



# MANAGEMENT ACCOUNTS

1 JANUARY TO 30 SEPTEMBER 2016

**Kaupthing ehf.**

Borgartún 26

105 Reykjavík

Iceland

Reg. no. 560882-0419

*Unaudited*

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# STATEMENT BY THE BOARD OF DIRECTORS

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Kaupthing ehf. (hereafter “Kaupthing” or the “Company”) is a private limited liability company incorporated and domiciled in Iceland. Kaupthing’s registered office is at Borgartún 26, 105 Reykjavík. The Company’s main activity is the management and controlled monetisation of its diversified asset portfolio, which is comprised of cash, debt and equity holdings.

Kaupthing’s winding-up proceedings were concluded on 23 December 2015 (the “Effective Date”) following a final confirmation of the Company’s Composition Agreement which was approved by the Company’s Composition Creditors on 24 November 2015.

These Management Accounts must be read in conjunction with the Financial Statements for the Company for the year ended 31 December 2015, i.a. with respect to asset values and various notes that apply to these Management Accounts, including but not limited to note 2d (Uncertainties/use of estimates and judgements), note 4 (Risk), note 5 (Uncertainties and valuation methods) note 6 (Sensitivity analysis), note 26 (Composition liabilities and claims), note 27 (Stability Contribution) and note 28 (Effect of the CBI exemption in 2016 enabling settlement of the Composition and related agreements).

At 30 September 2016 the Company’s total assets amounted to ISK 437.7 billion (31.12.2015: ISK 816.0 billion) and total liabilities amounted to ISK 424.5 billion (31.12.2015: ISK 816.0 billion). The profit for the period ended 30 September 2016 amounted to ISK 37.0 billion which is reflected in the adjustment of the GBP Convertible Notes (as defined below) (31.12.2015: ISK 2,037.3 billion).

The value of assets in the Management Accounts is based on the asset values as at 31 December 2015 as published in the Financial Statements for the year 2015, adjusted for fx changes, net principal payments and other realisations. No valuation of assets have been undertaken as at 30 September 2016.

Pursuant to the Composition Agreement the Company issued, on 18 January 2016, the GBP convertible notes due 2031 (the “GBP Convertible Notes”). Due to their nature and terms the payments under the GBP Convertible Notes do not exceed the realisation value of the underlying assets of the Company. This is reflected by adjusting the stated value of the GBP Convertible Notes in line with net asset value. Further reference is made to note 15 on the adjustment of value of the GBP Convertible Notes.

At end of September 2016 there were 558 shareholders registered in the Company’s share registry. At 30 September the Company’s total share capital amounted to ISK 13.3 billion. The share capital is divided into 13,264,043,940 shares each amounting to ISK 1.

At a creditors meeting on 13 November 2015 the creditors of the Company approved and authorised the Winding-up Committee to: i) assign a part of its assets without any consideration to the Central Bank of Iceland (the “CBI”), ii) enter into certain other arrangements for the benefit of the CBI and iii) to refinance Arion Bank (together the “Stability Contribution”). The Company completed the refinancing of Arion Bank on 11 January 2016 and the remaining Stability Contribution came into effect on 15 January 2016 when the Company was granted the relevant exemptions from the Act on Foreign Exchange no. 87/1992 (the “Foreign Exchange Act”) by the CBI. Reference is made to note 13 for further information on the Stability Contribution.

In accordance with the terms of the Composition Agreement Kaupthing began making distributions of the De Minimis Cash Payments, the Composition Cash Payments, Notes and Shares on 15 January 2016. Reference is made to note 12 for further information on distributions under the Composition Agreement.

A new Board of Directors, which replaced the Winding-up Committee, was elected at a shareholders meeting in Reykjavik on 16 March 2016. The Board currently comprises the following members: Mr. Alan Carr who is the chairman, Mr. Paul Copley, who is also the Chief Executive Officer and Mr. Óttar Pálsson. Mr. Paul Copley took up his post as the Chief Executive Officer on 1 April 2016. Mr Jóhannes Rúnar Jóhannsson was also elected as a member of the Board on 16 March 2016, but he resigned on 4 November 2016.

In the third quarter of 2016, Kaupthing continued the active management of its diverse portfolio of assets. Total cash inflow during the period amounted to the equivalent of ISK 9.2 billion, thereof Kaupthing received the equivalent of ISK 2.9 billion from Kaupthing Sverige, the equivalent of ISK 2.7 billion in distributions as a shareholder of Kaupthing Holding Isle of Man and the equivalent of ISK 2.6 billion in total from several loan repayments.

