

**Case no. :** 090-2009-0021  
**Location:** Special Prosecutor's Office  
**Date:** 1 November 2011  
**Time:** 12:07 p.m.

**SP** Special Prosecutor

**HMS** Hreidar Mar Sigurdsson ID # 191170-5719

**HFH** Hordur Felix Hardarson, Supreme Court Advocate

SP The recording has begun. The intention here is to obtain information from Hreidar Mar Sigurdsson in case 090-2009-0021 which is, ahh, regarding Kevin Stanford's acquisition of shares in Kaupthing during 2008. Today is November 1, 2001 and the time is 12:07 p.m.

The case investigation pertains to the purchase by Kevin G. Stanford of shares in Kaupthing in 2008, as previously mentioned, together with the financing of these shares. More specifically, Stanford's purchase of 17.3 million shares in Kaupthing in August 2008 and financing in the form of a money market loan. It is known that the loan was granted on 19 August 2008 and the purchase was entirely financed by Kaupthing Bank, which lent Kevin Stanford a loan in the amount of ISK 12,445,518,000 (about 102 million euros) without the appropriate collateral and without the loan having been taken up by the Bank's credit committees.

It is suspected that this act placed the Bank's funds at extreme risk, and as such may be subject to the provisions on enrichment in Chapter XXVI of the General Penal Code, Act no. 19/1940, in particular Article 249 of the Act regarding abuse of position. Also under investigation is whether the actions in question is subject to Act no. 108/2007 on Securities Transactions, in particular Article 117 of the Act, cf. Article 146 of the same Act regarding market abuse. In addition, the investigation extends to whether the actions in question may be subject to Act no. 2/1995 Respecting Public Limited Companies, as well as Act no. 161/2002 on Financial Undertakings.

Sigurdsson has been informed that he is legally considered to be a suspect within the meaning of Article 27 (1) of Act no. 88/2008 on Criminal Procedure (hereinafter the "Criminal Procedure Act"), as Sigurdsson was the Bank's CEO at the time the alleged criminal activity took place. Sigurdsson has been informed that he is not required to answer questions regarding alleged criminal activity during questioning, cf. Article 64 (2) of the Criminal Procedure Act. Sigurdsson has been admonished that, should he elect to make statements regarding alleged criminal matters, that he tell the truth and provide an accurate account and not withhold anything which may be of material importance, cf. Article 64 (3) of the Criminal Procedure Act.

You've been apprised of this matter a few times already so there's no need to go over it in more detail.

This interrogation is being recorded on audio and video disk in accordance with the appurtenant law thereto. Supreme Court Advocate Hordur Felix Hardarson will be present during the questioning. He has been appointed to act as your defense counsel in the case.

We mention in passing that under Article 64 (2) of the Criminal Procedure Act Sigurdsson may not consult with his defense counsel regarding how he answers individual questions. However, he is permitted to consult in private with defense counsel regarding his legal standing.

I am Police representative Thordur Geir Thorsteinsson, and we have specialist Sigridur Mogensen and specialist Robert Helgason present as well, and we shall jointly handle the questioning.

I think it would be appropriate for us to introduce ourselves for the recording, do, I think that (unintelligible).

So, just to recap a bit from last time regarding Kevin...anything you recall, or anything new that's come forth?

HMS No, well the only thing that's come forth regarding Kevin Stanford is ahh, we've taken as collateral shares that he had in the Mulberry fashion chain and which he...that've gone way up in price. If I recall correctly they've gone up 15 times in value. So the value of that collateral uhh, has grown to tens of billions of Icelandic krona that Kaupthing uhh, had, if that's correct, I don't have all the information. Regarding how, how the Winding-up Board or Resolution Committee has played those cards, but if this is correct, as it looks to me to be, then Kaupthing's losses on its dealings with Kevin Stanford have become very negligible, if any.

SS How? Sorry.

