

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

Administrators' Progress Report to creditors for the
six month period from 8 April 2016 to 7 October 2016



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
ING	ING Direct N.V.
ISDA	International Swaps and Derivatives Association
IT	Information technology
Khf	Kaupthing ehf (formerly 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.

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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' sixteenth 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 2016 to 7 October 2016 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 and to monitor realisations from the estate of Khf in accordance with its composition agreement.

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.

As mentioned in the last report, the Administrators made an application to Court for a third extension to the administration, which was granted by the Court 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 2016 to 7 April 2017.

2. Summary of key developments

Progress in the period

The body of the report below details the major areas of progress since 8 April 2016, the areas of particular significance being:

- ▶ Banking loan book recoveries of £2.8m, increasing total loan recoveries to £2,214m as at 7 October 2016.
- ▶ KSF's claim for a \$65m payment which a derivative counterparty should have made to KSF but made to Khf in error in early October 2008 was accepted by Khf in accordance with a tripartite settlement agreement dated 20 May 2016. Further information in relation to this matter is set out in Section 3.
- ▶ The Administrators continue to monitor the receipts due to KSF in respect of redemptions of Khf's Convertible Loan Notes held by KSF. Receipts received in this regard during the period amount to £17.4m. Further detail in respect of Khf and KSF's associated recoveries is given in Section 3 of this report.

Full details of recoveries made for the period of this report together with the total realisations to 7 October 2016 are set out in the Administrators' receipts and payments account at Appendix A.

Dividends to creditors

Further to the notice of intended dividend, which was issued to unsecured creditors on 14 September 2016, the Administrators have announced their intention to pay a fourteenth dividend of 0.5p in the £ on 7 November 2016.

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

The estimated range for total dividends to non-preferential creditors has been amended to 86p-86.5p in the £.

3. Update on conduct of the administration

Banking loan book

KSF loan books

As previously reported, KSF's loan book comprised three portfolios: corporate, property and private banking. The net book values of each loan book, as detailed on the SoA, together with collections to date are set out below:

(£'m)	SoA net book values as at 8 October 2008	Actual capital cash collections to 7 October 2016	Actual total cash collections to 7 October 2016
Corporate	631	677	734
Property	864	583	615
Private Banking	1,115	807	865
Total	2,610	2,067	2,214

Notes:

1. Cash collections are converted into Sterling as at transaction date exchange rates.
2. Corporate banking receipts exclude cash received from warrant cancellations and swap settlements of c. £26m.
3. Property banking receipts exclude swap settlements of c. £1m
4. Differences between the loan book receipts as per the receipts and payments account to 7 October 2016 (Appendix A) and the above table are explained below.

Loan book recoveries to 7 October 2016 total £2,214m, consisting of £2,067m capital repayments, £133m interest repayments and £14m in fees.

Please note the above table translates all foreign currency receipts into Sterling ("GBP") at transaction date exchange rates. However, the receipts and payments account which is attached at Appendix A, translates foreign currency balances into GBP as at the reporting date, being 7 October 2016. The receipts and payments account also includes amounts received in respect of swap settlements and warrant cancellations, which are not presented in the above table.

The Administrators continue to focus on maximising recoveries from KSF's loan book, accelerating receipts from borrowers wherever possible in order to enhance realisations for creditors within reasonable timescales.

The loan book recovery process continues to be managed by SFAM, an entity owned and operated by former KSF banking staff, under the supervision of the Administrators. All decisions relating to the loan book are presented to the Administrators and their team for approval at fortnightly Credit Committee meetings. Further detail in relation to the arrangement with SFAM is provided later in this report.

The Administrators continue to authorise further drawdown payments to customers if it is believed that this will preserve or enhance KSF loan book recoveries and in respect of legal fees in order to enforce security. To date, drawdown payments total c.£67m, and the current net drawdown position is £1.7m. KSF is seeking to recover interest wherever possible in accordance with the terms of facility or settlement agreements.

Provisions for bad and doubtful debts in respect of the loan book are reviewed monthly on a loan by loan basis and on an ad-hoc basis in light of any new developments, and are subject to the Administrators' approval. Write-offs during the administration currently total £692m, excluding sub participations. Creditors should note that each write-off is stated against the gross value of the respective loan, and not against the net book values detailed within the SoA.

Information on estimated future recoveries is monitored by the Administrators in conjunction with SFAM on a loan-by-loan basis.

Individual loan exposures are regularly reviewed at Credit Committee meetings in the context of any recent developments or newly available information. Loan book strategies are then revised to seek to ensure the maximum recovery is realised for creditors. Based on information at the end of the reporting period the estimated realisable value of the remaining loans in the KSF loan book remains at £32.2m.

It should be noted that of the estimated future recoveries, many are subject to uncertainty as a result of overseas and / or UK legal proceedings.

In addition to the private banking and property banking loan book accounts mentioned below, there are further accounts that are being monitored by the Administrators, on a reactive basis, with six or twelve month periodic reviews, as they may realise additional funds from the insolvent estates of borrowers / guarantors.