# STATEMENT BY THE BOARD OF DIRECTORS

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A new detailed monetisation plan was developed in the first half of 2016. The focus of the plan is on monetising businesses which are in a position for an exit and managing other businesses which need more work before exit. In accordance with the plan a controlled monetisation of many of the larger assets has commenced. The monetisation work has progressed in line with expectations and the Company has in the fourth quarter of 2016 sold sizeable equity positions and expects to exit further positions later this year and in early 2017.

The Board has determined that it is in the best interests of both the Company and its stakeholders that capital is returned to its stakeholders in an efficient and expeditious manner. The Company's objective is to deliver value to stakeholders through frequent cash distributions, when funds allow. In line with that objective the Company, in the third quarter of 2016, redeemed in total GBP 51.0 million of GBP Convertible Notes at their outstanding principal amount on a pro rata basis by payment in cash to Noteholders on 18 July, 31 August and 30 September 2016.

To date in the fourth quarter of 2016 the Company has furthermore redeemed in total GBP 63.4 million of GBP Convertible Notes at their outstanding principal amount on a pro rata basis by payment in cash to Noteholders on 18 October and 31 October 2016. As of today, the Company has in total redeemed GBP 514.3 million of GBP Convertible Notes.

Reykjavik, 10 November 2016,

## **Board of Directors**

Alan Carr  
*Chairman*

Paul Copley  
*Chief Executive Officer*

Óttar Pálsson

# INCOME STATEMENT

from 1 January to 30 September 2016

	Notes	2016 1.1-30.9	2015 1.1-31.12
Interest income .....		3,939	6,030
Interest expense .....		(3,286)	-
Net reversal of impairment .....		824	17,335
Net financial income .....		5,977	57,875
Net foreign exchange rate gain (loss) .....		15,042	(35,177)
Changes in claims registry, Composition liabilities .....		4,742	15,332
Decrease in late filed priority claims in dispute .....		16,231	-
		<u>43,469</u>	<u>61,395</u>
		<b>Operating income</b>	
Salaries and related expenses .....		(1,041)	(1,329)
General and administrative expenses .....		(4,945)	(10,581)
		<u>(5,986)</u>	<u>(11,910)</u>
		<b>Operating expenses</b>	
Stability Contribution .....	13	(5,009)	(135,826)
Adjustment of value of the GBP Convertible Notes relating to net asset value .....	15	(37,015)	-
Adjustment of claims pursuant to the terms of the Composition Agreement .....		-	2,123,596
		<u>(42,024)</u>	<u>1,987,770</u>
		<b>(Loss) profit before taxes</b>	
		<u>(4,541)</u>	<u>2,037,255</u>
Taxes .....	5	4,541	3
		<u>-</u>	<u>2,037,258</u>
		<b>Profit for the period</b>	

# BALANCE SHEET

as at 30 September 2016

	Notes	30.9.2016	31.12.2015
<b>Assets</b>			
Cash at bank .....	6	24,092	410,228
Claims against credit institutions .....	7	40,249	13,399
Loans to customers .....	8	73,506	89,966
Bonds and debt instruments .....	9	58,938	6,363
Shares and instruments with variable income .....	10	235,097	271,865
Other assets .....	11	5,868	24,131
<b>Total assets</b>		<b>437,750</b>	<b>815,952</b>
<b>Liabilities</b>			
Composition liabilities .....	12	-	676,379
Stability Contribution .....	13	33,801	135,826
Secured Note .....	14	87,285	-
GBP Convertible Notes .....	15	300,731	-
Authorised unissued shares .....		528	-
Other liabilities .....		2,141	3,747
<b>Total liabilities</b>		<b>424,486</b>	<b>815,952</b>
<b>Equity</b>			
Share capital .....		13,264	7,270
Share premium .....		-	136,471
Accumulated deficit .....		-	(143,741)
<b>Total equity</b>	16	<b>13,264</b>	<b>-</b>
<b>Total liabilities and equity</b>		<b>437,750</b>	<b>815,952</b>
Other information .....	17-22		

