



KAUPTHING BANK

First Presentation to the Informal
Creditors' Committee ("ICC")

12 November 2008

Agenda

- 1** Introduction & Resolution committee
 - 2** The story so far
 - 3** Informal Creditors' Committee (ICC) and composition
 - 4** Assets of the Bank
 - 5** Icelandic Insolvency Procedures and the Moratorium
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FME	The Icelandic Financial Supervisory Authority
ICC	Informal Creditors' Committee
The Bank	Kaupthing Bank hf
New Kaupthing	New Kaupthing Bank hf
KSF	Kaupthing Singer and Friedlander Limited
FIH	FIH Erhvervsbank A/S

Introduction & Resolution Committee

Role and composition

- The Resolution Committee assumes control of all matters concerning the Bank.
- Abides by FME decisions and operates in consultation with the FME.
- The members of the Resolution Committee have been selected by the FME from a broad cross-section of Icelandic business, legal and accounting fields.

The Bank's Resolution Committee consists of the following five members:

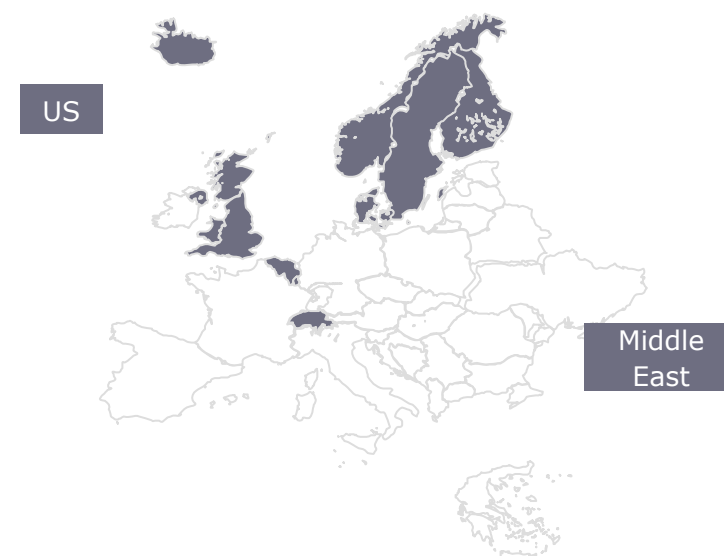
- Steinar Thór Gudgeirsson, Advocate to the Supreme Court of Iceland – Chairman
- Jóhannes Rúnar Jóhannsson, Advocate to the Supreme Court of Iceland
- Knútur Thórhallsson, Certified Public Accountant
- Gudni Adalsteinsson, Economist
- Theodór Sigurbergsson, Certified Public Accountant

The story so far...

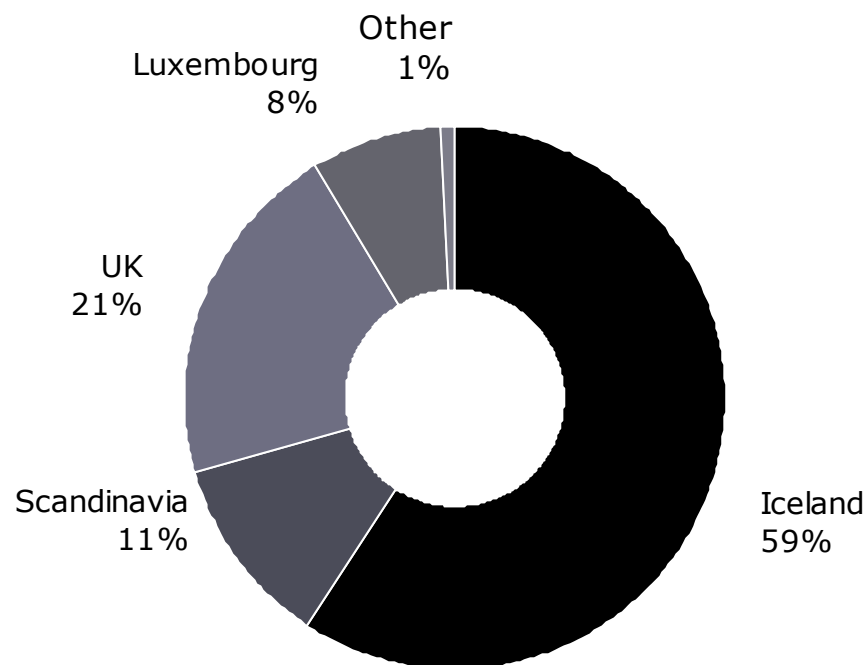
Pre-crisis activities

- Prior to 21 October 2008, Kaupthing Bank hf (“the Bank”), through various international subsidiaries and branches offered integrated financial services to companies, institutional investors and individuals.
- These services included:
 - corporate;
 - retail banking;
 - investment banking;
 - capital markets services;
 - treasury services; and
 - asset management and private banking.