HMS Well, that's the only new thing I have that I, that's been pointed out to me since we last spoke about this.

SS You say you took Mul...Mulberry shares as collateral?

HMS Yes we definitely took uh, uh, (unclear) just roughly, roughly, the big picture. As it looked...looked to me. We took all his assets as collateral for the loan, and he also put up a personal guarantee.

SS For the loan in general?

HMS Yes for...yes for this loan in question. I think it's, I always need...well there are a lot of items, maybe that loan, which is maybe more complicated than, but just a, but basically it looks to me that we had all of Kevin Stanford's assets as collateral...

SS Under?

HMS And a personal guarantee.

SS Sort of a glob...global pledge?

HMS A real global pledge, and what was done since we last spoke is that those assets, as...one of his assets, we might be, wasn't very valuable.

SS Hmm.

HMS Uhh, the autumn of 2008 is is, has gone up 15-fold in value and has become very valuable as of today.

SS When you say "we", do you mean the parent company?

HMS Yea, the Group, Kaupthing Kaupthing and Kaupthing and Luxembourg. I think the loan was granted, granted via these two, via these two companies.

SS And you're talking about the loan that we're investigating?

HMS No just generally about...

SS Ok.

HMS In general, in general about Kevin Stanford's loan loan.

SS Didn't most of the loans to Kevin Stanford go through Lux?

HMS Yeah I think so, most of them, but I I still couldn't say for sure.

SS But which one is it, is it Lux or the parent company, meaning Kaupthing in Iceland, that took these shares in Mulberry as collateral?

HMS In, I think it was, I think, we'll have to ask the Resolution Committee about this, but I think that the Resolution Committee has this collateral as of today.

SS You came to us for questioning in connection with this case both on May 6 and May 17, 2010. Uhh, it has been, so we'll just restate that on August 7, 8 and 11 of 2008 shares were bought, shares in Kaupthing were bought for Kevin Stanford. A total of 17.3 million shares, 17.3 million shares. Uhh Frosti was the broker for the transaction and is in your questioning on 17 May 2010, here is a copy of it. Document marked **V/1.2.1.3** which I assume you have in your possession somewhere. No okay, it hasn't...

HMS Not the copy.

SS No.

HFH When was it prepared?

SS It's all stated here, I, so it will definitely be in there the next time records are handed over. Uhh, you say here on page 2 that you were directly involved in these transactions.

HMS Yes, I recall having been so.

SS Would you like to read it?

HMS No, no I think it's, I think it's correct, I reca..., remember.

SS Who was the seller of the shares?

HMS That can only be checked in the bank's computer system.

SS Ok.

HMS But I think that, you know that it comes from proprietary trading, but but I don't know whether other parties sold shares, too, I...I don't know.

SS No. Did you find out when, as you say, you were directly involved in this transaction. What do you mean by this?

HMS No, it was, I think there are e-mails. Where Kevin is sending, sending things to me and asking me to buy buy shares. He did that and I received them, I don't remember whether I spoke directly to him or not. (Unintelligible) me, like it, like, somehow it's in me, as if I even received an e-mail from him in which he talks about his interest and that it's really good and that he was interested in this, and, and I kind of assessed the matter on my own. But whether, I think last time I said that I was, (unintelligible), always recalling things, took place over many years, I was just kind of wondering whether it was a good idea or not. You know, because of his position, because he, I mean he clearly owed a lot of money and, I was absolutely directly involved in this transaction. I think that I, I was the one who decided to sell those shares in the bank to Kevin Stanford.

SS Were you involved in determining the price, or were you just agreeing on the price and the number of shares?

HMS I don't remember.

SS We have an e-mail here, stamped II/1.3.1, dated 7 August 2008. Actually, it's not an email from you.

HMS Ok.

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SS Here it says that the shares are being bought for Kevin. "Funding will come from Iceland". Can you just go over with us a bit who took the decision regarding this and how it came about?