# STATEMENT OF CASH FLOWS

from 1 January to 30 September 2016

	Notes	2016 1.1-30.9	2015 1.1-31.12
<b>Cash flows (to) from assets</b>			
Interest received .....		1,523	4,163
Dividend received .....		82	20,317
Claims against credit institutions - principal payments .....		351	4,819
Claims against credit institutions - pledged funds invested in MM funds .....	7	(32,654)	-
Indemnification fund .....		-	(10,016)
Loans to customers - principal payments .....		5,275	10,883
Loans to customers - fee income .....		71	510
Loans to customers - principal outflow / RCF .....		(4,566)	(3,807)
Bonds and debt instruments - purchase of Arion EMTN .....		(97,053)	-
Bonds and debt instruments - payments from Arion EMTN (including interests) .....	9	31,944	-
Bonds and debt instruments - principal payments .....		875	2,052
Shares and instruments with variable income - purchase of equity stakes .....		(125)	(2,972)
Shares and instruments with variable income - realisation of equity stakes .....		24,939	12,316
Other assets - net cash inflow .....		3,107	14,544
Other inflow .....		49	573
<b>Net cash (to) from assets</b>		<b>(66,182)</b>	<b>53,382</b>
<b>Cash flows to other operating activities</b>			
Other fee income .....		9	142
Operating expenses .....		(7,565)	(10,023)
Stability Contribution .....	13	(5,010)	-
Taxes .....	5	4,794	(9,982)
<b>Net cash to other operating activities</b>		<b>(7,772)</b>	<b>(19,863)</b>
<b>Cash flows to claims</b>			
Cash payments pursuant to the terms of the Composition Agreement .....	12	(239,035)	-
Custody account - claims Art. 113 in dispute .....	12	(2,501)	-
Custody account - late filed claims Art. 109 and 110 in dispute - net cash inflow .....		16,260	-
GBP Convertible Notes - Early Redemption .....		(78,263)	-
<b>Net cash to claims</b>		<b>(303,539)</b>	<b>-</b>
Net cash (to) from operating activities .....		(377,493)	33,519
Effects of foreign exchange rate adjustments on cash at bank .....		(8,643)	(24,958)
Cash at bank at the beginning of the year .....		410,228	401,667
<b>Cash at bank at the end of the period</b> .....	6	<b>24,092</b>	<b>410,228</b>

## Significant non cash transactions

The Company completed the refinancing of Arion Bank on 11 January 2016 and the remaining Stability Contribution came into effect on 15 January 2016 when the Company was granted the relevant exemptions from the Foreign Exchange Act by the CBI.

The granting of the relevant exemptions from the Foreign Exchange Act in January 2016 enabled Kaupthing to settle its obligations established under the Composition Agreement. The existing share capital of Kaupthing was cancelled and new equity was issued to relevant creditors and the GBP Convertible Notes were issued.

Changes in net asset value are reflected in adjustment of the stated value of the GBP Convertible Notes. Further reference is made to note 26 in the Financial Statements for the Company for the year ended 31 December 2015 and to note 15 in these Management Accounts.

# NOTES

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## General information

### 1. Reporting entity

Kaupthing ehf. ("Kaupthing" or the "Company") is a company domiciled in Iceland. The Company's registered office is at Borgartún 26, 105 Reykjavík.

### 2. Basis of preparation

These Management Accounts are unaudited.

No valuations of assets have been undertaken as at 30 September 2016.

The value of assets as at 30 September 2016 refers to value of assets as at 31 December 2015, adjusted for fx changes, net principal payments and other realisations.

These Management Accounts must be read in conjunction with the Financial Statements for the Company for the year ended 31 December 2015, i.a. with respect to asset values and various notes that apply to these Management Accounts, including but not limited to note 2d (Uncertainties/use of estimates and judgements), note 4 (Risk), note 5 (Uncertainties and valuation methods) note 6 (Sensitivity analysis), note 26 (Composition liabilities and claims), note 27 (Stability Contribution) and note 28 (Effect of the CBI exemption in 2016 enabling settlement of the Composition and related agreements).

### 3. Foreign exchange rates

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot foreign exchange rates as quoted on Reuters at 16:30 on the Balance Sheet date. Profits and losses arising on exchange are included in net profit/loss for the period.

