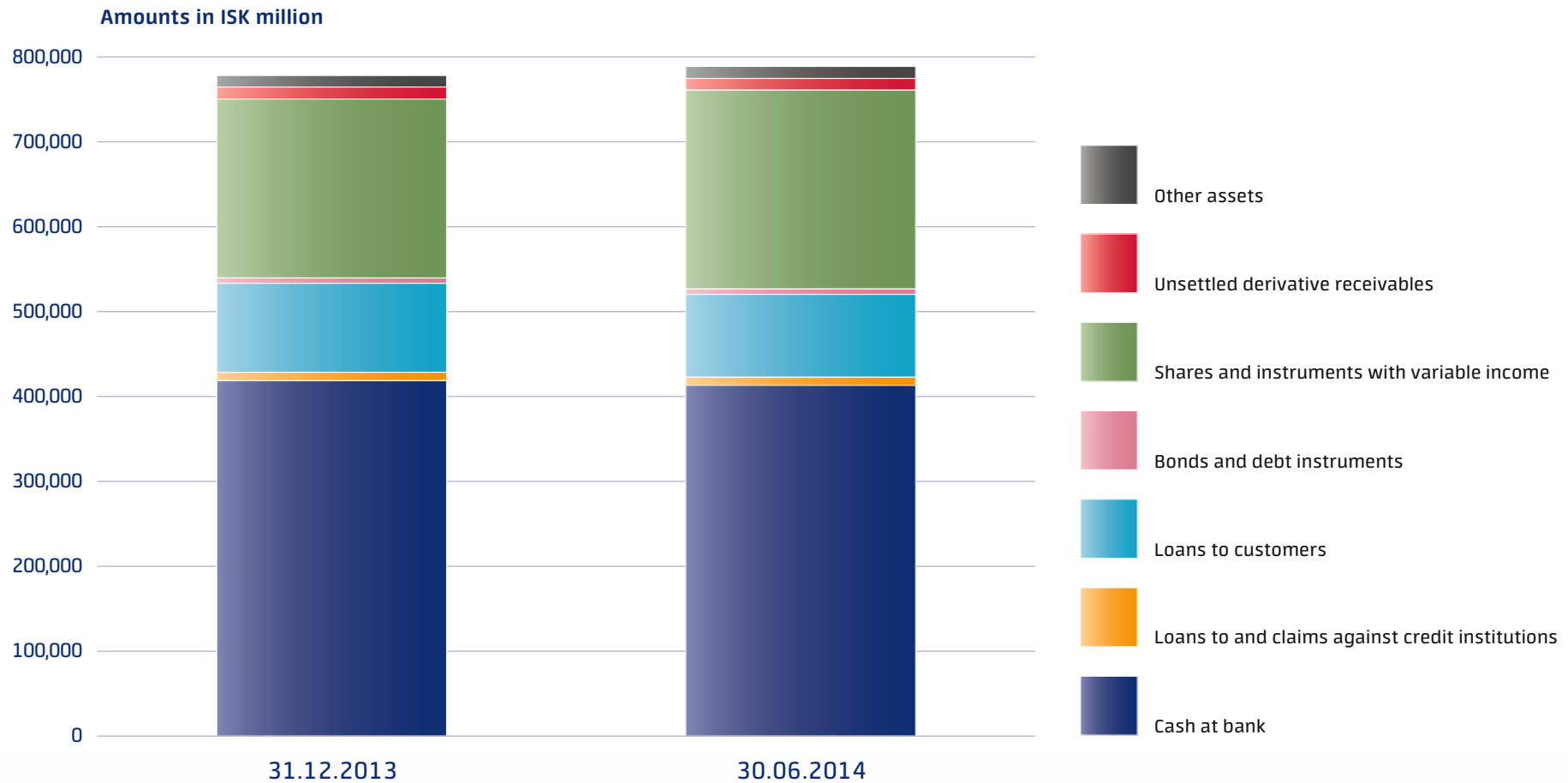
* As measured by the official exchange rate index published by the Central Bank of Iceland.

DEVELOPMENT OF ASSETS AND LIABILITIES IN H1 2014

Assets	ISK million			EUR million		
	30.6.2014	31.12.2013	% change	30.6.2014	31.12.2013	% change
Cash at bank	413,142	418,566	(1.3%)	2,681	2,641	1.5%
Loans to and claims against credit institutions	9,575	9,982	(4.1%)	62	63	(1.6%)
Loans to customers	97,579	104,781	(6.9%)	633	661	(4.2%)
Bonds and debt instruments	6,391	6,306	1.3%	42	40	5.0%
Shares and instruments with variable income	234,141	210,757	11.1%	1,519	1,330	14.2%
Unsettled derivative receivables	13,844	14,146	(2.1%)	90	89	1.1%
Other assets	14,139	13,544	4.4%	92	85	8.2%
Total assets	788,811	778,082	1.4%	5,119	4,909	4.3%
Liabilities						
Claims	2,856,707	2,878,725	(0.8%)	18,538	18,163	2.1%
Late filed priority claims in dispute - not paid into custody account	37,015	-	-	240	-	-
Bank tax	14,959	9,932	50.6%	97	63	54.1%
Other liabilities	1,370	1,171	17.0%	9	7	27.0%
Total liabilities	2,910,051	2,889,828	0.7%	18,884	18,234	3.6%
Equity	(2,121,240)	(2,111,746)	0.4%	(13,765)	(13,325)	3.3%
Total liabilities and equity	788,811	778,082	1.4%	5,119	4,909	4.3%

- The Company's assets were valued at ISK 788.8 billion at the end of the period. In addition the Company had at the end of the period, ISK 17.5 billion in a custody account to cover distributions on priority claims which are still in dispute.
- The value of the total assets increased in H1 2014 by ISK 10.7 billion or 1.4%. Measured in euros the value increased by 210 million or 4.3%.
- Potential negative effects of disputed set-off on the value of assets at the end of the period is estimated to be ISK 0-14 billion. Further information is provided in note 29 in the interim financial statements for the period from 1 January to 30 June 2014.

DEVELOPMENT OF ASSET BASE IN H1 2014



DEVELOPMENT OF ASSET BASE IN H1 2014

ISK billion	30.6.2014	Net principal payments	Miscellaneous* (reclassification, etc)	FX changes	Value changes**	31.12.2013	Interests, fees and dividends received in H1 2014
Cash at bank	413.1	4.3	-	(11.0)	1.2	418.6	1.2
Loans to and claims against credit institutions	9.6	-	-	(0.4)	-	10.0	-
Loans to customers	97.6	(6.2)	-	(1.2)	0.2	104.8	1.0
Bonds and debt instruments	6.4	(0.5)	-	(0.1)	0.7	6.3	0.2
Shares and instruments with variable income	234.1	-	0.2	(0.3)	23.5	210.8	1.2
Unsettled derivative receivables	13.8	(0.2)	(10.5)	0.3	10.1	14.1	-
Other assets	14.1	-	-	(0.2)	0.8	13.5	-
Total assets	788.8	(2.6)	(10.3)	(12.9)	36.5	778.1	3.6

* Miscellaneous includes assets released or retrieved as part of settlements (set-off), reclassification between asset classes and other items.

