

To All Known Creditors

5 November 2015

Ref: ML7E/PJB/AJH/LO3466/43
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Dear Sirs

Kaupthing Singer & Friedlander Limited (In Administration) (“KSF”) Joint Administrators’ Progress Report

We write in accordance with Rule 2.47(3) of the Insolvency Rules 1986 to provide creditors with the Joint Administrators’ fourteenth progress report.

This report covers the period from 8 April 2015 to 7 October 2015 and should be read in conjunction with the Administrators’ previous reports, updates and certain other formal announcements. Copies of previous reports can be found on the KSF website, www.kaupthingsingers.co.uk.

If you have any queries regarding this report or the enclosures, please contact the Joint Administrators using the above details.

Yours faithfully
for Kaupthing Singer & Friedlander Limited



P J Brazzill
Joint Administrator

Encl. Administrators’ progress report
Form 2.24B

Patrick Joseph Brazzill is licensed in the United Kingdom to act as an insolvency practitioner by the Insolvency Practitioners Association and Margaret Elizabeth Mills, Alan Robert Bloom and Benjamin Thom Cairns are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, A R Bloom, M E Mills, B T Cairns and P J Brazzill, who act as agents of the Company only and without personal liability.

We may collect, use, transfer, store or otherwise process (collectively, “Process”) information that can be linked to specific individuals (“Personal Data”). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

The Insolvency Act 1986

Administrators' progress report

| | |
|---|-----------------------------------|
| Name of Company Kaupthing Singer & Friedlander Limited (In Administration) | Company number 00875947 |
| In the High Court of Justice, Chancery Division, Companies Court [full name of court] | Court case number 8805 of 2008 |

(a) Insert full name(s) and address(es) of administrator(s)

We (a) Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thom Cairns of Ernst & Young LLP, 1 More London Place, London SE1 2AF