	Balance Sheet	
	30.9.2016	31.12.2015
AUD .....	87.26	94.71
CAD .....	86.80	93.75
CHF .....	117.26	129.93
DKK .....	17.18	18.93
EUR .....	127.92	141.28
GBP .....	147.91	191.84
JPY .....	1.12	1.08
NOK .....	14.25	14.70
SEK .....	13.28	15.41
USD .....	113.80	130.08



# NOTES

## Notes to the Income Statement

4. Operating expenses is specified as follows:	2016	2015
	1.1-30.9	1.1-31.12
Salaries .....	873	1,020
Salary related expenses .....	168	309
<b>Salaries and related expenses</b> .....	<b>1,041</b>	<b>1,329</b>
External advisors .....	4,516	10,044
Other expenses .....	429	537
<b>General and administrative expenses</b> .....	<b>4,945</b>	<b>10,581</b>
External advisory expenses are specified as follows:		
Winding-up Committee .....	67	288
Professional services* .....	2,105	3,945
Legal services .....	1,186	3,392
Non recoverable VAT .....	502	712
<b>Total</b> .....	<b>3,860</b>	<b>8,337</b>
Non recoverable VAT for the years 2009-2012 .....	(213)	1,707
Non recoverable VAT for the years 2013-2015** .....	869	-
<b>External advisors</b> .....	<b>4,516</b>	<b>10,044</b>

\* Includes cost approved at a shareholders meeting on 16 March 2016.

\*\* On 6 July 2016 the Internal Revenue Board issued a ruling in case no. 154/2016 regarding a dispute on VAT for the years 2009 - 2012 on foreign service. Following the ruling Kaupthing has made corrections on its filings in relation to VAT on foreign services for the years 2013-2015.

## 5. Taxes

On 27 April 2016 the Internal Revenue Board issued a ruling in case no. 80/2016 regarding a dispute on Surcharge on Income Tax. Following the ruling Kaupthing received a payment on 29 June 2016 of previously paid taxes plus interest in an amount of ISK 4,794 million. The ISK amount received is subject to the ISK Cash Sweep pursuant to the terms of the Stability Contribution. Reference is made to Note 13 regarding the Stability Contribution.

# NOTES

## Notes to the Balance Sheet

### Assets

6. Cash at bank	30.9.2016			31.12.2015		
	Iceland	Other	Total	Iceland	Other	Total
Cash at bank specified by geographical location:						
Non ISK .....	109	20,334	20,443	42,026	363,696	405,722
ISK .....	3,649	-	3,649	4,506	-	4,506
<b>Cash at bank</b> .....	<b>3,758</b>	<b>20,334</b>	<b>24,092</b>	<b>46,532</b>	<b>363,696</b>	<b>410,228</b>

The Asset Support Account which amounts to GBP 63.3 million (equivalent to approx. ISK 9.4 billion) is included above.

The ISK funds will not be available for distribution to stakeholders and are partly subject to the ISK cash sweep established pursuant to the terms of the Company's stability contribution.

The above cash balance does not include reserves paid into custody accounts in relation to disputed late filed priority claims and disputed Art. 113 claims. Reference is made to note 18 and note 19.

7. Claims against credit institutions	30.9.2016		31.12.2015	
	Gross amount	Amortised cost	Gross amount	Amortised cost
Claims against credit institutions specified by types of claims:				
Restricted bank accounts .....	2,801	2,801	3,090	3,090
MM funds pledged to the CBI pursuant to the Pledge Agreement .....	29,797	29,797	-	-
Indemnification fund .....	7,651	7,651	9,924	9,924
Cash collateral held with banks against guarantees .....	-	-	385	385
<b>Claims against credit institutions</b> .....	<b>40,249</b>	<b>40,249</b>	<b>13,399</b>	<b>13,399</b>

The Indemnification fund is as approved by the creditors of the Company on 30 September 2015. The indemnity covers various parties in relation to the winding-up proceedings and the Composition and is held by third party trustee on behalf of the relevant indemnified parties.

In May and July 2016 Kaupthing invested USD 261,356,708.28, the total amount previously paid to Kaupthing by Arion Bank pursuant to the Arion EMTN, in an Institutional US Dollar MM Fund at JP Morgan. The investment in the fund remains pledged and subject to the current security arrangements between Kaupthing and the CBI.

8. Loans to customers specified by portfolios:	30.9.2016		31.12.2015	
	Gross amount	Amortised cost	Gross amount	Amortised cost
Operating loan portfolio .....	128,951	52,090	159,217	62,772
NOA loan portfolio .....	740,664	21,416	865,663	27,194
<b>Loans to customers</b> .....	<b>869,615</b>	<b>73,506</b>	<b>1,024,880</b>	<b>89,966</b>

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.