Private Banking

Actual cash collected (£'m)	8 October 2008 to 7 April 2016	6 months from 8 April 2016 to 7 October 2016	8 October 2008 to 7 October 2016
Capital	806	1	807
Interest	56	-	56
Fees	2	-	2
Total	864	1	865

Note: where total interest and fees received are less than £1m, these have been shown as zero in the above table.

As at 7 October 2016, the private banking book included accounts for three remaining borrowers and comprised three segments, being property, yachts and "other", which represented approximately 36%, 53%, and 11% of the private banking book respectively, by value of amounts outstanding. "Other" included securities backed loans and unsecured loans. The basis of the percentage calculations has been revised since the last report to give a more accurate representation.

There remains one property position which is subject to ongoing litigation. The Administrators are working in conjunction with SFAM to assess all options available with regard to maximising realisations and exiting the loan.

Creditors may recall that one yacht position remained outstanding at the date of the last report, and the borrower had defaulted on the final payment due in December 2015, in accordance with the terms of settlement agreement. We are pleased to report that borrower achieved a refinance and KSF was repaid in full in the amount of €3.9m shortly after the reporting period.

Corporate loan book

Actual cash collected (£'m)	8 October 2008 to 7 April 2016	6 months from 8 April 2016 to 7 October 2016	8 October 2008 to 7 October 2016
Capital	677	-	677
Interest	49	-	49
Fees	8	-	8
Total	734	-	734

Note: where total interest and fees received are less than £1m, these have been shown as zero in the above table.

It was previously reported that no further recoveries were anticipated in respect of the corporate loan book. However, a receipt of c.£54k was received, being statutory interest paid from an insolvent estate in respect of a syndicated facility that was terminated in 2011.

Property loan book

Actual cash collected (£'m)	8 October 2008 to 7 April 2016	6 months from 8 April 2016 to 7 October 2016	8 October 2008 to 7 October 2016
Capital	581	2	583
Interest	28	-	28
Fees	4	-	4
Total	613	2	615

As at 7 October 2016, the property loan book included accounts for five borrowers. The property loan book comprised two segments at the date of the last report, being overseas and UK property. However all UK property positions have since been exited. The overseas properties are situated in France, Barbados and St Lucia.

Realisations of c.£1.9m have been achieved in the period, with the largest receipt \$1.7m received in respect of the compulsory purchase of a site in St Lucia, in accordance with the payment terms agreed.

For those borrowers who have remained cooperative, the Administrators sought to continue to work with them and, where possible, encourage a refinance or sale of property so that the loan position may be exited. In the meantime, as and when the Administrators considered it necessary, further drawdown payments were made in order to preserve or enhance the value of the property.

In those cases where borrowers have been uncooperative or have breached the terms of the facility, the Administrators have sought to enforce KSF's security by appointing Receivers over the property concerned or have commenced legal proceedings for possession. Of the remaining five property loan accounts, all are or have been subject to such enforcement action.

Where the Administrators consider it to be cost effective, personal guarantors have also been pursued for the balance due to KSF by the borrowers and Trustees in bankruptcy appointed where necessary.

It will be recalled from the previous reports that a number of the properties are the subject of litigation processes in overseas jurisdictions. These proceedings remain ongoing, which has delayed progress and the ability to exit some of these loan positions.

Kaupthing Bank hf

As previously reported, KSF received its initial entitlements in accordance with the terms of Khf's Composition Proposals in January 2016, relating to claims which are registered directly in KSF's name. These were primarily in the form of cash and Convertible Loan Notes ("the Notes") issued by Khf.

In May 2016, Khf accepted KSF's claim in relation to a \$65m payment which a derivative counterparty should have made to KSF but made to Khf in error in early October 2008. Following acceptance of the claim, KSF received its respective entitlements under the Khf Composition Proposal, being cash in the amount of c.€4.1m, Notes with a nominal value of c.£8m and further Khf shares.

As previously reported, the Administrators submitted the necessary registration documents to receive KSF's entitlement of Notes and further Khf shares relating to KSF's claim for holdings of four bonds issued by Khf, which were made via the Trustee of the bonds. In August 2016, KSF received Notes with a nominal value of c.£1.2m and accrued redemption proceeds of c.£160k in respect of two of its bond positions. However, KSF has recently been requested to file additional documentation in relation to the remaining two bond positions. Once Khf have processed this information, KSF should receive further Notes with a nominal value of £1.1m and accrued redemption proceeds of c.£150k in cash.

As a result of the above, KSF currently holds Notes with a nominal value of £95.4m (approximately 3% of the Notes in issue), which have now been partly redeemed. The Notes are the mechanism through which further cash payments will be made to Khf's creditors. The terms of the Notes are such that redemptions will be payable on a quarterly basis commencing on 18 July 2016, subject to a minimum redemption threshold of €10m. However, Khf have advised that they intend to make redemptions at more regular intervals, subject to Khf having sufficient funds available for distribution.