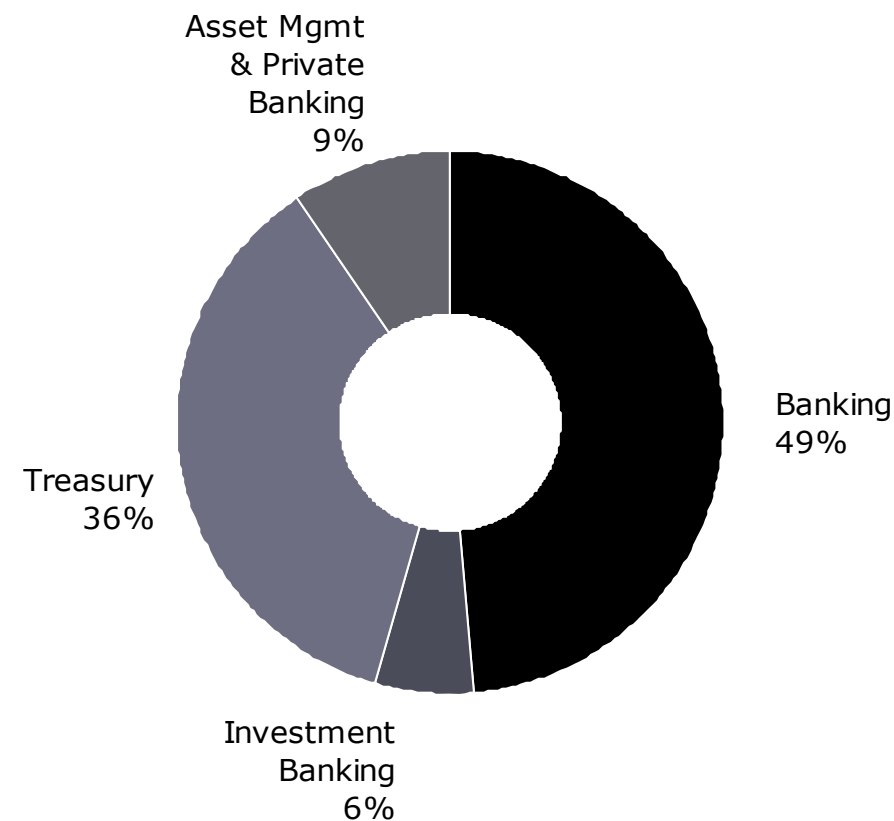
- The Bank through branches and subsidiaries operated in 13 countries:
 - UK, Denmark and Iceland - 3 most important markets;
 - largest bank & company in Iceland by market value; also listed in Stockholm; and
 - third largest corporate bank in Denmark



Operating Income By Geography on a consolidated basis including subsidiaries (H1 2008)