HMS Of course I don't remember the dates and and...

SS No.

HMS How and what, what was decided when etc., I mean, but that's, like I've said before, I was the one who made the decision to sell to Kevin Stanford and I made the decision that it would be, for the loan to be given, and I informed Sigurdur Einarsson of this.

SS Informed him...do you remember this?

HMS Yes.

SS Hmm. Did you inform Bjarnfredur and Gunnar Pall?

HMS I don't remember, and I was...(unintelligible) whether Sigurdur was the one who told it, however that loan was included in the loans on the loan overview that the Board

was given at the Board of Directors meeting on 25, 26 September in London, overview of of Kevin Stanford.

SS So there you're talking about the Powerpoint presentation that was given and that was leaked?

HMS Yes, it was a big presentation...

SS Yes, ok.

HMS In...uh...in that...I was, went over each and every loan, and and it was also presented orally. It wasn't just, the report wasn't just presented, you know.

SS No, but you, I mean, do you remember presenting it? Was it done in written form or orally, that a loan had been granted in August?

HMS It was both.

SS So it was included in the overview for Kevin?

HMS And the Board made no comment on it, on the loan, for instance.

SS It was presented at the Board meeting in London in September?

HMS Yes.

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SS During questioning of Magnus Gudmundsson on 6 May 2010 it was disclosed that he knew, that he had known that Kevin had asked to buy more shares in the bank.

HMS Exactly

SS And that you decided to sell more shares to him.

HMS Yes.

SS Agrees with your testimony. Because no one else could have made the decision to lend so much money to, within..., to a customer and sell shares in the bank. Or that's how he worded it. Uhh, he also says that he believes that no one other than you could make a decision on a transaction like that. Is this correct?

HMS I, I couldn't tell you.

SS Had you spoken with Magnus Gudmundsson about the funding coming from Iceland?

HMS I don't remember what, like I say, I (unintelligible) remembered what, exactly what I talked to Magnus about.

SS We've talked just a bit with you about money market loans in general.

HMS Yes.

SS During the summer.

HMS Yes.

SS And maybe not to ask you about that in particular, but it's come forth that it was a money market loan.

HMS Yes.

SS For 12.5 billion krona.

HMS Yes.

SS Uhh, how would you describe the risk associated with granting a loan like that?

HMS I couldn't tell you, but it's absolutely clear that in this instance it wasn't my idea to just grant it in the form of a money market loan. It's, that's not what it starts out as, and, I gave no instructions that it be given, that it should just be a money market loan, and I, I would think that the person...., that the business manager handling it would put together a loan presentation and that it'd be, it would go before the credit committee and then the credit agreements would be drawn up.

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SS Do you know why this was not done?

HMS No, I have no idea, and I've never been told why.

SS Did you intend to have this done, to have it formally taken up by the credit committee, either before or after?

HMS I just can't recall, I mean how this, how this...what the dates are. When the credit committee meeting was held and, and, but I mean we had already discussed this within the bank, whether we should do it. The transaction had been in the air a bit, and we, and we decided to go ahead with it, but there was no, everyone had intended for it to just go through the same process as other, other (unintelligible) transactions. But whether it was just....we thought about it a bit, whether we should wait for the loan meeting and then push the transaction through. Or push the transaction through and then present it to the credit committee two days later. I, so, in any case we had weekly meetings...I don't remember.

SS But it appears that in actuality the loan was made to Kevin Stanford personally?

HMS Exactly.

SS Could this be the case?

HMS I think it could be.

SS Ok.

HMS In which case he personally guarantees the loan.

SS Which is just, essentially, because...to him personally?

HMS Yes.

SS But did you obtain any special collateral for this specific loan?

HMS I haven't looked at the loan agreement, we (unintelligible).

SS There is no loan agreement.