** Value changes include changes in fair value, net impairment and unpaid accrued interests.

ASSET CLASSIFICATION AND MEASUREMENT

ISK million	30.6.2014				
	Gross amount	Impairment	Amortised cost	Fair value	Total
Cash at bank	413,142	-	413,142	-	413,142
Loans to and claims against credit institutions	9,598	(23)	9,575	-	9,575
Loans to customers	1,150,925	(1,053,346)	97,579	-	97,579
Bonds and debt instruments	6,391	-	-	6,391	6,391
Shares and instruments with variable income	234,141	-	-	234,141	234,141
Unsettled derivative receivables	49,255	(35,411)	13,844	-	13,844
Other assets	139,487	(125,348)	14,139	-	14,139
Total assets	2,002,939	(1,214,128)	548,279	240,532	788,811
Total assets (mEUR)	12,998	(7,879)	3,558	1,561	5,119

BREAKDOWN OF ISK AND FX ASSETS

ISK million	ISK assets	FX from Icelandic counterparties	Total ISK assets and FX from Icelandic counterparties	FX from non-Icelandic counterparties	Total assets
Cash at bank	19,595	44,043	63,638	349,504	413,142
Loans to and claims against credit institutions	-	-	-	9,575	9,575
Loans to customers	855	108	963	96,616	97,579
Bonds and debt instruments	3,977	-	3,977	2,414	6,391
Shares and instruments with variable income	137,176	9,055	146,231	87,910	234,141
Unsettled derivative receivables	652	-	652	13,192	13,844
Other assets	306	10,020	10,326	3,813	14,139
Total assets 30.6.2014	162,561	63,226	225,787	563,024	788,811
Total assets 30.6.2014 (mEUR)	1,055	410	1,465	3,654	5,119
% of Total assets 30.6.2014			29%	71%	
Total assets 31.12.2013	147,774	62,562	210,336	567,746	778,082
Total assets 31.12.2013 (mEUR)	932	395	1,327	3,582	4,909
% of Total assets 31.12.2013			27%	73%	

- The table above shows a breakdown of (a) assets in Icelandic krona, (b) all assets in foreign currency where counterparties are domiciled in Iceland and (c) all assets in foreign currency where counterparties are domiciled outside of Iceland.
- The category “FX from Icelandic counterparties” contains i.a. exposure to other Icelandic companies that own mainly foreign assets and are subject to winding-up procedures in Iceland or are otherwise being wound down. These assets may not ultimately be monetized in foreign currencies and any future cash flow from these assets may be subject to exemptions and conditions set forth by the Central Bank of Iceland or other Icelandic authorities. Further information is provided in note 4 in the interim financial statements for the period from 1 January to 30 June 2014.

CURRENCY BREAKDOWN OF ASSETS

ISK million	GBP	EUR	ISK	SEK	USD	NOK	Other	Total
Cash at bank	80,177	120,964	19,595	89,484	45,235	43,120	14,567	413,142
Loans to and claims against credit institutions	-	287	-	5,743	406	-	3,139	9,575
Loans to customers	58,270	19,710	855	10,151	7,942	37	614	97,579
Bonds and debt instruments	-	864	3,977	-	1,550	-	-	6,391
Shares and instruments with variable income	64,209	26,702	137,176	2,045	3,538	403	68	234,141
Unsettled derivative receivables	-	12,742	652	-	450	-	-	13,844
Other assets	55	10,066	306	3,691	17	4	-	14,139
Total assets 30.6.2014	202,711	191,335	162,561	111,114	59,138	43,564	18,388	788,811
Total assets 30.6.2014 (mEUR)	1,315	1,242	1,055	721	384	283	119	5,119
% of Total assets 30.6.2014	25.70%	24.26%	20.61%	14.09%	7.50%	5.52%	2.33%	
Total assets 31.12.2013	193,749	193,265	147,774	120,173	59,532	44,720	18,869	778,082
Total assets 31.12.2013 (mEUR)	1,223	1,219	932	758	376	282	119	4,909
% of Total assets 31.12.2013	24.90%	24.84%	18.99%	15.44%	7.65%	5.75%	2.43%	

CURRENCY TABLE

The exchange rate of major currencies against the Icelandic krona during 2013 and the first half of 2014.



	30.6.2014	31.12.2013	31.12.2012
AUD	106.08	102.94	133.00
CAD	105.46	108.33	128.51
CHF	126.91	129.24	139.91
DKK	20.67	21.25	22.64
EUR	154.10	158.49	168.89
GBP	192.53	190.68	208.18
JPY	1.11	1.09	1.48
NOK	18.36	18.95	23.01
SEK	16.83	17.90	19.67
USD	112.58	115.09	128.09

Foreign exchange rates are based on Reuters foreign exchange rates at 16:30 on the respective dates.

CASH AT BANK

- 1 OVERVIEW OF KAUPTHING'S INTERIM FINANCIAL STATEMENTS
- 2 **CASH AT BANK**
- 3 LOANS TO AND CLAIMS AGAINST CREDIT INSTITUTIONS
- 4 LOANS TO CUSTOMERS
- 5 BONDS AND DEBT INSTRUMENTS
- 6 SHARES AND INSTRUMENTS WITH VARIABLE INCOME
- 7 UNSETTLED DERIVATIVE RECEIVABLES
- 8 OTHER ASSETS
- 9 LIABILITIES – THE CLAIMS PROCESS
- 10 OPERATING EXPENSES