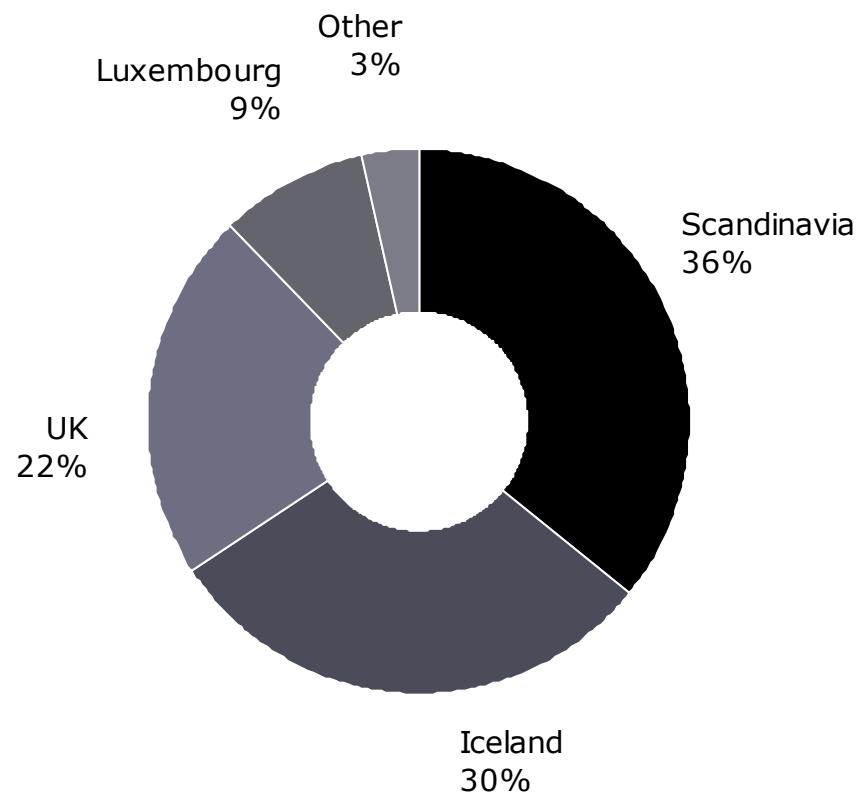


Operating Income By Business Unit on a consolidated basis including subsidiaries (H1 2008)¹

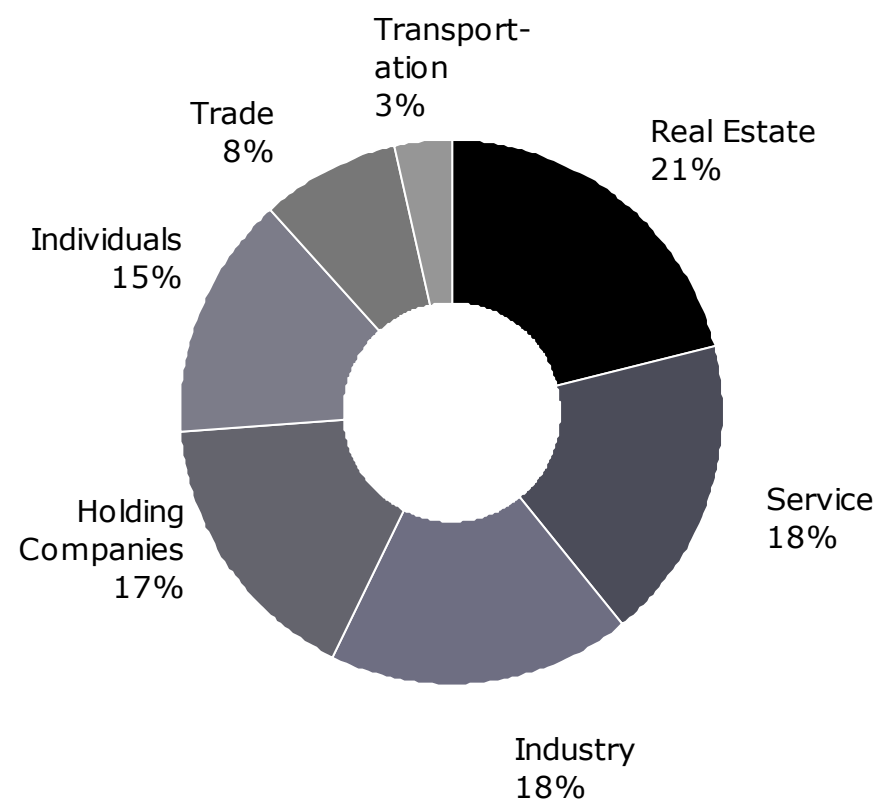


Loans to customers amounted to EUR 33,517m as at 30 June 2008

Loans to customers by location on a consolidated basis including subsidiaries (as at 30 June 2008)



Loans to customers by sectors on a consolidated basis including subsidiaries (as at 30 June 2008)



- Global banking crisis leads to Government intervention
- UK Government legal threats against Iceland and the appointment of an Administrator to KSF.
- The primary concern of the Icelandic Government was to ensure the ongoing provision of banking services in Iceland

29 September - 6 October 2008

- Government announces takeover of 75% share in Glitnir and EUR 600 m equity injection
- S&P, Moody's and Fitch downgrade Icelandic sovereign, Kaupthing, Glitnir and Landsbanki debt.
- Trading in shares in the Bank is suspended.
- Icelandic Parliament passes 125/2008 Act. Key features include:
 - FME has powers to assume control of distressed financial institutions;
 - Resolution Committees can be appointed to take executive control of distressed financial institutions;
 - Insolvency proceedings cannot be brought against those institutions that operate under the Act; and
 - Powers to split financial institutions into the Bank and New Kaupthing.
 - Provisions to give certain depositors priority over unsecured creditors.