HMS No, it...i...that, it isn't, but it was, but it was totally, it's absolutely clear that it was, that that was always the case. Just, it was, it was just a supplemental facility to, to Kevin Stanford. Was just supposed to go into that package and (unintelligible) he personally

guar...his personal guarantee and, I mean thi..., and the shares themselves as collateral, of course.

SS And where did the transaction come from, was he part of the parent company or Kaupthing in Iceland?

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HMS Uhh I think, there's a long commercial relationship with Kevin Stanford. He started dealing with us around 2001, when we bought a stake in, in the Karen Millen retail chain that he owned and...so we had a long history of commercial dealings.

SS Okay, but wasn't it primarily Kaupthing in Luxembourg that had this history of dealings, I mean later on? That's on loans and (unclear).

HMS Right, but then, we invested in companies he owned. If I recall correctly, he owned All Saints, I think, he had owned a stake in that one, not sure if Kaupthing also owned a stake and whether we, we made loans to All Saints, which he managed and owned, so that's one example. That did not go through Luxembourg. Like his personal one, where he was taking a loan for, the personal loans were, were in Luxembourg, but a lot, largely against collateral or a guarantee by the parent company. Because these were, he'd become such a big customer that the parent company was putting up guarantees.

SS Is, uhh, it's clear that the money market loan is granted without the formal approval of the credit committee. It wasn't taken up at the credit committee meeting, which was held a day before or the day after that Board meeting? I mean, it wasn't taken up at a BCC meeting. As yo...as we've shown you and has been previously discussed.

HMS Exactly.

SS Why di...

HMS I have no explanation for this, and it's absolutely 100% that I did not give any instructions to the business manager. Hey, give a money market loan, and we're not going to take it up for approval. That's, it was, it's, that's 100% certain. It's the business manager's job after we've decided to grant a loan based on this transaction, and, and what happened is...maybe under normal conditions. Since there, not much had been going on, we might have realised this. Would've just recogn...recognised this. Wait, hey this item hasn't been take up for approval. You hav...if we're going to be just a bit fair in handling these matters, what happened during the autumn of 2008 was that there was a storm going on, and my time and my attention, unfortunately it wasn't necessarily directed to the bank's lending matters and whether they've, whether the business managers have presented everything to the credit committee and whether they've forgotten something or things like that. I mean, I, I'm trying to save the...the...bank during a storm.

SS But how is giving a loan to an individual in accordance with the bank's lending rules? A money market loan for 12.5 billion?

HMS In acc...accordance with the credit rules?

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SS Uh huh.

- HMS It, don't think it's allowable, I think it's not allowed under the bank's credit rules (unclear). Again, 12.5 billion is a giant number, but 12.5 billion out of, you can see that if it's a large investor, for the bank per se, of course it's not a large, it's not, it's not a very high ratio. It's not like we're betting a large proportion of our own funds.
- SS But still, Kevin Stanford belonged to a group of customers with large exposures.
- HMS Yes, yes, exactly, exactly.
- SS But the procedures manual states that a money market loan to a counterparty with no collateral shall be based on the respective party's credit rating.
- HMS Uh huh, uhh...
- SS According to these rules, actually only a financial company with a high credit rating should have been given an unsecured money market loan. What do you say about this, as well as in this instance?
- HMS I, I thing man...answer this same question numerous times, and, and, it was done at my initiative, as I've said before within the bank.
- SS Uh huh.
- HMS I, I'm the one who calls meetings, I'm the one who asks internal audit and risk control and the managing directors of the divisions to make sure that that isn't done. That they make sure in Treasury, like they make sure elsewhere inside the bank, that all paperwork has been signed before any loans are granted. It's just that that didn't happen, and it [unintelligible]. What happened, if we, but it we could just look at the history of it, why it started, it started with a request from the employees in Treasury. Treasury requests that we have the authority to make loans to more parties besides just bank, and why is that? They said the bank had a lot of, always had cash on hand, and if we can lend kronur to bigger companies in Iceland, our euros, over, overnight, we can earn a lot more interest.
- SS Uh huh.
- HMS We can only deposit money at two or three banks. They know we have tons of money and can't go anywhere else. They'll talk to each other, lower the rates we get. That's how it started, we started bringing in Eimskip at that time. We started bringing in Actavis at the time etcetera, and then, "ok let's just loosen things up a bit so we can get just a bit higher interest rate on