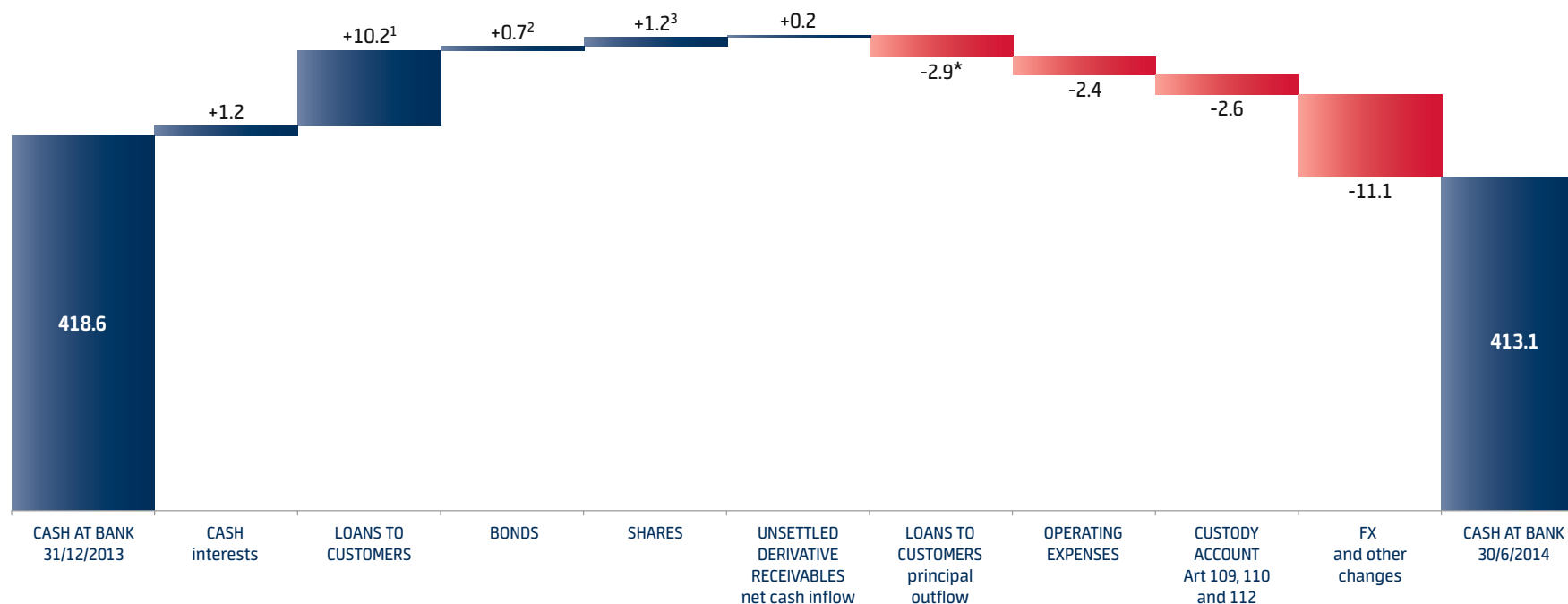
CASH AT BANK

– DEVELOPMENTS IN H1 2014

- Kaupthing's cash reserves amounted to ISK 413.1 billion, decreased by ISK 5.5 billion or 1.3% in H1 2014. Measured in euros the cash reserves increased by 40 million or 1.5%.
 - Main factors contributing to increase in Cash at bank in H1 2014:
 - Inflow related to Loans to customers of ISK 10.1 billion.*
 - Inflow related to Shares of ISK 1.2 billion.
 - Inflow related to interest on Cash of ISK 1.2 billion.
 - Inflow related to Bonds and debt instruments of ISK 0.7 billion.
 - Main factors contributing to decrease in Cash at bank in H1 2014:
 - Foreign exchange losses of ISK 11.0 billion.
 - Asset support in Loans to customers, ISK 2.9 billion.*
 - Payments into a custody account in relation to disputed priority claims under Art. 109, 110 and 112 of the Bankruptcy Act. amounted to ISK 2.6 billion.
 - Paid operating expenses in 2013 of ISK 2.4 billion.

* Note that Kaupthing has outstanding revolving credit facilities which are drawn and repaid in the ordinary course of business and which are both reflected in "Loans to customers – principal outflow" and "Loans to customers – principal repayments". Majority of principal outflow is due to such revolving credit facilities and to a great extent a corresponding amount is also shown among principal repayments.

CASH FLOW IN H1 2014



- 1** 1 Loans to customers = ISK 7.3 billion: Principal payments (9.2), interest payments (0.9), fee income (0.1) and principal outflow (-2.9)
- 2** 2 Bonds = ISK 0.7 billion: Principal payments (0.5) and interest payments (0.2)
- 3** 3 Shares = ISK 1.2 billion: Dividend payments (1.2)

* Note that Kaupthing has outstanding revolving credit facilities which are drawn and repaid in the ordinary course of business and which are both reflected in "Loans to customers – principal outflow" and "Loans to customers – principal repayments". Majority of principal outflow is due to such revolving credit facilities and to a great extent a corresponding amount is also shown among principal repayments.

All amounts in ISK billion.

CASH AT BANK – MATURITY AND GEOGRAPHY BREAKDOWN

ISK million	30.6.2014			31.12.2013		
	Iceland	Other	Total	Iceland	Other	Total
Cash at bank specified by geographical location						
Non ISK	44,043	349,504	393,547	44,848	353,550	398,398
ISK	19,595	-	19,595	20,168	-	20,168
Cash at bank	63,638	349,504	413,142	65,016	353,550	418,566
Cash at bank (mEUR)	413	2,268	2,681	410	2,231	2,641

ISK million	30.6.2014				31.12.2013
	Within 1 month	From 1 to 3 months	From 3 to 6 months	Total	Total
Cash at bank specified by currency and maturity					
EUR	42,630	70,015	8,319	120,964	122,232
SEK	39,338	41,904	8,242	89,484	97,294
GBP	46,020	4,005	30,152	80,177	73,825
USD	23,006	19,920	2,309	45,235	45,863
NOK	852	35,007	7,261	43,120	44,271
ISK	4,111	15,484	-	19,595	20,168
Other	5,891	-	8,676	14,567	14,913
Cash at bank	161,848	186,335	64,959	413,142	418,566
Cash at bank (mEUR)	1,050	1,209	422	2,681	2,641

- The Company's cash holdings are subject to Icelandic capital controls. Certain cross-border transactions require pre-approval of the Central Bank of Iceland, whilst other transactions are subject to reporting requirements to the Central Bank of Iceland.

CASH AT BANK – CURRENCY BREAKDOWN

ISK million Cash at bank	30.6.2014		31.12.2013		Change in currency	Change in currency (%)	Change in ISK	Change in ISK (%)
	Currency	ISK	Currency	ISK				
EUR	785	120,964	771	122,232	14	1.8%	(1,268)	(1.0%)
SEK	5,316	89,484	5,436	97,294	(120)	(2.2%)	(7,810)	(8.0%)
GBP	416	80,177	387	73,825	29	7.5%	6,352	8.6%
USD	402	45,235	399	45,863	3	0.8%	(628)	(1.4%)
NOK	2,349	43,120	2,336	44,271	13	0.6%	(1,151)	(2.6%)
ISK	19,595	19,595	20,168	20,168	(573)	(2.8%)	(573)	(2.8%)
Other	-	14,567	-	14,913	-	-	(346)	(2.3%)
Cash at bank		413,142		418,566				
Cash at bank (mEUR)		2,681		2,641				

- The interest yielded on Cash at bank in H1 2014 amounted to ISK 1.2 billion.

LOANS TO AND CLAIMS AGAINST CREDIT INSTITUTIONS

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|---|--|----|--|
| 1 | OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS | 6 | SHARES AND INSTRUMENTS
WITH VARIABLE INCOME |
| 2 | CASH AT BANK | 7 | UNSETTLED DERIVATIVE RECEIVABLES |
| 3 | LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS | 8 | OTHER ASSETS |
| 4 | LOANS TO CUSTOMERS | 9 | LIABILITIES – THE CLAIMS PROCESS |
| 5 | BONDS AND DEBT INSTRUMENTS | 10 | OPERATING EXPENSES |

LOANS TO AND CLAIMS AGAINST CREDIT INSTITUTIONS

ISK million	2014 1.1.-30.6	2013 1.1.-31.12
Developments		
1 January	9,982	22,380
Matured long term deposits	-	(10,031)
Principal payments	-	(767)
Net impairment	-	227
FX impact	(430)	(1,905)
Other changes	23	78
30 June / 31 December	9,575	9,982

ISK million	30.6.2014	31.12.2013
Specified by types		
Cash collateral held with banks against guarantees	5,781	6,118
Restricted bank accounts	3,018	-
Frozen/emptied bank accounts	982	4,095
Other loans and claims	232	238
Loans to and claims against credit institutions before set-off against counterclaims	10,013	10,451
Subject to set-off	(438)	(469)
Loans to and claims against credit institutions after set-off	9,575	9,982
Loans to and claims against credit institutions after set-off (mEUR)	62	63

- Loans to and claims against credit institutions amounted to ISK 9.6 billion, decreased by ISK 0.4 billion or 4.1% in H1 2014. Measured in euros the decrease was 1 million or 1.6%.
 - Restricted bank accounts amounted to ISK 3.0 billion and consist of previously frozen bank accounts which have been released by the counterparties but are still not in Kaupthing's control.
 - Frozen/emptied bank accounts are comprised of 5 accounts in 5 jurisdictions. The amounts range from ISK 14 million to ISK 406 million. The 3 largest accounts comprise 86% of the value.