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 8 April 2015

(b) 7 October 2015

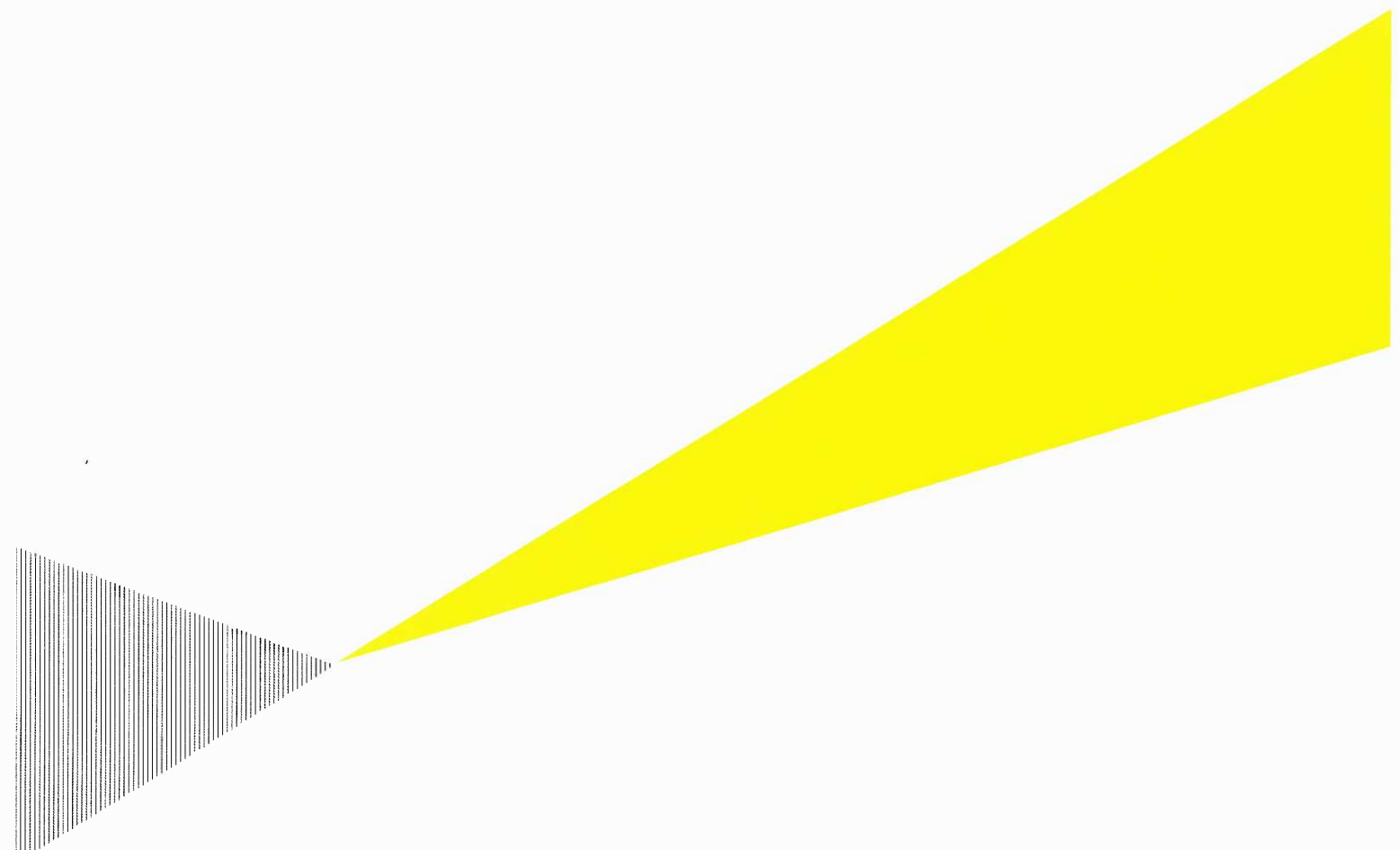
Signed



Joint Administrator

Dated

5 November 2015



**Kaupthing Singer & Friedlander Limited -
(In Administration)**

Administrators' Progress Report to creditors for the
six month period from 8 April 2015 to 7 October 2015



Building a better
working world

Abbreviations

The following abbreviations are used in this report:

| | |
|-----------------------|---|
| Administrators | Up to 26 April 2013, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Thomas Merchant Burton all of Ernst & Young LLP. From 26 April 2013 and for the period covered by this report, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thom Cairns all of Ernst & Young LLP |
| CfD | Contract for difference |
| Edge | The Edge internet deposit facility |
| FCA | Financial Conduct Authority |
| FSCS | Financial Services Compensation Scheme |
| HMRC | Her Majesty's Revenue & Customs |
| HR | Human resources |
| IT | Information technology |
| Khf | Kaupthing Bank hf |
| KSF | Kaupthing Singer & Friedlander Limited |
| KSF Group | KSF and its subsidiary companies |
| Overriding Objectives | Certain objectives set out in the Transfer Order which overrode those in paragraph 3(1) of Schedule B1 to the Act for a period of six months from 8 October 2008 |
| SAF | Singers Asset Finance |
| SFAM | SFAM Ltd (formerly Singer & Friedlander Asset Management LLP) |
| SFCM | Singer & Friedlander Capital Management Limited |
| SFIM | Singer & Friedlander Investment Management Limited |
| SIP | Statement of Insolvency Practice |
| SoA | Statement of Affairs |
| SSA | Services and Secondment Agreement |
| The Act | The Insolvency Act 1986 (as amended) |
| The Rules | The Insolvency Rules 1986 (as amended) |
| Transfer Order | Kaupthing Singer & Friedlander Limited Transfer of Certain Rights and Liabilities Order 2008 (as amended) |

Notice: about this report

This report has been prepared by the Administrators solely to provide creditors with additional information concerning the progress of the administration in accordance with Rule 2.47(3) of the Rules. Nothing in this report should be relied upon for any purpose including, without limitation, in connection with any investment decision in relation to the debt, securities or any other financial interest of any member of the KSF Group including for the avoidance of doubt any decision to buy or sell or not to buy and sell any debt, securities or other financial interest. Anyone making such investment decisions should rely on their own enquiries prior to making such decisions and none of the Administrators, Ernst & Young LLP, its partners, members, employees, professional advisers or agents accept any liability and/or assume any duty of care to any third party, (whether it is an assignee or successor of another third party or otherwise) in respect of this report.

No representation or warranty, express or implied, is given by KSF, the Administrators or Ernst & Young LLP or any of their respective directors, partners, officers, affiliates, employees, advisors or agents (and any warranty expressed or implied by statute is hereby excluded) as to the accuracy or completeness of the contents of this report or any other document or information supplied, or which may be supplied at any time or any opinions or projections expressed herein or therein, nor is any such party under any obligation to update the report or correct any inaccuracies or omissions in it which may exist or become apparent. In particular, for reasons of commercial sensitivity, information on certain matters has not been included in the report.

No responsibility or liability is accepted for any loss or damage, howsoever arising, that you may suffer as a result of this report and any and all responsibility and liability is expressly disclaimed by KSF and Ernst & Young LLP or any of them or any of their respective directors, partners, officers, affiliates, employees, advisors or agents.