Khf has made 8 redemptions in the period to 31 October 2016 representing 16.388% of the nominal value of Notes in issue. A summary of the redemptions are shown in the table below:

Redemption Date	Redemption Amount		KSF Entitlement
27-Apr-16	£200,000,000	6.374%	£6,083,110
31-May-16	£78,000,000	2.486%	£2,372,413
30-Jun-16	£121,800,000	3.882%	£3,704,614
18-Jul-16	£10,041,457	0.320%	£305,416
31-Aug-16	£12,700,000	0.405%	£386,277
30-Sep-16	£28,300,000	0.902%	£860,760
18-Oct-16	£19,418,546	0.619%	£590,626
31-Oct-16	£44,000,000	1.402%	£1,338,284
Total	£470,260,003	16.390%	£15,641,500

As at 7 October 2016, total realisations received in respect of KSF's claims against Khf amount to £51.8m, of which £17.4m has been received in the period. Note that this excludes the 7th and 8th redemptions shown above as KSF entitlements to these redemptions were received after the period end and differs from the amount in the receipts and payments account because of presentational foreign exchange differences.

The Notes held by KSF are retained in a custody account with Arion Banki hf in Iceland. The Administrators previously advised that in order to transfer the Notes and cash outside of Iceland, KSF had to apply for an exemption to the Icelandic authorities. The Administrators made an application in March 2016 to transfer cash relating to entitlements under the Khf Composition Proposals to one of KSF's bank accounts in the UK. As no response had been received by August 2016, and following conversations with Khf, the Administrators issued a further request for the transfer of the Notes and all cash held in the Arion account to an account in the UK, directly to the Central Bank of Iceland. The Administrators asked Icelandic Counsel if they could assist to accelerate a response from the Central Bank of Iceland and, on 26 August 2016, the necessary exemption was received. Funds in the amount of c.£11.9m and c.\$1.2m have subsequently been transferred to the main administration bank accounts and the Notes will be transferred to a custody account in the UK once KSF's final Notes entitlement (referred to above) has been received.

We understand from Icelandic Counsel that there have been no significant developments in relation to the Khf Bond Rescission cases and, therefore, it is not expected that a full trial will be held prior to Q1 2017.

Funds paid to Khf in error prior to KSF's administration

As set out above, KSF's claim for a \$65m payment which a derivative counterparty should have made to KSF but made to Khf in error in early October 2008 was accepted by Khf and all matters in relation to the derivative counterparty litigation have been concluded.

4. Creditor update

Non-preferential creditors

The Administrators have adjudicated claims with a gross value of c.£5.5bn as at 7 October 2016. The claims arise from all aspects of KSF's business, but rank equally as non-preferential claims.

As at 7 October 2016, all received claims have been adjudicated. Claims to the value of c.£4.1bn have been admitted to rank for dividend and c.£1.4bn have been rejected, with the current estimated maximum claims not expected to exceed c.£4.1bn.

The Administrators have received two new, non-material claims in the period, both of which has been adjudicated and admitted to rank for dividend.

The Administrators have also been contacted by creditors advising that they have assigned their debts to third parties. Whilst these assignments do not have an impact on the overall value of claims admitted for dividend, they do require adjustment to the Administrators' records in relation to the assigned claims. The number of admitted claims has reduced by three in the period, where some claims have been consolidated from two or more assignees.

Dividends to non-preferential creditors

In accordance with a notice of intended dividend issued on 14 September 2016, the Administrators have announced their intention to pay a fourteenth dividend in the amount of 0.5p in the £ on 7 November 2016. No provision has been made in respect of claims not agreed as there were none at the date of notice.

Future dividends will be paid subject to consultation with the Creditors' Committee and the level of distributable funds making it cost effective to do so. As previously reported, the Administrators have agreed with the Creditors' Committee that, for the time being, the minimum dividend payable will be 0.5p in the £, which equates to the distribution of funds in the amount of c. £20m, and, if greater, will be paid at minimum increments of 0.25p in the £. The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports.

Creditors should note that as the majority of the assets, other than the outstanding loan book and the claim against Khf, have been collected, the level of future dividend payments will be dependent on the timing and quantum of ongoing loan book recoveries and distributions from Khf.

Estimated outcome for creditors

The Administrators are not in a position to provide confirmation of the exact timing or quantum of any dividends beyond the fourteenth dividend at this time. However, the historical distribution timetable is set out below:

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	5 October 2011	5p in £
Eight dividend	2 May 2012	10p in £
Ninth dividend	31 October 2012	3p in £
Tenth dividend	6 June 2013	3p in £
Eleventh dividend	18 December 2013	2.5p in £
Twelfth dividend	10 December 2014	1p in £
Thirteenth dividend	30 March 2016	1.25p in £
Total paid to date		83.75p in £
Fourteenth dividend	7 November 2016	0.5p in the £

On the basis of current forecast recoveries from the banking book, prudent estimates of realisations from other assets, maximum estimates of unsecured claims and current market conditions not deteriorating, the estimate of total dividends to non-preferential creditors has been amended to 86p-86.5p in the £. The Administrators would stress that the eventual outcome of the Administration could be lower or higher as there remain significant issues which may impact either future realisations or the level of claims from creditors, and thus the estimate is indicative and cannot be relied upon.