LOANS TO CUSTOMERS

- 1 OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS
- 2 CASH AT BANK
- 3 LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS
- 4 LOANS TO CUSTOMERS**
- 5 BONDS AND DEBT INSTRUMENTS
- 6 SHARES AND INSTRUMENTS
WITH VARIABLE INCOME
- 7 UNSETTLED DERIVATIVE RECEIVABLES
- 8 OTHER ASSETS
- 9 LIABILITIES – THE CLAIMS PROCESS
- 10 OPERATING EXPENSES

LOANS TO CUSTOMERS

ISK million	2014 1.1.-30.6	2013 1.1.-31.12
Developments		
1 January	104,781	146,086
Principal payments	(9,181)	(36,564)
Interest payments	(909)	(4,089)
Principal outflow / RCF	2,939	2,555
Interest income	2,818	3,980
Net impairment	(1,673)	4,411
Other changes	(20)	27
FX impact	(1,176)	(11,625)
30 June/31 December	97,579	104,781

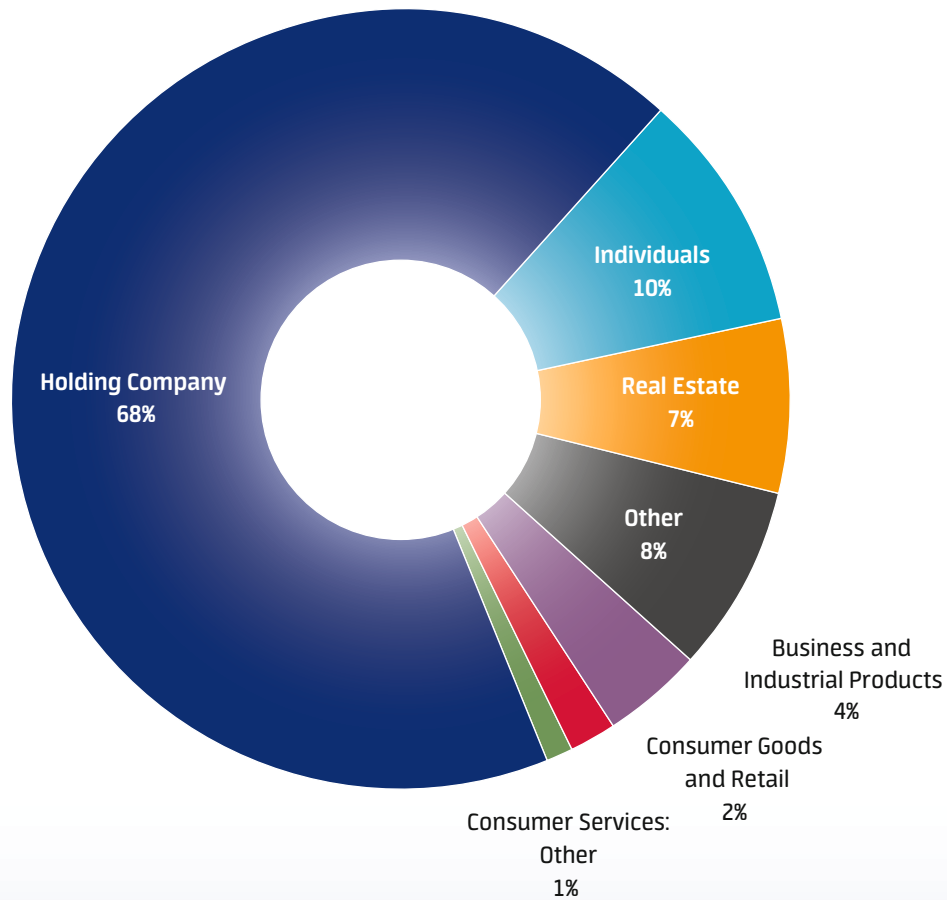
- Loans to customers are valued at ISK 97.6 billion and decreased by ISK 7.2 billion or 6.9% in H1 2014. Measured in euros the decrease was 28 million or 4.2%.
- Paid in kind (PIK) interest earned during the period amount to ISK 1.2 billion.
- Fee income received amounts to ISK 0.1 billion.

ISK million	30.6.2014			31.12.2013		
Specified by portfolios	Gross amount	Amortised cost	% of gross amount	Gross amount	Amortised cost	% of gross amount
Operating loan portfolio	179,590	76,083	42.4%	193,419	83,418	43.1%
NOA loan portfolio	971,335	21,496	2.2%	984,190	21,363	2.2%
Loans to customers	1,150,925	97,579	8.5%	1,177,609	104,781	8.9%
Loans to customers (mEUR)	7,469	633	8.5%	7,430	661	8.9%

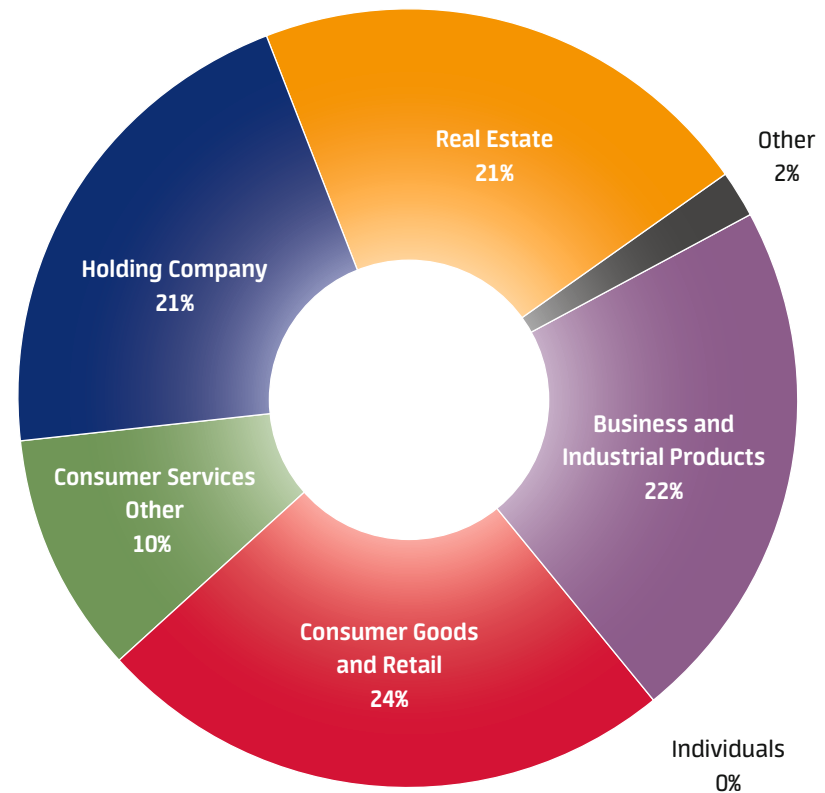
Loans to customers are divided into two sub-portfolios due to the way the Company organises the management of its assets. "Operating loan portfolio" which is predominantly made up of loans to borrowers with underlying operating businesses, and the "NOA loan portfolio" which is made up of loans to borrowers with little or no underlying business operations. The Operating loan portfolio is comprised of the Nordic and Europe portfolios.