The information contained in this report has been prepared by the Administrators. In preparing this report, the Administrators have relied upon information from the KSF Group records. Although the Administrators have no reason to doubt the accuracy of that information, they are unable to warrant or represent that it or any information provided by a third party is accurate or complete. The Administrators act at all times solely as agents of KSF and without personal liability.

Please note that amounts included in this report are stated in Sterling. However, there are some realisations and payments that are denominated in other currencies and, therefore, may be subject to foreign exchange movements. These foreign exchange movements have been highlighted as foreign exchange gains/losses in the receipts and payments account.

The estimated outcome described in this report is provided as an illustration only and may not represent the actual value of future dividends which may be paid to creditors. A number of assumptions have been made to arrive at these figures, some of which may prove to be incorrect. Any actual future dividends received by creditors will depend on a number of factors including the actual realisations of KSF and its actual liabilities. Clearly, an increase or decrease in the asset realisations and/or an increase or decrease in the liabilities of KSF will impact the final outcome for creditors.

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1. Introduction

Background

On 8 October 2008, KSF entered into administration and ME Mills, AR Bloom, PJ Brazzill and TM Burton were appointed to act as Administrators by order of the High Court in London. TM Burton was replaced by BT Cairns on 26 April 2013. Under the terms of the appointment, any act required or authorised to be done by the Administrators may be carried out by any one of them.

For all other statutory information please refer to Appendix B of this report.

This report, including its appendices, constitutes the Administrators' fourteenth six monthly report on the progress of the administration pursuant to Rule 2.47(3) of the Rules. This report provides details of the work undertaken in the period 8 April 2015 to 7 October 2015 and should be read in conjunction with the Administrators' previous reports and updates and certain other formal announcements.

Copies of the above documents and other announcements are available on the KSF website, www.kaupthingsingers.co.uk.

Summary of the administration objectives

The objective of the administration is to realise KSF's business and assets in a manner which will result in a more advantageous realisation for KSF creditors as a whole than would be achieved on a winding up (a formal liquidation, as defined in the Act), without first being in administration. Additionally, for the first six months of the administration, the Administrators were directed by the Transfer Order to achieve the Overriding Objectives of:

- ▶ Ensuring that KSF provides, and manages the affairs, business and property of KSF to enable it to provide, the services and facilities reasonably required by ING to discharge its obligations in respect of the rights and liabilities under the second transfer (as defined in the Transfer Order).
- ▶ Ensuring that KSF performs the other obligations imposed on it by or under the Transfer Order.

As reported previously, the above Overriding Objectives have been completed.

The key focus of the administration continues to be recovering the outstanding loans from the banking loan book.

Creditors' Committee

The Administrators and their staff continue to meet regularly with the Creditors' Committee to provide them with our reports on the progress of the administration and to consult with them on any major matters, by way of actual meetings or via conference calls. These and other Committee matters are dealt with separately in the body of this report.

Permission to make distributions and extension to the administration

The Administrators have applied to, and received permission of, the Court to make distributions to unsecured creditors pursuant to Paragraph 65(3) of Schedule B1 to the Act.

At the time of the previous report, the Administrators were in the process of preparing a court application to apply for a third extension of the administration, as the previous extension was due to expire on 7 October 2015. The application was submitted in June 2015 and approved at a hearing on 22 September 2015. The third extension expires on 7 October 2018.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months' time covering the period from 8 October 2015 to 7 April 2016.

2. Summary of key developments

Progress in the period

The body of the report below details the major areas of progress since 8 April 2015, the areas of particular significance being:

- ▶ Banking loan book recoveries of £4m, increasing total loan recoveries to £2,201m as at 7 October 2015.
- ▶ The Court of Appeal hearing in respect of KSF's appeal against the High Court judgment in the proceedings issued against a derivative counterparty regarding funds totalling \$65m which were paid to Khf in error prior to administration was postponed by the Court from June 2015 and will now be heard in March 2016.
- ▶ The Khf Winding Up Committee issued a composition proposal to Khf's creditors on 23 October 2015 and are intending to convene a creditors' meeting to be held in late November 2015 for the purposes of voting on the proposal. If the proposal is implemented, we understand that an initial cash distribution to Khf's creditors will be paid as soon as reasonably practicable, which may be as early as Q1 2016.

Full details of recoveries made for the period of this report together with the total realisations to 7 October 2015 are set out in the Administrators' receipts and payments account at Appendix A.

Dividends to creditors

The Administrators declared and paid a twelfth dividend of 1p in the £ on 10 December 2014.

Future dividends will be paid subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so.

The estimated range for total dividends to non-preferential creditors remains at 85p-86.5p in the £.