5. Other matters

Receipts and payments account

Attached at Appendix A is the Administrators' receipts and payments account for the period 8 October 2008 to 7 October 2016, which includes a summary of the receipts and payments for the reporting period. All receipts and payments are shown inclusive of VAT, where applicable.

It should be noted that foreign currency transactions occurring in currencies other than Euro and US Dollar are converted into Sterling using the exchange rate at the date of each transaction. With regard to Euro and US Dollar transactions, the figures stated have been converted into Sterling using exchange rates as at 7 October 2016.

The funds in the Administrators' control are held across a number of clearing banks in order to mitigate risk. Some monies are invested in low risk, short term money markets in order to achieve a greater rate of return than if left in a standard business current account.

The Administrators' receipts and payments account is a statement of cash received and cash paid out and does not reflect estimated future realisations or costs.

Statement of Affairs

As with previous reports, in view of the redaction of the Directors' SoA we have not reflected the Directors' estimated to realise valuations as required under SIP 7 in the receipts and payments account attached at Appendix A.

Creditors' Committee

The Administrators report on a regular basis to the Creditors' Committee, which comprises three members, on matters of importance in relation to the administration of KSF.

The Committee continues to attend the formal meetings and provide their opinions by way of consultation on major issues. We wish to express our thanks for this assistance and the considerable time they have committed to date.

The membership of the Committee during this reporting period was constituted as follows:

1. Cats Protection;
2. Financial Services Compensation Scheme Limited;
3. Peterborough City Council;

Subsidiary companies

Singer & Friedlander Investment Management Group

As previously reported, both SFIM and SFCM were placed into solvent liquidation on 24 September 2013.

In a previous period, SFIM received funds directly into the liquidation bank account which the Liquidators believed should have been sent to the purchaser of the KSF Group's investment management business, Williams De Broe ("WBD"). WBD have been unwilling to be refunded these monies, so they will be transferred to KSF upon closure of the liquidation. Clearance from HMRC to close both liquidations is being confirmed and the Liquidators hope to be in a position to close the liquidations shortly.

Other subsidiary companies

All subsidiary companies in the KSF Group are either in members' voluntary liquidation, or have either been in a form of insolvency process, sold or struck off the company register.

A summary of the current KSF Group corporate structure, together with a summary of the direct / indirect subsidiaries which have been placed into solvent liquidation or dissolved via strike off procedure is set out in the table at Appendix C.

Attached at Appendix C is a summary of the current KSF Group corporate structure.

Operational matters

Information Technology matters

The Administrators, with the assistance of the IT and operations team services provided by SFAM, review KSF's IT systems and costs as an ongoing process. Subject to ongoing business needs, costs are reduced wherever possible.

As mentioned in previous reports, KSF is required to retain data as part of legal and regulatory requirements. A long-term data retention environment has been specified and built, with non-mandatory applications and functions wound down to leave a core of key applications to enable the loan book to continue to be managed and which will allow data to be retained indefinitely to the Administrators' order. Operating and support procedures for this core system have been documented and tested for effectiveness and accuracy.

Services and Secondment Agreements of SFAM

The Administrators consider that continuing to use the former banking staff provides the most effective way of realising the loan book, and enables compliance with KSF's regulatory requirements where required. The relationship was governed by the Fifth SSA which took effect from 1 May 2015 and was due to expire on to 31 December 2016. This was replaced by the Sixth SSA with effect from 1 October 2016 and runs to 31 December 2018.

Regulatory and Compliance

In the last report, it was advised that KSF's remaining regulated mortgage position had been closed. Further, in December 2015, an application was made to the FCA, requesting the cancellation of KSF's Part 4A permissions, which was granted with effect from 10 October 2016. Quarterly regulatory returns in respect of the regulated mortgage and Part 4A are, therefore, no longer required.

However, the SFAM secondees and the Administrators continue to review day-to-day activities in order to identify any regulatory risks and ensure related controls, policies and procedures are applied as required.

Administrators' remuneration and disbursements

It will be recalled that a Creditors' Committee was formed at the first meeting of creditors. The Creditors' Committee resolved that the Administrators' remuneration be fixed on a time-cost basis, and that the Administrators be authorised to draw 80% of their time costs (plus VAT and expenses) on a rolling six-weekly basis with the remaining 20% being subject to approval of the Creditors' Committee.

As part of the ongoing fee approval process, the Committee members receive a comprehensive analysis of the Administrators' costs including time costs by activity and grade together with a detailed fee narrative by each individual work stream.