LOANS TO CUSTOMERS – BREAKDOWN BY SECTOR

Gross amount



Amortised cost



LOANS TO CUSTOMERS – BREAKDOWN BY SECTOR

ISK million	30.06.2014			31.12.2013		
	Gross amount	Amortised cost	% of gross amount	Gross amount	Amortised cost	% of gross amount
Operating loan portfolio						
Consumer Goods and Retail	29,845	23,032	77.2%	33,269	21,190	63.7%
Business and Industrial Products	43,364	21,547	49.7%	44,706	24,669	55.2%
Real Estate	51,674	20,926	40.5%	55,214	22,531	40.8%
Consumer Services: Other	10,100	9,848	97.5%	15,180	14,118	93.0%
Holding Company	37,430	42	0.1%	37,308	55	0.1%
Individuals	2,775	-	-	2,964	77	2.6%
Other	4,402	688	15.6%	4,778	778	16.3%
Loans to customers - Operating loan portfolio	179,590	76,083	42.4%	193,419	83,418	43.1%
Loans to customers - Operating loan portfolio (mEUR)	1,165	494	42.4%	1,220	526	43.1%
ISK million	30.06.2014			31.12.2013		
	Gross amount	Amortised cost	% of gross amount	Gross amount	Amortised cost	% of gross amount
NOA loan portfolio						
Holding Company	742,439	20,570	2.8%	752,638	20,343	2.7%
Individuals	115,921	174	0.2%	117,406	207	0.2%
Real Estate	25,845	-	0.0%	25,596	-	0.0%
Other	87,130	752	0.9%	88,550	813	0.9%
Loans to customers - NOA loan Portfolio	971,335	21,496	2.2%	984,190	21,363	2.2%
Loans to customers - NOA loan portfolio (mEUR)	6,303	139	2.2%	6,210	135	2.2%
Loans to customers	1,150,925	97,579	8.5%	1,177,609	104,781	8.9%
Loans to customers (mEUR)	7,469	633	8.5%	7,430	661	8.9%

LOANS TO CUSTOMERS – BREAKDOWN BY GEOGRAPHY

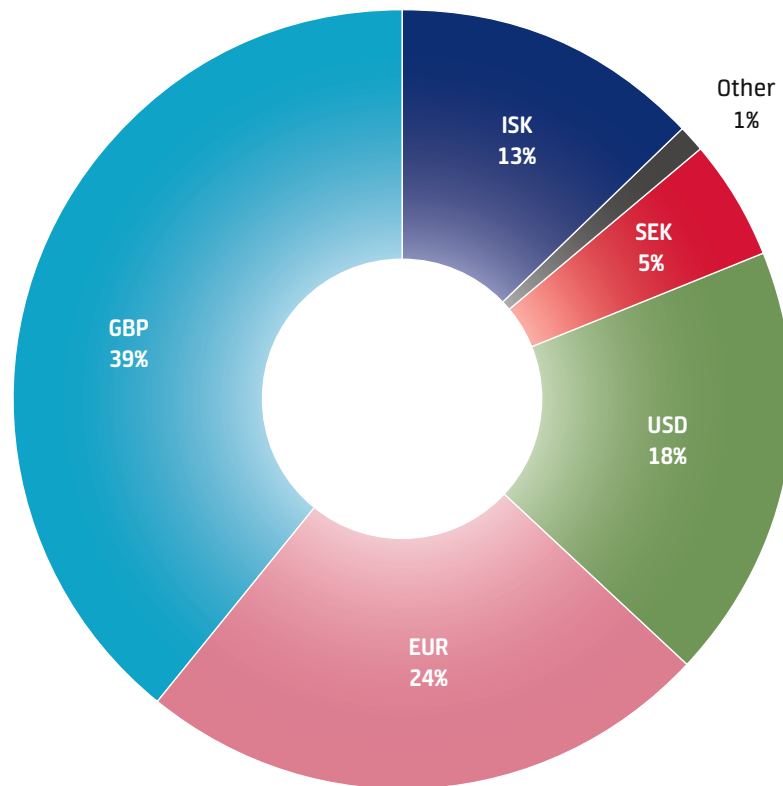
ISK million	30.06.2014			31.12.2013		
	Gross amount	Amortised cost	% of gross amount	Gross amount	Amortised cost	% of gross amount
Operating loan portfolio						
Scandinavia*	106,894	28,852	27.0%	109,251	32,864	30.1%
UK**	53,416	36,137	67.7%	63,162	38,683	61.2%
Other	19,280	11,094	57.5%	21,006	11,871	56.5%
Loans to customers - Operating loan portfolio	179,590	76,083	42.4%	193,419	83,418	43.1%
Loans to customers - Operating loan portfolio (mEUR)	1,165	494	42.4%	1,220	526	43.1%
ISK million	30.06.2014			31.12.2013		
	Gross amount	Amortised cost	% of gross amount	Gross amount	Amortised cost	% of gross amount
NOA loan portfolio						
Scandinavia*	22,450	855	3.8%	26,145	536	2.1%
UK**	620,799	20,641	3.3%	622,991	20,827	3.3%
Other	328,086	-	-	335,054	-	-
Loans to customers - NOA loan Portfolio	971,335	21,496	2.2%	984,190	21,363	2.2%
Loans to customers - NOA loan portfolio (mEUR)	6,303	139	2.2%	6,210	135	2.2%
Loans to customers	1,150,925	97,579	8.5%	1,177,609	104,781	8.9%
Loans to customers (mEUR)	7,469	633	8.5%	7,430	661	8.9%

* Scandinavia includes Denmark, Finland, Norway, Sweden, Iceland and Faroe Islands.

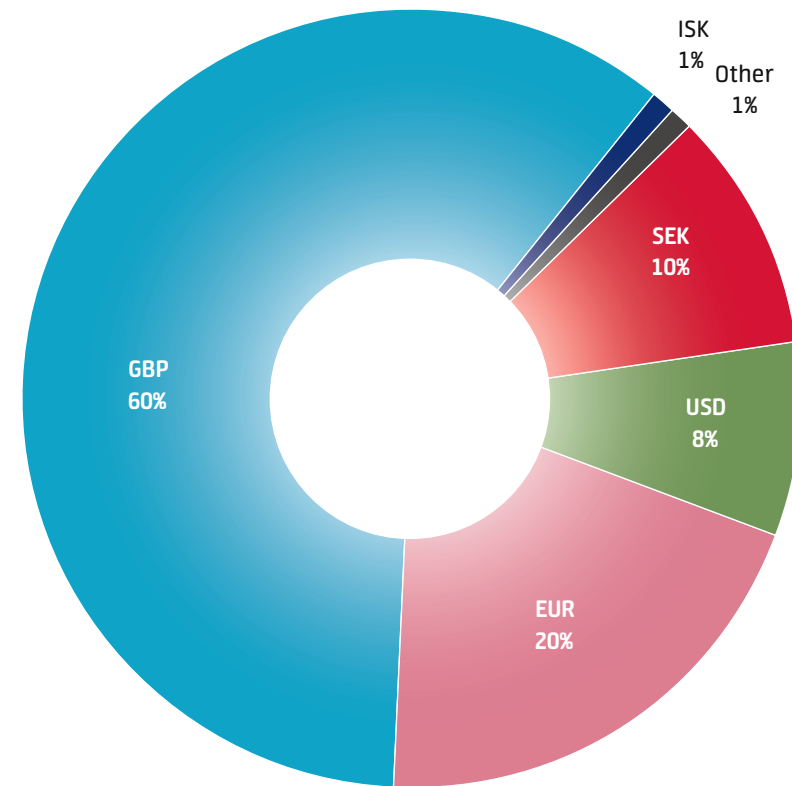
** UK includes UK overseas territories and Crown dependencies.

