

Kaupthing Singer & Friedlander (Isle of Man) Limited

Meeting of the Committee of Inspection at Sixty Circular Road, Douglas, Isle of Man on Tuesday 29 March 2011 at 8.30am

Present:

Mike Simpson – Joint Liquidator (“MS”)
Peter Spratt – Joint Liquidator (by telephone) (“PS”)
Mark Loftus – Director, PwC UK (“ML”)
David Morell – Director, PwC UK (“DM”)
Peter Hardy – Reed Smith (“PH”)
Seth Caine – Cains Advocates (“SC”)
Gunnar Jonsson – Jonsson & Hall (by telephone)
Johannes Eiriksson – Jonsson & Hall (by telephone)

Simon Bessant (“SB”)
John Hollis (“JH”)
Peter Wakeham (“PW”)
Mark Kiernan (“MK”)
Gavin Brake (“GB”)
Stuart Roberts (“SR”)

Apologies:

Neill Angus

1 Investigation and Iceland

PH updated the meeting on the current status of the investigation and legal actions.

The parental guarantee case was discussed. It was confirmed that the appeal had been filed with the Icelandic Supreme Court. The appeal process was discussed. The Supreme Court process will most likely be based on a review of the written evidence and it is unlikely that they will call for oral submissions. It is anticipated that the decision of the Supreme Court could be made within the next two months.

The issue regarding the costs of the Scheme of Arrangement was discussed. It was noted that the fact that the Joint Liquidators did not pursue Treasury for costs was consistent with the legal advice they received.

2 DAG legal costs

It was noted that a letter was received last week on the matter from DAGs advocates and the process for agreeing costs was discussed.

3 Fifth dividend and Estimated outcome

A fifth dividend of 12.5% will be paid on 8 April 2011. It was noted that the published estimated outcome range is now 91.4% to 97.7%. The calculation is based on assumptions which are consistent with previous estimates.

4 KSFUK claim

It was noted that the claim has been agreed at £246million, and that the estimated outcome range from the administration is 75% to 84%, of which we have received 53%. MS reported that he has just been appointed to the KSFUK Creditors Committee. This will enable a valuable insight into the administration and the calculation of their estimated outcome. However, he has had to sign a confidentiality agreement and so there will be limitations on the information that he can share with the Committee. The administrators have indicated that they will pay a further distribution towards the end of May, however the amount is dependent upon the level of receipts.

5 Claims

The latest claim schedule was reviewed. It was noted that creditors can come forward with claims up until the final distribution. It was also noted that there are a large number of claimants for very small amounts who have not submitted a claim. Some of these will be depositors whose claims were largely met by the EPS, however, if we get to the point where recoveries exceed 100%, they may submit a claim so that they can receive interest for the whole period.

6 Loans

The loan book summary was reviewed. There are 74 loans remaining with a total value outstanding of £172million. Amounts written off to date represent only 0.6% of the loan book. It was noted that, according to the contractual terms of loans outstanding at 8 October 2008, a total of £335million should still be outstanding. However loan recoveries are currently running at £163million ahead of this as a result of the active management of the portfolio.

The top ten outstanding loans were discussed in detail. The Lighthouse Living case was also discussed. The appeal will commence on 30 March 2011 and is expected to last two days.

7 Cash Book

The Committee reviewed the cash book and signed their certificate to be filed with the Court.

8 Costs

Ongoing bank staff levels were discussed. It was agreed that it is beneficial to continue to have manned telephone lines. It was noted that telephone enquiries are running at around 30 per day.

The Liquidators' costs were discussed at length and it was agreed that the Liquidators would provide further details in order to enable the Committee to assess fees.

9 DAG proposal

SB advised that the DAG will shortly submit a proposal to the UK and Manx governments for the establishment of a trust, to be funded by both governments, to enable depositors to be repaid in full without having to wait for the realisation of assets in the liquidation.