The Administrators' total hours and time costs (excluding VAT) relating to the sixteen six-month periods since the date of appointment are provided below:

Period to	Total time costs (£)	Total hours	Avg hourly rate (£)
7 April 2009	17,941,057	48,746	368
7 October 2009	8,403,547	25,920	324
7 April 2010	6,608,869	18,409	359
7 October 2010	5,676,906	15,137	375
7 April 2011	4,692,167	12,232	384
7 October 2011	4,032,063	9,545	422
7 April 2012	3,941,098	9,223	427
7 October 2012	3,431,717	8,420	408
7 April 2013	2,783,280	6,540	426
7 October 2013	2,967,288	6,733	441
7 April 2014	1,758,862	4,615	381
7 October 2014	1,568,464	3,107	505
7 April 2015	1,457,924	2,775	525
7 October 2015	1,240,984	2,287	543
7 April 2016	1,384,263	2,467	561
7 October 2016	1,356,788	2,448	554
Totals	69,245,276	178,606	388

In accordance with SIP 9, attached at Appendix D is an analysis of the time incurred and the associated costs for the administration as a whole and the period in question. As previously reported, the above time costs are inclusive of the Administrators' time costs recovered from ING in the amount of £3.5m pursuant to the transfer of the Edge depositors' accounts.

To date, disbursements of £0.5m plus VAT (inclusive of Category 2 disbursements) have been incurred, of which c.£6k plus VAT was incurred during the period. Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 October 2016

	Receipts & Payments for the period 8 October 2008 to 7 April 2016	Presentational foreign exchange movements on historical Receipts & Payments	Receipts & Payments in six months to 7 October 2016	Total	Notes
£'000	£ ¹	£ ²	£ ³	£	
Receipts					
Cash taken over	426,816	14,271	10	441,097	6
Property loans	619,630	20,631	3,415	643,676	7
Private banking	871,104	41,913	857	913,874	8
Corporate loans	759,286	23,576	54	782,916	9
Kaupthing hf	36,790	4,133	17,402	58,325	10
Asset Finance	581,062	-	-	581,062	11
Realisations from Transitional Service agreements	14,514	-	-	14,514	12
Tax	21,813	-	347	22,160	13
Rental income	5,779	-	-	5,779	
Share realisations and dividends	420,953	4,722	-	425,675	14
Financial instrument receipts	304,326	6,094	-	310,420	15
Inter-account cross currency receipts	880,081	-	7,640	887,721	16
Other realisations and interest	75,542	306	31	75,879	17
Total receipts	5,017,696	115,646	29,756	5,163,098	
Payments					
Supplier payments	23,990	136	20	24,146	18
Staff wages and related expenses	85,764	5	25	85,794	19
Drawdown payments	67,338	3,551	472	71,361	20
Legal and other professional fees	53,290	37	801	54,128	21
Transaction costs relating to SAF sale	10,588	-	-	10,588	
Insurance	1,127	-	43	1,170	
Administrators' fees	78,166	-	1,385	79,551	22
Administrators' disbursements	522	-	5	527	
Rent, rates and utilities	24,362	-	-	24,362	
Tax	496	-	-	496	
Financial instrument settlements	5,622	-	-	5,622	23
Inter-account cross currency payments	907,815	111,457	8,485	1,027,757	16
Cheques and direct debits released post admin	1,204	-	-	1,204	24
Bank charges and interest	444	21	28	493	
Distribution to preferential creditors	305	-	-	305	
Distribution to unsecured creditors	3,735,550	-	656	3,736,206	
Total payments	4,996,583	115,207	11,920	5,123,710	
Foreign exchange gain/(loss)	150	-	-	150	1
Closing balance	21,263	439	17,836	39,538	25

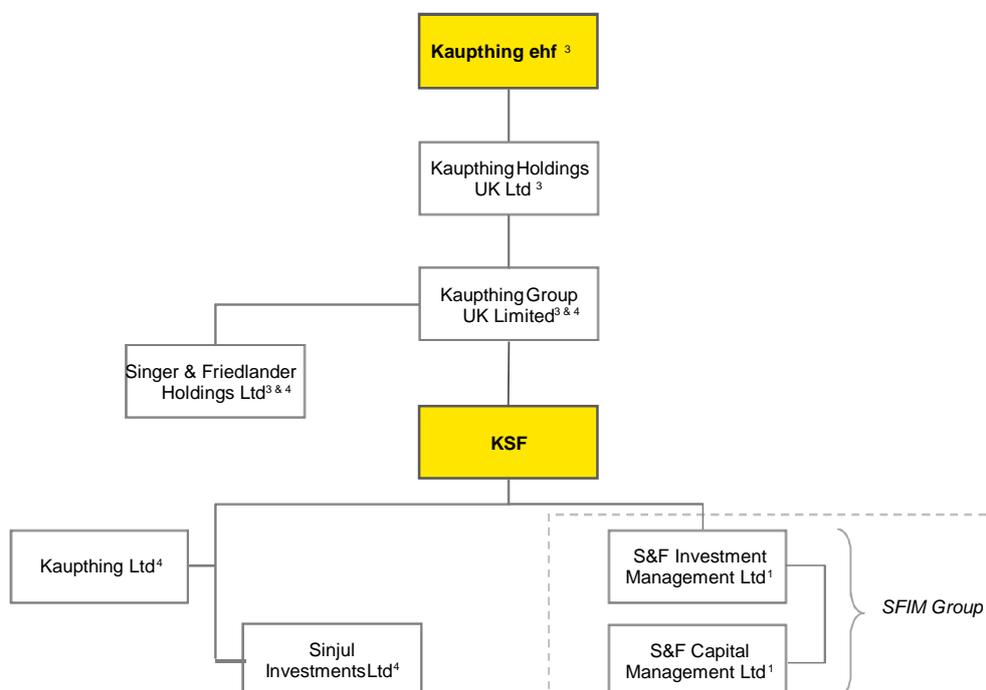
Notes:

1. *All receipts and payments are presented in Sterling and amounts are inclusive of VAT where applicable.*
2. *Receipt and payments as per our progress report to 7 October 2016 are stated gross of presentational foreign exchange differences.*
3. *Presentational foreign exchange differences show the effect of movement in Euro and US Dollar exchange rates within the period of 7 April 2016 to 7 October 2016 on all historical Euro and US Dollar receipts and payments reported to 7 October 2016.*
4. *Receipts and payments within the six months to 7 October 2016 show all receipts and payments made within the period 7 April 2016 to 7 October 2016. Transactions occurred throughout the period at the exchange rates on the relevant date of transaction. This column translates all receipts and payments into Pounds Sterling as at the period end exchange rate date of 7 October 2016. Therefore this column will include foreign exchange differences on Euro and US Dollar receipts and payments within the period.*
5. *Foreign currency transactions occurring in AUD, CAD, HKD, JPY, NOK and NZD are converted into Sterling using an exchange rate as at the relevant date of each transaction. The 'Foreign exchange gain/loss' line shows the effect of changes in exchange rate when physically transferring funds from these foreign currency accounts into Sterling accounts.*
6. *Cash taken over represents monies belonging to KSF and previously held by certain third party banks. These funds are now under KSF's control.*
7. *A combination of capital repayments, interest and fee payments from the Property loan book.*
8. *A combination of capital repayments, interest and fee payments from the Private Banking loan book as well as cash received from guarantees and swap settlements.*
9. *A combination of capital repayments, interest and fee payments from the Corporate loan book as well as cash received from warrant cancellation and swap settlements.*
10. *Monies realised in respect of claims accepted in the estate of Kaupthing hf in accordance with the terms of its composition agreement.*
11. *A combination of capital repayments, interest and fee payments from the Asset Finance subsidiaries.*
12. *This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SAF and Edge).*
13. *This amount relates to money received post administration in respect of tax bills paid in July and August 2008 on behalf of various Asset Finance subsidiaries and subsequent tax refunds received.*
14. *This represents receipts from the sale of shares and dividends.*
15. *This is the product of closed Financial Instrument positions including ISDA valuation settlements, Bond maturities and Coupons, Repurchase Agreements and Equity Swaps.*
16. *The movement in the inter-account cross currency receipts and payments is mainly attributed to the transfer of funds held in the foreign currency bank accounts into the Sterling account to facilitate the distributions to creditors.*
17. *This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of property, chattel sales and fee refunds.*
18. *Supplier payments in relation to ongoing costs including expenditure on IT.*
19. *This represents payments for staff wages and related expenses.*
20. *These payments are drawdowns provided to existing customers across the loan books in respect of loans which have open facilities funded by KSF where the Administrators have assessed that the further drawings will enhance realisations or reduce potential claims.*
21. *Legal and other professional fees relate to legal advice obtained, court proceedings and litigation conducted in connection with various issues across the administration. Professional fees paid to SFAM are also included in this line.*
22. *Administrators' fees relate to amounts actually billed during the current period and therefore differ from the amounts incurred in the period as per the SIP 9 in Appendix D.*
23. *These figures represent treasury derivatives close out agreements between KSF and two counterparties involving FX, Interest rate and Equity Swaps.*
24. *These payments were released immediately after appointment and before any stop could be placed on them.*
25. *The closing balance represents total receipts less total payments, including all foreign exchange movements for the period from 8 October 2008 to 7 October 2016. Further, over the period of administration, third party funds totalling c. £86m have been received and returned, which do not form part of the estate. The Administrators return funds to third parties as soon as reasonably practicable. At the date of this report, received a sum of £464 was being held pending the return payment.*