LOANS TO CUSTOMERS – BREAKDOWN BY CURRENCY

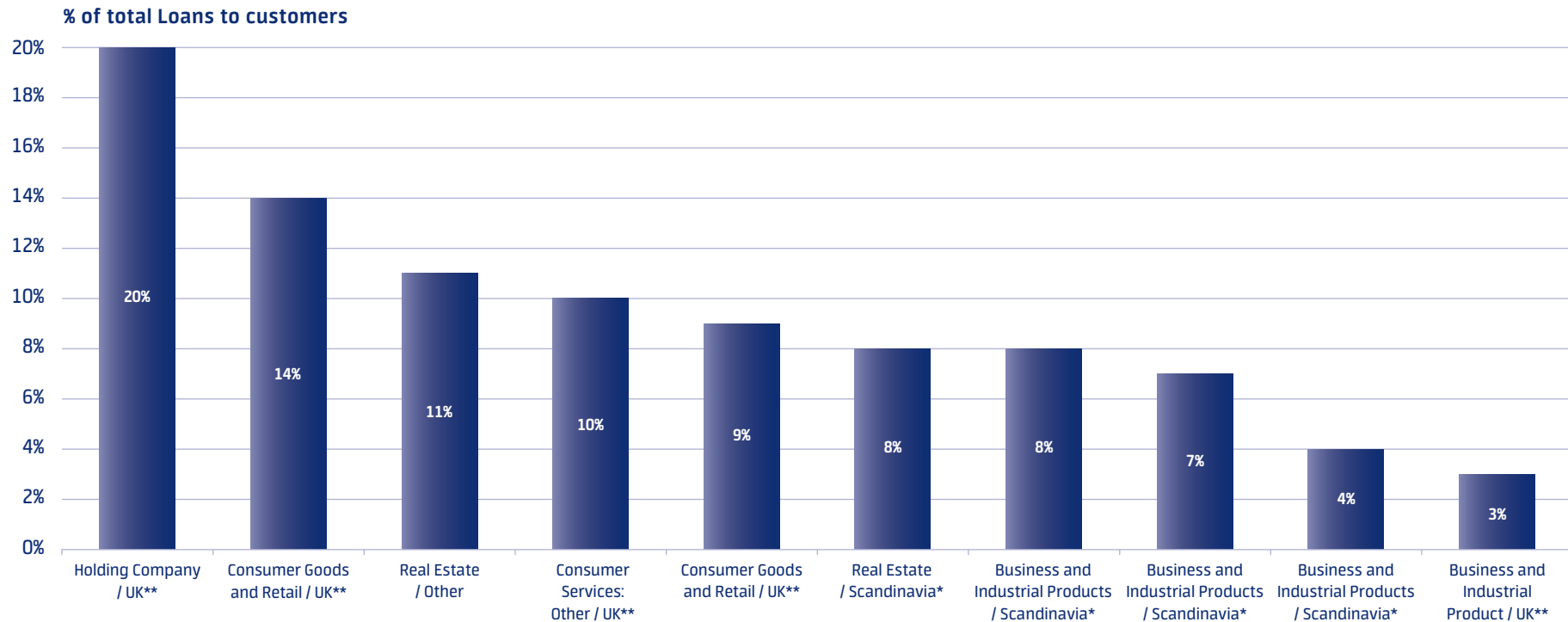
Gross amount



Amortised cost



TEN LARGEST LOANS TO CUSTOMERS – SECTOR AND GEOGRAPHICAL LOCATION



Ten largest Loans to customers by sector and geographical location at amortised cost add up to 94% of total Loans to customers as at 30 June 2014.

* Scandinavia includes Denmark, Finland, Norway, Sweden, Iceland and Faroe Islands.

** UK includes UK overseas territories and Crown dependencies.

BONDS AND DEBT INSTRUMENTS

- 1 OVERVIEW OF KAUPTHING'S INTERIM FINANCIAL STATEMENTS
- 2 CASH AT BANK
- 3 LOANS TO AND CLAIMS AGAINST CREDIT INSTITUTIONS
- 4 LOANS TO CUSTOMERS
- 5 **BONDS AND DEBT INSTRUMENTS**
- 6 SHARES AND INSTRUMENTS WITH VARIABLE INCOME
- 7 UNSETTLED DERIVATIVE RECEIVABLES
- 8 OTHER ASSETS
- 9 LIABILITIES – THE CLAIMS PROCESS
- 10 OPERATING EXPENSES

BONDS AND DEBT INSTRUMENTS

ISK million	2014	2013
Developments	1.1.-30.6	1.1.-31.12
1 January	6,306	7,874
Bonds received	-	1,284
Principal payments	(489)	(4,333)
Fair value changes	630	1,632
FX impact	(56)	(151)
30 June/31 December	6,391	6,306

ISK million	30.6.2014	31.12.2013
Specified by sectors		
Holding Companies	3,955	3,686
Financial Services	921	970
Governments - listed	821	849
Energy and Environment	694	801
Bonds and debt instruments	6,391	6,306
Bonds and debt instruments (mEUR)	42	40

- Bonds and debt instruments are valued at ISK 6.4 billion and increased by ISK 0.1 billion or 1.3% in H1 2014. Measured in euros the increase was 2.0 million or 5.0%.
- Interest payments received amounted to ISK 0.2 billion.

SHARES AND INSTRUMENTS WITH VARIABLE INCOME

- | | | | |
|---|---|----|--|
| 1 | OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS | 6 | SHARES AND INSTRUMENTS
WITH VARIABLE INCOME |
| 2 | CASH AT BANK | 7 | UNSETTLED DERIVATIVE RECEIVABLES |
| 3 | LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS | 8 | OTHER ASSETS |
| 4 | LOANS TO CUSTOMERS | 9 | LIABILITIES – THE CLAIMS PROCESS |
| 5 | BONDS AND DEBT INSTRUMENTS | 10 | OPERATING EXPENSES |

SHARES AND INSTRUMENTS WITH VARIABLE INCOME

ISK million	2014	2013
Developments	1.1.-30.6	1.1.-31.12
1 January	210,757	200,564
Capital injection and new shares	241	71
Realisation of equity stakes	(49)	(60)
Fair value changes	23,512	16,251
FX impact	(320)	(6,069)
30 June/31 December	234,141	210,757

ISK million	30.6.2014	31.12.2013
Shares and instruments with variable income		
Listed	12,075	12,686
Unlisted	222,066	198,071
Shares and instruments with variable income	234,141	210,757
Shares and instruments with variable income (mEUR)	1,519	1,330

- Shares and instruments with variable income are valued at ISK 234.1 billion and increased by ISK 23.3 billion or 11.1% in H1 2014. Measured in euros the increase was 189 million or 14.2%.
- Dividend payments in this asset class amounted to ISK 1.2 billion in H1 2014. In addition to dividend payments made to Kaupthing, Arion Bank made a dividend payment to Kaupskil amounting to ISK 6.8 billion in H1 2014.

SHARES AND INSTRUMENTS WITH VARIABLE INCOME

ISK million		
Specified by sectors	30.6.2014	31.12.2013
Financial Services	150,087	137,759
Real Estate	49,078	43,719
Holding Company	13,210	12,742
Consumer Goods and Retail	14,044	8,250
Consumer Services: Other	2,888	2,879
Life Sciences	2,113	2,169
Energy and Environment	1,994	1,783
Other	727	1,456
Shares and instruments with variable income	234,141	210,757
Shares and instruments with variable income (mEUR) ...	1,519	1,330

The Company indirectly owns 87% of the equity in Arion Bank through its intermediate holding company Kaupskil ehf. Kaupskil's ownership in Arion Bank is accounted for at fair value and where the fair value of each share held in Arion Bank corresponds to its book value.