# NOTES

## 9. Bonds and debt instruments

Bonds and debt instruments specified by sectors:	30.9.2016	31.12.2015
Arion EMTN .....	56,722	-
Holding Companies .....	2,216	4,500
Financial Services .....	-	1,013
Governments - listed .....	-	438
Energy and Environment .....	-	412
<b>Bonds and debt instruments</b> .....	<b>58,938</b>	<b>6,363</b>

The Arion EMTN include accrued interests until 30 September 2016 and are pledged as a security for the Secured Note.

On 26 April 2016, following a mandatory prepayment event under the terms and conditions of the Arion EMTN, Arion Bank prepaid the Arion EMTN's in an amount of USD 252,697,000, plus accrued interest of USD 566,602.83. Reference is made to note 7 regarding investment of those funds.

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

	30.9.2016	31.12.2015
Listed .....	5,321	5,216
Unlisted .....	229,776	266,649
<b>Shares and instruments with variable income</b> .....	<b>235,097</b>	<b>271,865</b>

## 11. Other assets specified by type:

	30.9.2016		31.12.2015	
	Gross amount	Amortised cost	Gross amount	Amortised cost
Accounts receivable .....	23,422	54	28,682	3,531
Claims on bankrupt entities .....	263	35	114,529	14,947
Unsettled derivative receivables .....	24,771	5	32,001	5
Sundry assets .....	5,774	5,774	5,648	5,648
<b>Other assets</b> .....	<b>54,230</b>	<b>5,868</b>	<b>180,860</b>	<b>24,131</b>

## Liabilities

### 12. Changes in Composition liabilities is specified as follows:

	DMCP	Composition cash	GBP Convertible Notes	Shares	Adjustments of value of the GBP Convertible	Total
					Notes	
Composition liabilities as at 1 January 2016 .....	12,633	230,244	588,091	13,870	(168,459)	676,379
Distributed to creditors .....	(12,588)	(226,447)	(578,395)	(13,264)	168,459	(662,235)
Placed on custody account due to disputed claims .....	(5)	(2,496)	(6,376)	-	-	(8,877)
Settled disputes and other changes .....	(40)	(1,301)	(3,320)	(78)	-	(4,739)
Authorised unissued shares .....	-	-	-	(528)	-	(528)
<b>Composition liabilities as at 30 September 2016</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Reference is made to note 18.

# NOTES

## 13. Stability Contribution

Unpaid Stability Contribution are specified as follows:	30.9.2016	31.12.2015
The Secured Note .....	-	84,000
The Arion Bank Profit Sharing Agreement .....	28,483	28,483
Transferred Assets .....	-	18,025
Proceeds of Certain Claims .....	159	159
ISK Cash Sweep .....	5,159	5,159
<b>Total unpaid Stability Contribution .....</b>	<b>33,801</b>	<b>135,826</b>

Increase in the Stability Contribution due to taxes and other ISK claims amounting in total to ISK 5,009 million is recognised in the Income Statement. Further reference is made to note 5.

The Secured Note and the Transferred Assets were delivered in January 2016 but other assets will be delivered as and when they are realised in ISK.

## 14. Secured Note

The Secured Note is denominated in ISK and includes accrued interests until 30 September 2016.

## 15. GBP Convertible Notes

GBP Convertible Notes issued 18 January 2016 .....	588,091	-
GBP Convertible Notes Cancelled .....	(3,272)	-
Held by Kaupthing (reserves) .....	(47)	-
<b>Outstanding notes .....</b>	<b>584,772</b>	<b>-</b>
Cash sweep and early redemption .....	(78,263)	-
Foreign exchange rate changes .....	(74,334)	-
Adjustment of value of the GBP Convertible Notes relating to net asset value 31 December 2015 .....	(168,459)	-
Adjustment of value of the GBP Convertible Notes relating to net asset value 30 September 2016 .....	37,015	-
<b>Total GBP Convertible Notes .....</b>	<b>300,731</b>	<b>-</b>

The GBP Convertible Notes have a final maturity on 2031, are non-interest bearing, unsecured, convertible into equity in certain circumstances and contain certain restrictions on dealing with the Company's assets. In accordance with Icelandic law it is allowed when exiting winding-up proceedings to offer payments under composition which have uncertain recoveries. The Composition Agreement of the Company has such a clause. Pursuant to their terms the payments under the GBP Convertible Notes could not (except in a case of an acceleration following an event of default thereunder) exceed the realisation value of the underlying assets of the Company. This is reflected by adjusting the stated value of the GBP Convertible Notes in line with net asset value (net income statement). Increase in net asset value can later lead to an increase in the stated value of the GBP Convertible Notes. Such increase can never lead to a higher stated value than the principal amount outstanding at each time.