our money. Because we're on such a small market, there are so few players. All the other banks knew that Kaupthing had tons of money, krona. It'll have to be put out overnight, we can just offer them 3% instead of the market interest rate, which was 6% or 7%, and that's how it star...it started. Treas...Treasury asked about it, and then I think what happened is that the business managers and Trea...they see in corporate banking that the fastest way to process loans that they believed were highly likely to be approved...particularly in the securities world, where things go so fast, was to send...to call Treasury and say "hey will you guys lend to this or that party". They had already started making loans to Eimskip themselves, as well as to Actavis and bigger companies, and they just pushed this all through, which is why I requested that we have a meeting with these parties, the summer of 2008, and said, we need to handle these loans like all the other ones.



SS Who in Treasury requested that you needed to really loosen that role, I mean?

HMS Those are loa...it's, it's, it's just, I mean this happened in 2004, happened in 2003, something like the framework starts to, it's called stretching the framework, in order to get better interest on the bank's liquidity and get...it was also because of the competition. So we wouldn't let the other banks sense that we needed them and we'd get a really low interest rate.

SS According to e-mails during the time leading up to this loan.  
Could you please wait a moment.  
About the meeting?

HMS Yes.

SS During the summer of 2008?

HMS Yes.

SS So it was a formal meeting? Such that there should be minutes of the meeting, everything like that?

HMS It should be there in my schedule, I would think. In my Outlook schedule, calendar request, and I'll be a monkey's uncle if the internal auditor doesn't remember this meeting. I didn't call that many meetings, invited, invited her to meetings.

SS Yes.

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HMS And it's...and a point was made to discuss it. So she should, remember it, and I thought that she was taking the meeting minutes, but, but I'm, don't remember, don't remember having seen them, the minutes.

SS No.

HMS So I can't say for sure.

SS Okay, according to an e-mail from 18 August – I think we've shown it to you before – Gudmundur Thor Gunnarsson asked Halldor Sveinn and Christian Staub to give Kevin Stanford a two-week money market loan.

HMS Yes.

SS Uhh, so in this case you're referring to Gudmundur Thor Gunnarsson as the business manager? So you said it was Gudmundur Thor Gunnarsson, I mean you say he was the one who decided to grant the loan. Was it Gudmundur Thor Gunnarsson who contacted you?

HMS Uh, I think, I, I think so, I think it was most likely that..., that's what happened. I remem..., I can't remember exactly, you know, but I think that's most likely what happened, that's what got this transaction started. He'd been requesting it for a long time. I'd been thinking about it for a long time. I talk to Sigurdur about it with certain...it's a good deal. Uhh, I call Gudmundur Thor Gunnarsson or send him an email, I don't remember which one. I tell him, hey listen, we've decided to go ahead

with it, and when I ask him to handle it, in my mind I'm asking him to prepare a loan request as well, and get...push it through the conventional loan process.

SS Here is the e-mail, marked II/1.3.6.

HMS Uhh, exactly.

SS So Gudmundur was working on it at your behest?

HMS Yes.

SS But did you have authorisation from Sigurdur, or I mean the two of you were in agreement on this?

HMS Uhh, yes, uh huh...

SS And from other credit committee members?

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HMS I, like I say, I, I don't remember having called Gunnar Pall or Bjarnfredur, and I remember...don't know whether Sigurdur told them about it, but then again the bank's Board of directors was told about the loan going to the credit committee, at the last Board meeting.