The Company holds 32.7% of the outstanding shares in Norvestia Oyj in listed B-shares and unlisted A-shares and controls 56% of the votes. Norvestia Oyj is accounted for at fair value in accordance with Asset valuation method for shares and instruments with variable income under category 3 (further described in note 34 in the interim financial statements) where Norvestia's comparison is made with the way that closed end equity funds would report to their investors.

UNSETTLED DERIVATIVE RECEIVABLES

- | | | | |
|---|---|----|--|
| 1 | OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS | 6 | SHARES AND INSTRUMENTS
WITH VARIABLE INCOME |
| 2 | CASH AT BANK | 7 | UNSETTLED DERIVATIVE RECEIVABLES |
| 3 | LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS | 8 | OTHER ASSETS |
| 4 | LOANS TO CUSTOMERS | 9 | LIABILITIES – THE CLAIMS PROCESS |
| 5 | BONDS AND DEBT INSTRUMENTS | 10 | OPERATING EXPENSES |

UNSETTLED DERIVATIVE RECEIVABLES

ISK million		
Developments	2014 1.1.-30.6	2013 1.1.-31.12
1 January	14,146	20,698
Principal payments	(203)	(3,544)
Net impairment	10,091	1,680
Set-off, short term receivables and other changes	(10,490)	(3,652)
FX impact	300	(1,036)
30 June/31 December	13,844	14,146

ISK million		
Unsettled derivative receivables	30.6.2014	31.12.2013
Unsettled derivative receivables before set-off	14,321	21,323
Subject to set-off	(477)	(7,177)
Unsettled derivative receivables after set-off	13,844	14,146
Unsettled derivative receivables after set-off (mEUR) ...	90	89

- Unsettled derivative receivables consist of claims against counterparties in relation to matured or terminated derivative trades, are valued at ISK 13.8 billion and decreased by ISK 0.3 billion or 2.1% in H1 2014. Measured in euros the increase was 1 million or 1.1%.
- As at 30 June 2014 there were 14 unsettled derivative receivables compared to 22 at 31 December 2013
- Disputed set-off may affect this asset class.

UNSETTLED DERIVATIVE RECEIVABLES

- Impairment primarily reflect estimated creditworthiness valuation difference and legal risk of each counterparty. The impairment level is decided on a counterparty level and not on a product level.

ISK million		30.06.2014		31.12.2013	
Unsettled derivative receivables		Gross amount	Amortised cost	Gross amount	Amortised cost
ISDA counterparties					
Unsettled derivative receivables, before set-off against counterclaims		13,645	13,645	20,809	20,724
Subject to set-off		(453)	(453)	(7,238)	(7,153)
Unsettled derivative receivables, after set-off		13,192	13,192	13,571	13,571
Non-ISDA counterparties					
Unsettled derivative receivables, before set-off against counterclaims		5,120	676	5,227	599
Subject to set-off		(24)	(24)	(30)	(24)
Unsettled derivative receivables, after set-off		5,096	652	5,197	575
NOA counterparties*					
Unsettled derivative receivables		30,967	-	30,669	-
Unsettled derivative receivables before set-off		49,732	14,321	56,705	21,323
Unsettled derivative receivables after set-off		49,255	13,844	49,437	14,146
Unsettled derivative receivables after set-off (mEUR)		320	90	312	89

* NOA counterparties relate to unsettled derivative receivables which are connected to NOA Loans to customers.

OTHER ASSETS

- 1 OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS
- 2 CASH AT BANK
- 3 LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS
- 4 LOANS TO CUSTOMERS
- 5 BONDS AND DEBT INSTRUMENTS
- 6 SHARES AND INSTRUMENTS
WITH VARIABLE INCOME
- 7 UNSETTLED DERIVATIVE RECEIVABLES
- 8 **OTHER ASSETS**
- 9 LIABILITIES – THE CLAIMS PROCESS
- 10 OPERATING EXPENSES

OTHER ASSETS

ISK million	2014 1.1.-30.6	2013 1.1.-31.12
Developments		
1 January	13,544	31,572
Net cash (outflow) inflow	6	(18,446)
Net impairment	817	(971)
Set-off and other changes	(5)	1,819
FX impact	(223)	(430)
30 June/31 December	14,139	13,544

ISK million	30.6.2014	31.12.2013
Specified by types		
Accounts receivables	3,720	3,985
Claims on bankrupt entities	9,465	9,302
Sundry assets	954	2,501
Other assets before set-off against counterclaims ...	14,139	15,788
Subject to set-off	-	(2,244)
Other assets after set-off against counterclaims	14,139	13,544
Other assets after set-off against counterclaims (mEUR)	92	85

ISK million	30.6.2014	31.12.2013
Other assets after set-off		
Gross amount	139,487	141,569
Impairment	(125,348)	(128,025)
Amortised cost	14,139	13,544
Amortised cost (mEUR)	92	85

- Other assets are valued at ISK 14.1 billion and increased by ISK 0.6 billion or 4.4% in H1 2014. Measured in euros the increase was 7 million or 8.2%.
 - Claims on bankrupt entities increased by ISK 1.0 billion due to reversal of impairment and decreased by ISK 0.8 billion due to reclassification to sundry assets.
 - Sundry assets decreased by ISK 2.6 billion due to set-off against accepted claims and increased by ISK 0.8 billion due to reclassification from claims on bankrupt entities.

LIABILITIES – THE CLAIMS PROCESS

- | | | | |
|---|---|----|--|
| 1 | OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS | 6 | SHARES AND INSTRUMENTS
WITH VARIABLE INCOME |
| 2 | CASH AT BANK | 7 | UNSETTLED DERIVATIVE RECEIVABLES |
| 3 | LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS | 8 | OTHER ASSETS |
| 4 | LOANS TO CUSTOMERS | 9 | LIABILITIES – THE CLAIMS PROCESS |
| 5 | BONDS AND DEBT INSTRUMENTS | 10 | OPERATING EXPENSES |

OVERVIEW OF CLAIMS

- The liabilities of the Company are currently being determined through a formal process administered by the Winding-up Committee ("WuC").
- A total of 28,167 claims were lodged before the deadline for lodging claims at 30 December 2009, for a total amount of ISK 7,316 billion. The WuC 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 the Company's 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 Icelandic krona at the exchange rate published by the Central Bank of Iceland on 22 April 2009. Hence, the liability side has been fixed in Icelandic krona as at that date for all relevant claims.
- As at 30 June 2014, the total amount of claims recorded in the Company's claim registry, amounted to ISK 4,178 billion (excluding claims lodged as subordinated under Art. 114). The claim registry incorporates all claims lodged against the Company except those claims which were filed and later withdrawn by creditors and therefore includes claims which have been finally rejected by the WuC. The claim registry excludes finally accepted priority claims (Art. 109 and 110) which have been paid in full.
 - As at 30 June 2014, outstanding claims amounted to ISK 2,857 billion.
- A continuous effort is being made by the Company to settle disputed claims. This work has progressed well and has already resulted in a significant reduction of claims in addition to an increase in finally recognised claims.
- Priority claims amounting to the equivalent of ISK 54.5 billion have been lodged against the Company under Art. 109 and 110 of the Bankruptcy Act after the expiry date (claims filed in 2012, 2013 and 2014). The WuC rejected the claims with reference to Art. 118 of the Bankruptcy Act. As these claims were not filed within the aforementioned deadline for submitting claims and do not meet the conditions of Art. 109 and 110 of the Bankruptcy Act they were not added to the claim registry and are not included in the claim tables in this supplementary material. The company has obligation in accordance with paragraph 6 of Article 102 of the Act on Financial Undertaking to provision for these claim while they remain in dispute. As at 30.6.2014 the Company had provisioned for late filed priority claims in dispute equivalent of ISK 17.5 billion.
- *All amounts on the following slides are based on the claim registry as at 30 June 2014.*