In the first nine months of 2016 the Company has, both through early redemptions and quarterly cash sweeps, redeemed in total GBP 450.8 million of the GBP Convertible Notes at their outstanding principal amount on a pro rata basis by payment in cash. The Company has furthermore redeemed in total GBP 63.4 million of GBP Convertible Notes at their outstanding principal amount on a pro rata basis by payment in cash to Noteholders on 18 October and 31 October 2016.

# NOTES

## Equity

16. Changes in equity is specified as follows:

	Share capital	Share premium	Accumulated deficit	Total
<b>Changes in equity from 1 January to 30 September 2016</b>				
Equity as at 1 January 2016 .....	7,270	136,471	(143,741)	-
Cancelled equity .....	(7,270)	(136,471)	143,741	-
New shares issued .....	13,264	-	-	13,264
Profit for the period (refer to note 15) .....	-	-	-	-
<b>Equity as at 30 September 2016 .....</b>	<b>13,264</b>	<b>-</b>	<b>-</b>	<b>13,264</b>
<b>Changes in equity in 2015</b>				
Equity as at 1 January 2015 .....	7,270	136,471	(2,180,999)	(2,037,258)
Profit for the year .....	-	-	2,037,258	2,037,258
<b>Equity as at 31 December 2015 .....</b>	<b>7,270</b>	<b>136,471</b>	<b>(143,741)</b>	<b>-</b>

The share capital is divided into 13.264.043.940 shares each amounting to ISK 1.

## Off Balance Sheet information

17. Obligations

	30.9.2016	31.12.2015
Undrawn RCF .....	961	3,837
Undrawn funding obligations* .....	488	5,355
Arion Bank contingent support** .....	6,900	6,900
<b>Total obligations .....</b>	<b>8,349</b>	<b>16,092</b>

\* Calculated net funding obligation, which Kaupthing entered into in regards to JV Project Fitzroy.

\*\* In accordance with the FME's conditions when Arion Bank was acquired by Kaupskil, Kaupthing undertook to maintain certain liquid funds which could be used to support Arion Bank if needed. This amount is currently ISK 6.9 billion.

18. Reserves for disputed Art. 113 claims pursuant to the Compositon Agreement

De Minimis Cash Payment (DMCP) .....	5	18
Composition Cash Payment .....	2,496	4,439
GBP Convertible Notes .....	6,376	11,338
Authorised unissued shares .....	150	267
<b>Total reserves for disputed Art. 113 claims pursuant to the Compositon Agreement .....</b>	<b>9,027</b>	<b>16,062</b>

# NOTES

## 19. Late filed priority claims in dispute

	30.9.2016	31.12.2015
Late filed priority claims in dispute and related custody accounts at the beginning of the period .....	19,332	19,218
New late filed priority claims under Art. 109/110 during the period .....	-	27
Withdrawal of late filed priority claims under Art. 109/110 during the period .....	(16,231)	(27)
Payment of late filed priority claims under Art. 109/110 during the period .....	(125)	-
Foreign exchange rate difference .....	(892)	114
<b>Total late filed priority claims under Art. 109/110 in dispute at the end of the period .....</b>	<b>2,084</b>	<b>19,332</b>
Cash on custody accounts at the end of the period .....	(2,084)	(19,332)
<b>Total .....</b>	<b>-</b>	<b>-</b>

Cash on custody accounts due to late filed priority claims as at 30 September 2016, including accrued interest.

ISK .....	-	1,164
USD .....	-	15,177
EUR .....	-	590
SEK .....	2,084	2,421
<b>Total .....</b>	<b>2,084</b>	<b>19,352</b>

Late filed priority claims and related custody accounts are not included in the Company's Balance Sheet. Once a final conclusion has been reached on a dispute, the share of this claim of the amount on deposit in the custody account, together with accrued interest, shall be paid to the creditor to the extent the claim has been recognised; any funds remaining are returned to the Company.