SS But aren't you and Sigurdur...exceeding your authority by granting this loan without formally speaking with Gunnar Pall and Petra?

HMS That would have...would have to be checked on, you can't just claim that's the case.

HFH What do you mean by grant a loan?

SS Ok, or make a decision to grant the loan?

HFH For the acquisition?

SS Yes, to grant that loan, too.

HFH But, yes...it just goes through the process. That's what he's saying.

SS Yes, but he says that he made the decision to give that loan to Kevin Stanford.

HFH Yes, in principle, after which it's given to a business manager and is supposed to go through the process.

SS Yes, yes.

HFH There's kind of a difference between the two.

SS Of course, but it was always clear that the credit committee would not meeting until September. This is done in August.

HMS Yes but, there were a lot of times that we...

SS Yes.

HMS ...that he, that a business manager prepared a presentation and in an e-mail...we sent it via e-mail between meetings, that was done many times.

SS Uh huh, but it wasn't done in this case?

HMS It wasn't done in this case.

SS No. So in reality the credit committee always...if it had been taken up at a credit committee meeting in September the committee would have been giving its approval after the fact.

HMS Yes, yes.

SS It would hardly have been possible to take back the loan, right?

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HMS No (unclear) repossess the shares and sell them.

SS Yes. Uhh, this money market loan that's in question. We have a document here, or, I mean, sorry II/1.2.2 and II/1.2.3. They show that a money market loan was extended on 2 September.

HMS Uh huh.

SS And then again on September 30.

HMS Yes.

SS Did you know about this?

HMS I don't remember having requested approval for that.

SS No.

HMS That, that may be, but I, I don't remember, but I would think that if, if I had realised this I would have just said, hey listen we need to finalise this and we have to draw up a loan request and, and, and finish this in...finalise it for the credit committee, too.

SS But what's the purpose of preparing a loan request for the committee in connection with a loan that has already been disbursed?

HMS Because then it's formally approved, that's the purpose.

SS But wouldn't that always be approval after the fact? What position the credit committee...

HMS I, you can always not approve it. It's that simple, it's not complicated.

SS What happens then?

HMS Then the loan is just called, and the loan becomes due and the loan just goes into collection and the assets are repossessed. It's as simple as that.

SS Was there a rush to get this loan done? Wasn't it possible to just wait until September when the credit committee would meet?

SS He was in a hurry, the buyer, that's clear.

SS Yes, do you remember why?

HMS No, he was just...what I remember. He was just, I think he, the price had gone way down and there was a big opportunity to buy shares.

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That's what I was seeing, his interest and that he thought it was a good deal and we were in a big hurry. Anyway that's how I saw it.

SS But do you remember whether you mentioned to Sigurdur Einarsson that it would possibly be disbursed as a money market loan, or maybe you didn't know?

HMS No, I didn't give any instr...no instructions to that effect.

SS Nothing regarding the form of the loan?

HMS I just, like I say, I just, an agreement had been reached, the purchase to finance it. The transaction (unclear) his hands and I assumed it'd just go through the normal process.

SS But when you say that, you let Gudmundur Thor know that an agreement had been reached with Kevin Stanford to buy them.

HMS Yes, yes.

SS ...with a loan from the parent company?

HMS Yes.

SS What collateral was supposed to be put up for the loans?

HMS The shares themselves, plus his personal guarantee. So...based...plus they de facto had all the other, we had all his ass...his assets as collateral for the loans vis-a-vis Kaupthing.

SS Where is this personal guarantee?

HMS In the loan, he took it himself.

SS Ok you simply mean that he personally was taking a loan?

HMS Yes.

SS Yes, but they didn't take a promissory pledge against the shares?

HMS Uh, I wasn't involved in that at all.

SS No. But was there something that prevented him from taking the shares and...?

HMS Selling them?

SS Sell them and...