Appendix B Statutory and other information as at 7 October 2016

Company Information	
Registered number:	00875947
Company name:	Kaupthing Singer & Friedlander Limited
Current trading address/ registered office address:	1 More London Place London SE1 2AF
Former trading address:	One Hanover Street London W1S 1AX
Previous names:	Singer & Friedlander Limited until 22 August 2006
Details of the Administrators and of their appointment	
Administrators:	ME Mills, AR Bloom, PJ Brazzill and BT Cairns of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment:	8 October 2008 (ME Mills, AR Bloom and PJ Brazzill) 26 April 2013 (BT Cairns)
By whom appointed:	The appointment of ME Mills, AR Bloom and PJ Brazzill was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Financial Services Authority. The appointment of BT Cairns was made by the High Court of Justice, Chancery Division, Companies Court on the application of the continuing Joint Administrators following the resignation of TM Burton.
Court reference:	High Court of Justice, Chancery Division, Companies Court – case 8805 of 2008
Division of the Administrators' responsibility:	Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally
Period of administration:	First extension to 7 October 2012 granted by Court on 24 April 2009 Second extension to 7 October 2015 granted by Court on 13 August 2012 Third extension to 7 October 2018 granted by the Court on 22 September 2015
Prescribed Part:	The Administrators have established that there are no valid fixed or floating charges registered against KSF. In the absence of a floating charge, there are no monies required to be set aside to creditors under s176A of the Act being under the 'Prescribed Part' formula
Statement Concerning the EC Regulation	
EC Regulation Statement	In accordance with the Credit Institutions (Reorganisation and Winding Up) Regulations 2004, the EC Council Regulation on Insolvency Proceedings does not apply to this administration. Under these Regulations the administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Economic Area member State.

Appendix C Kaupthing Singer & Friedlander – group structure at 7 October 2016



Notes:

1. Entity is in members' voluntary liquidation
2. Entity was subject to a members' voluntary liquidation process which has now been concluded. The entities will be struck off the register of companies in due course
3. Entity is outside of the KSF Group and, therefore, is not under control of the Administrators
4. Entity has been dissolved

Direct / Indirect Subsidiaries

Members' voluntary liquidation	Date of appointment	Date struck off the register
Singer & Friedlander Investment Management Holdings Limited	31 March 2009	7 June 2011
KB Retail Advisory Limited	16 June 2009	27 December 2010
Sinjul Investments Limited	16 June 2009	
Wintrust Securities Limited	16 June 2009	27 December 2010
Kaupthing Limited	02 July 2009	
Peaston Emerson's Green Limited	11 November 2009	27 December 2010
Singer & Friedlander Trade Finance Limited	21 April 2010	25 October 2011
Clarke London Limited	29 March 2011	6 December 2011
Singer & Friedlander Asset Management Limited	24 June 2011	27 September 2012
Singer & Friedlander Investment Management Limited	24 September 2013	
Singer & Friedlander Capital Management Limited	24 September 2013	
Creditors' Voluntary liquidation	Date of appointment	Date struck off the register
Singer & Friedlander Funding plc	2 January 2012*	28 August 2014
Strike off	Date struck off the register	
Singer & Friedlander Secretaries Limited	21 July 2009	
Kaupthing Steadfast Limited	21 July 2009	
Cheapside Nominees Limited	27 August 2013	
Private Nominees Limited	27 August 2013	

*Following the appointment of Administrators on 27 November 2008.

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 October 2016

Breakdown of hours charged by grade

Classification of work by function	Breakdown of hours charged by grade				Total hours	Total time costs (£)	Avg. hourly rate (£)
	Partner/Director	Manager	Other senior professionals	Assistants & support			
Accounting and admin.	1,593.0	6,689.3	12,338.7	17,307.8	37,928.8	10,610,807	280
Asset Finance	1,146.3	1,572.6	181.9	31.5	2,932.3	1,581,761	539
Bank and statutory reporting	885.7	2,792.1	2,293.9	1,049.6	7,021.3	2,865,829	408
Banking book	5,244.5	14,899.2	14,912.5	6,550.5	41,606.7	16,628,298	400
Creditors	937.0	3,814.4	5,075.8	3,145.2	12,972.4	4,354,151	336
Debtors	69.5	85.0	37.6	154.6	346.7	126,486	365
Edge decommissioning	19.0	522.8	299.5	11.0	852.3	301,342	354
Edge retail accounts	1,636.5	4,243.0	4,222.7	1,710.6	11,812.8	4,311,844	365
Edge retail migration	249.0	1,264.8	32.5	-	1,546.3	765,478	495
Employee matters	1,130.5	907.4	707.4	279.2	3,024.5	1,388,416	459
Help desk	-	24.1	60.5	861.0	945.6	165,622	175
Immediate tasks	315.6	207.0	437.5	718.1	1,678.2	512,793	306
Investigations and CDDA	216.5	140.4	135.1	52.5	544.5	267,104	491
Investment banking	57.0	47.2	-	-	104.2	56,102	538
IT Wind Down Project	28.1	1,696.4	518.6	32.0	2,275.1	1,105,902	486
KSF Capital Markets	773.3	73.6	324.2	0.7	1,171.8	682,157	582
Legal issues	1,547.1	1,700.9	515.0	228.8	3,991.8	2,220,577	556
Members	0.0	1.9	0.0	0.0	1.9	800	421
Non-Edge IT support	-	192.1	3.0	-	195.1	79,896	410
Other assets	1,187.4	1,819.8	695.5	862.9	4,565.6	2,143,063	469
Property	1,273.3	6,762.2	8,850.6	1,895.1	18,781.2	7,248,487	386
Public relations issues	10.0	45.1	1.9	2.0	59.0	19,752	335
Retail book	117.0	500.7	383.1	44.0	1,044.8	454,179	435
Retention of title issues	-	7.9	6.8	-	14.7	5,243	357
Sale process	623.0	1,480.4	1,362.0	303.2	3,768.6	1,643,201	436
Statutory duties	182.6	460.6	537.9	117.4	1,298.5	567,893	437
Trading	590.9	1,640.8	1,759.4	1,653.8	5,644.9	1,774,475	314
VAT and taxation	2,553.1	5,567.4	3,031.9	1,324.1	12,476.5	7,362,752	590
Total hours	22,385.9	59,159.1	58,725.5	38,335.6	178,606	69,245,276	388
Total time costs (£)	16,061,085	29,534,753	16,770,073	6,879,366	69,245,276		
Avg. hourly rate (£)	717	499	286	179	388		