7 - 8 October 2008

- Assets of Landsbanki seized by UK authorities.
- Central Bank extends Eur 500m loan to the Bank.
- Fitch downgrades the sovereign, Landsbanki and Glitnir debt. Moody's downgrades the sovereign debt.
- The Bank discusses involvement in Glitnir restructuring.
- British authorities (FSA) succeed in having administrators appointed over KSF.
- Board of the Bank request that the FME take control of the Bank pursuant to the emergency law.

9 - 22 October 2008

- Central Bank announces rules to limit currency outflow.
- New Kaupthing is created.

Informal Creditors' Committee (ICC) role and composition

Rationale for creation of the ICC

- The ICC is formed of representatives of the bank's largest creditors
- The purpose of the ICC is to act as a body which can be consulted by the Resolution Committee on major strategic decisions
- The ICC does not have any formal powers or duties under Icelandic law and is purely consultative in nature

Assets of the Bank

Main assets of the Bank:

Major subsidiaries

- KSF (in administration)

- FIH -Erhversbank

- Kaupthing bank Luxembourg (in an insolvency process)

- Kaupthing bank Sweden

- KSF (IoM) Limited (in provisional liquidation)

Major branches

- Kaupthing bank Finland

- Kaupthing bank Norway (in an insolvency process)

Asset disposals to date

- The Resolution Committee is committed to the protection of the Bank's asset base.
 - Current market conditions are unlikely to produce acceptable values.
 - No "fire-sale" bids have been entertained.
 - Assets will be supported to reach maximum value.

- In some cases, however, the Resolution Committee has disposed of overseas operations/assets. These disposals have been driven by a mix of:
 - local regulatory authority "freeze of assets"; and
 - Acceptable bid prices taking into account the future funding support needed for maintaining these assets

- Further details of these disposals are shown on the following pages.

The Bond

- The FME has directed that New Kaupthing will issue a bond to the Bank.
- It is proposed by the FME that the value of the bond will represent the surplus of assets over liabilities at fair value (based on a valuation by independent parties).
- Whether or how the bond provides creditors with an equity interest in New Kaupthing is a matter to be resolved.

Steps being taken by the FME to produce a fair value estimate

- International and independent party will set out assumptions and methodology for fair value estimate.
- Accounting firms will deliver analysis based on assumptions and methodology set out by international independent party.
- The valuation criteria is to consider the long-term economic environment in Iceland and not the immediate market value of Icelandic loans.
- The FME will arrange a meeting between the independent third party and representatives of the creditors, within the next few weeks, in order for creditors to discuss the methodology and assumptions to be used.

Icelandic Insolvency Procedures and a Moratorium

- Icelandic insolvency law permits a debtor to apply for a moratorium (cessation of payments).
- The process is commenced in court and involves the appointment of a supervisor.
- The purpose of the moratorium is to give a debtor a breathing space in which to reach agreement with its creditors.
- During the moratorium claims against the debtor cannot be enforced.
- The supervisor is obliged to summon a meeting of creditors, and, if an application is made to extend the moratorium period, creditors can make representations to the court.
- Generally, ordinary course transactions can continue to be made and disposals require the agreement of the supervisor.
- The moratorium process should provide protection against creditor claims across Europe by reason of the European Directive on the Reorganisation and Winding Up of Credit Institutions.
- It is anticipated that legislative changes will be made to the moratorium provisions in the near future.

This presentation, which is an abbreviated version of a presentation which was prepared for the members of the ICC, has been prepared for creditors of Kaupthing Bank hf ("the Bank") for information purposes only in order to provide a background to the current situation. In preparing this presentation, the Bank has not taken account of the interest of any particular creditor or group of creditors.

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