CHANGES IN CLAIM REGISTRY

ISK million			
Claims lodged under Art. 109-113	30.6.2014	31.12.2013	Changes
Total lodged	4,178,132	4,202,797	(24,665)
Total accepted	2,792,644	2,803,557	(10,913)
Thereof, finally accepted (1)	2,778,681	2,745,384	33,297
Art. 109	-	-	-
Art. 110	-	-	-
Art. 111	-	-	-
Art. 112	13,975	13,469	506
Art. 113	2,764,706	2,731,915	32,791
Thereof, accepted Art. 113 but disputed	13,963	58,173	(44,210)
of which in set-off dispute (2)	13,963	58,173	(44,210)
Rejected in dispute	119,050	135,105	(16,055)
Art. 109	-	-	-
Art. 110	-	-	-
Art. 111	5,157	5,157	-
Art. 112	-	563	(563)
Art. 113	113,893	129,385	(15,492)
Total outstanding	2,911,694	2,938,662	(26,968)
Amendments under Art. 113	(54,970)	(59,375)	4,405
Own bonds under US MTN 144a programme (3)	(40,474)	(40,474)	-
Subject to set-off (4)	(521)	(5,432)	4,911
Payment of accepted priority claims under Art. 112	(13,975)	(13,469)	(506)
Total outstanding post amendments under Art. 113	2,856,724	2,879,287	(22,563)
Finally rejected	1,266,438	1,264,135	2,303

- 1) Includes all accepted claims which have not been objected to by creditors. Also includes claims which have been accepted, but are still in dispute and which have been objected to only by the respective claimant but not other creditors; as the accepted amount in these cases will never be lower than what has already been accepted by the WuC.
- 2) Claims accepted by the WuC as Art. 113 claims, but where there is a dispute as to either: (i) the right of the holders to apply a set-off against the accepted claim or (ii) the amount the holders may set-off against the accepted claim.
- 3) The Company has cancelled certain portion of its own bonds under the US MTN 144a program and the trustee under the program has amended its claim statements accordingly.
- 4) Amounts subject to set-off, where the right to set-off is not disputed but the set-off has not been finalised.

- The claim registry does not include claims that have been lodged against the Company post the bar date of 30 December 2009. There is an ongoing dispute regarding late filed priority claims under Art. 109 and 110 amounting to ISK 54.5 billion.
- The claim registry is shown net of finalised set-off and accepted priority claims (Art. 109 and 110) which have been paid in full.

SUMMARY OF CLAIMS

ISK million						
Article	Art. 109	Art. 110	Art. 111	Art. 112	Art. 113	Total
Total lodged	19,497	308	88,931	261,638	3,807,758	4,178,132
Total adjusted (5)	10,054	152	16,251	65,351	4,086,324	4,178,132
Accepted	-	-	-	13,975	2,778,669	2,792,644
Thereof, finally accepted (1)	-	-	-	13,975	2,764,706	2,778,681
Thereof, accepted but in set-off dispute (2) ...	-	-	-	-	13,963	13,963
Rejected	10,054	152	16,251	51,376	1,307,655	1,385,488
Thereof, finally	10,054	152	11,094	51,376	1,193,762	1,266,438
Thereof, in dispute	-	-	5,157	-	113,893	119,050
Total adjusted outstanding	-	-	5,157	13,975	2,892,562	2,911,694
Amendments under Art. 113	-	-	-	(13,975)	(40,995)	(54,970)
Own bonds under US MTN	-	-	-	-	(40,474)	(40,474)
144a Programme (3)	-	-	-	-	(521)	(521)
Subject to set-off (4)	-	-	-	-	(521)	(521)
Payment of accepted priority	-	-	-	(13,975)	-	(13,975)
claims under Art. 112	-	-	-	(13,975)	-	(13,975)
Total adjusted outstanding post						
amendments under Art. 113	-	-	5,157	-	2,851,567	2,856,724

1) Includes all accepted claims which have not been objected to by creditors. Also includes claims which have been accepted, but are still in dispute and which have been objected to only by the respective claimant and not by other creditors; as the accepted amount in these cases will never be lower than what has already been accepted by the WuC.

2) Claims accepted by the WuC as Art. 113 claims, but where there is a dispute as to either: (i) the right of the holders to apply a set-off against the accepted claim or (ii) the amount the holders may set-off against the accepted claim.

3) The Company has cancelled certain portion of its own bonds under the US MTN 144a program and the trustee under the program has amended its claim statements accordingly.

4) Amounts subject to set-off, where the right to set-off is not disputed but the set-off has not been finalised.

5) In several cases the WuC accepts a claim with different priority than lodged. Adjusted amounts in the table above are based on the WuC's decisions and represent the total amounts of all claims on which decisions have been made under the respective article, i.e. accepted or rejected. Adjusted outstanding claims represent the adjusted amounts under each article, finally rejected claims are excluded.

OPERATING EXPENSES

- 1 OVERVIEW OF KAUPTHING'S
INTERIM FINANCIAL STATEMENTS
- 2 CASH AT BANK
- 3 LOANS TO AND CLAIMS
AGAINST CREDIT INSTITUTIONS
- 4 LOANS TO CUSTOMERS
- 5 BONDS AND DEBT INSTRUMENTS
- 6 SHARES AND INSTRUMENTS
WITH VARIABLE INCOME
- 7 UNSETTLED DERIVATIVE RECEIVABLES
- 8 OTHER ASSETS
- 9 LIABILITIES – THE CLAIMS PROCESS
- 10 OPERATING EXPENSES**

OPERATING EXPENSES IN H1 2014

The table below shows breakdown of operating expenses of Kaupthing.

ISK million	2014			2013				
	Q2	Q1	H1	Q2	Q1	H1	H2	Total
Salaries and salary related cost	386	282	668	443	357	800	519	1,319
Winding-up Committee	50	53	103	75	65	140	124	264
External Legal Services	376	194	570	306	329	635	346	981
Domestic	16	32	48	45	26	71	65	136
Foreign	360	162	522	261	303	564	281	845
Other External Advisors	469	358	827	427	257	684	775	1,459
Domestic	35	48	83	9	10	19	68	87
Foreign	434	310	744	418	247	665	707	1,372
Other expenses	196	164	360	182	184	366	338	704
VAT	63	77	140	134	105	239	160	399
Total	1,540	1,128	2,668	1,567	1,297	2,864	2,262	5,126

- Total operating expenses were ISK 2.7 billion in H1 2014 compared to ISK 2.9 billion in H1 2013.
- Total operating expenses (annualised) are approximately 0.3% of total gross amount of assets and 0.7% the total value of assets at the end of June 2014.

Kaupthing hf. (in winding-up proceedings) | Borgartún 26 | 105 Reykjavík | Iceland | Reg. no. 560882-0419