Summary of Administrators' time costs for the six month period 8 April 2016 to 7 October 2016

Classification of work by function	Breakdown of hours charged by grade				Total hours	Total time costs (£)	Avg. hourly rate (£)
	Partner/ Director	Manager	Other senior professionals	Assistants & support			
Accounting and admin.	37.9	183.7	149.9	412.3	783.8	313,673	400
Asset Finance	-	0.9	0.3	-	1.2	747	623
Bank and statutory reporting	32.5	79.7	73.8	1.7	187.7	115,256	614
Banking book	150.8	372.2	165.3	2.2	690.5	472,206	684
Creditors	8.6	29.8	71.1	72.1	181.6	71,407	393
Debtors	-	2.6	0.1	2.5	5.2	2,588	498
Edge decommissioning	-	-	-	-	-	-	-
Edge retail accounts	-	-	-	-	-	-	-
Edge retail migration	-	-	-	-	-	-	-
Employee matters	-	3.4	0.2	0.3	3.9	2,652	680
Help desk	-	-	-	-	-	-	-
Immediate tasks	-	-	-	-	-	-	-
Investigations and CDDA	-	-	-	-	-	-	-
Investment banking	-	-	-	-	-	-	-
IT Wind Down Project	-	12.0	-	-	12.0	8,874	739
KSF Capital Markets	-	-	-	-	-	-	-
Legal issues	33.4	57.9	6.5	-	97.8	78,032	798
Members	-	-	-	-	-	-	-
Non-Edge IT support	-	-	-	-	-	-	-
Other assets	42.0	52.6	15.6	5.4	115.6	86,354	747
Property	-	-	-	-	-	-	-
Public relations issues	-	-	-	-	-	-	-
Retail book	-	-	-	-	-	-	-
Retention of title issues	-	-	-	-	-	-	-
Sale process	-	-	-	-	-	-	-
Statutory duties	1.0	20.4	75.8	55.2	152.4	53,935	354
Trading	-	-	-	-	-	-	-
VAT and taxation	54.7	77.3	50.8	33.4	216.2	150,198	695
Total hours	360.9	892.5	609.4	585.1	2,447.9	1,356,788	554
Total time costs (£)	362,252.50	649,873.04	222,272.16	122,390.24	1,356,787.94		
Avg. hourly rate (£)	1,003.75	728.15	364.74	209.18	554		

Time costs of £1,356,788 have been incurred in the six months to 7 October 2016, representing total hours of 2,448 at an average hourly rate of £554. The Administrators' cumulative time costs incurred from date of appointment to 7 October 2016 are c. £69.2m plus VAT.

Charging and disbursement policy

Administrators' charging policy for fees

The size and complexity of the assignment has necessitated that the Administrators put in place a team of Ernst & Young personnel including specialists in financial services, real estate, taxation, systems and IT, HR, communications and other advisory services, as well as core restructuring personnel. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. Where the Administrators utilise the services of specialist departments within the Administrators' firm such as tax, these departments may charge a number of hours if and when the Administrators require their advice. These rates will vary and may exceed those of the Administrators' restructuring staff.

The rates used by the Administrators may periodically rise over the period of the administration but are, however, subject to the agreement of the Creditors' Committee.

Administrators' charging policy for disbursements

SIP 9 divides disbursements into two categories:

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment.

Category 2 disbursements are charges made by the Office Holder's firm that include elements of shared or overhead costs. SIP 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for Category 2 disbursements before they are drawn.