## Other Information

### 20. Assets specified by currencies:

	30.9.2016						Total assets
	GBP	EUR	ISK	SEK	USD	Other	
Cash at bank .....	17,183	2,162	3,649	269	801	28	24,092
Claims against credit institutions .....	7,651	-	-	-	29,797	2,801	40,249
Loans to customers .....	42,394	13,804	157	8,619	8,139	393	73,506
Bonds and debt instruments .....	-	139	-	-	58,799	-	58,938
Shares and instruments with variable income .....	45,945	14,422	171,773	1,065	1,876	16	235,097
Other assets .....	55	212	3,447	22	2,132	-	5,868
<b>Total assets .....</b>	<b>113,228</b>	<b>30,739</b>	<b>179,026</b>	<b>9,975</b>	<b>101,544</b>	<b>3,238</b>	<b>437,750</b>
% of Total assets .....	25.86%	7.02%	40.90%	2.28%	23.20%	0.74%	

	31.12.2015						Total assets
	GBP	EUR	ISK	SEK	USD	Other	
Cash at bank .....	69,553	133,432	4,506	77,691	93,553	31,493	410,228
Claims against credit institutions .....	9,924	-	-	385	-	3,090	13,399
Loans to customers .....	50,162	17,314	159	10,560	10,866	905	89,966
Bonds and debt instruments .....	-	588	3,167	94	2,514	-	6,363
Shares and instruments with variable income .....	79,002	15,936	171,753	1,215	3,884	75	271,865
Other assets .....	2,613	14,498	3,601	3,319	4	96	24,131
<b>Total assets .....</b>	<b>211,254</b>	<b>181,768</b>	<b>183,186</b>	<b>93,264</b>	<b>110,821</b>	<b>35,659</b>	<b>815,952</b>
% of Total assets .....	25.89%	22.28%	22.45%	11.43%	13.58%	4.37%	

# NOTES

## 21. Assets, classification and measurement:

	30.9.2016				
	Gross amount	Impairment	Amortised cost	Fair value	Total
Cash at bank .....	24,092	-	24,092	-	24,092
Claims against credit institutions .....	40,249	-	40,249	-	40,249
Loans to customers .....	869,615	(796,109)	73,506	-	73,506
Bonds and debt instruments .....	58,938	-	-	58,938	58,938
Shares and instruments with variable income .....	235,097	-	-	235,097	235,097
Other assets .....	54,230	(48,362)	5,868	-	5,868
<b>Total assets</b> .....	<b>1,282,221</b>	<b>(844,471)</b>	<b>143,715</b>	<b>294,035</b>	<b>437,750</b>

## 22. Development January to September:

	30.9.2016	Cash flow	Miscellaneous (reclassification, etc)	FX changes	Interests, dividend and value changes	31.12.2015
<b>Assets</b>						
Cash at bank .....	24,092	(377,704)	(36)	(8,643)	247	410,228
Claims against credit institutions .....	40,249	32,303	84	(5,621)	84	13,399
Loans to customers .....	73,506	(2,017)	43	(16,780)	2,294	89,966
Bonds and debt instruments .....	58,938	64,157	(3,499)	(10,103)	2,020	6,363
Shares and instruments with variable income .....	235,097	(24,896)	271	(17,802)	5,659	271,865
Other assets .....	5,868	(3,107)	(14,641)	(518)	3	24,131
<b>Total assets</b> .....	<b>437,750</b>	<b>(311,264)</b>	<b>(17,778)</b>	<b>(59,467)</b>	<b>10,307</b>	<b>815,952</b>
<b>Liabilities</b>						
Composition liabilities .....	-	(241,536)	(434,843)	-	-	676,379
Stability Contribution .....	33,801	(5,010)	(97,015)	-	-	135,826
Secured Note .....	87,285	-	84,000	-	3,285	-
GBP Convertible Notes .....	300,731	(78,263)	416,313	(74,334)	37,015	-
Authorised unissued share capital .....	528	-	528	-	-	-
Other liabilities .....	2,141	(7,552)	6,121	(175)	-	3,747
<b>Total liabilities</b> .....	<b>424,486</b>	<b>(332,361)</b>	<b>(24,896)</b>	<b>(74,509)</b>	<b>40,300</b>	<b>815,952</b>



**Kaupthing ehf.**

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