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HMS If he intended to be dishonest and trick us and swindle. I don't know, I don't know how...I don't know whether it was put into some portfolio that was marked (unclear) [unintelligible], portfolios that we lent against were, were designated as such in the computer system. So you couldn't freely dispose of the shares. I don't know whether that was done but, like I say, that was always the intention.

SS But do you think that that...that the bank's internal rules were followed with this loan?

HMS I just (unclear), need to read that again, these rules. I haven't read the procedures manual in years. Not sure whether you'd be confident taking the bar exam on what you read 4 years ago, boo..books, I mean. That's roughly comparable to asking me about that, so I need, I'd need to read the books before I give an answer to that.

SS But when you refer to this personal guarantee?

HMS Yes.

SS Uhh, well of course he's personally taking the loan, as we've discussed.

HMS Correct.

SS So there's no personal guarantee on a loan you take...personal guarantee on loans you take personally. You're simply referring to that because he's personally taking the loan?

HMS Yes, he agrees.  
He agrees to it.

SS Yes, so you're...that's what you mean?

HMS Yes, he agrees, and like I say, I'd need...you'd need someone to just look into it, whether what I'm told is correct, that the assets we took, the collateral has become very valuable as of today and has risen in value by tens of billions. The Resolution Committee should be able to fill you in on that.

SS We have an e-mail here, marked **II/0.3.8**. It's an e-mail from Kevin Stanford to, to you and, and Magnus Gudmundsson, dated 29 September 2008. This is after the transaction took place.

HMS Okay. What's the question?

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SS Among other things, in the email Kevin Stanford says that Karen Millen is prepared to sign a global personal guarantee.

HMS Uh huh.

SS As he had done.

HMS Uh huh.

SS Can you give us just a bit more detail about this, this global personal guarantee?

HMS His?

SS Yes.

HMS Uhh, it's just the same thing I described when we started. That I saw the transaction, I mean the big picture regarding these dealings with him, and that we lent him this money and we took all of his assets, and he put up a personal guarantee for the collateral.

SS Meaning for his companies too, then, right?

HMS Yes, meaning for the loans (unclear). Of course I...I can't say for sure that each and every loan had, you know, exactly what the structure was. It may have been...but I mean the big picture that I was, yeah we've lent Kevin a lot of money but he had a lot of assets and he'd put up a personal guarantee for everything. So in reality this just confirms what I sa..., said.

SS Do you remember...

HMS So he's, he's requesting to buy more

SS Do you remember what this global personal guarantee, is that some signed document that they had in Luxembourg, or what?

HMS I would have thought so, yes.

SS Uh huh.

HMS I would have thought so.

SS And you say that he requested this purchase of those 17.3 million shares?

HMS Yes.

SS Yes. So he's trying to obtain something in it, I mean...

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HMS He was interested in buying more.

SS Yes.

HMS He wanted to buy a 1% stake in Kaupthing. He needed to buy, buy 7 million shares.

SS In addition?

HMS I don't know...yeah I think we, didn't have any dealings with, with Karen.

SS So what was Kevin Stanford's financial position like, if we evaluate, I mean just assess his position in general at the time the loan was granted?

HMS Uhh, he had a lot of debt and owned a lot of assets.

SS Uh huh, do you think that he owed more than he owned, or vice versa?

HMS I think we evaluated that in the presentation to the Board. I think we did, so it'll definitely be in that presentation. I just don't remember.

SS You mean the presentation in London?

HMS In London, yes, and it's an honest assessment by the bank's specialists of all the customers.

SS Here we have Kevin Stanford's loan application at Kaupthing Bank Luxembourg, dated 6 August 2008.

HMS Uh huh.

SS Meaning fairly close to this loan. The document is marked **II/0.1.1.1**.

HMS And what is the question?

SS On page 3, which I think you're on now.

HMS Uh huh.

SS It's, there's some overview there.

HMS Uh huh.

SS KGS Group.

HMS Uh huh.

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SS What's included in this? I mean, is it just his total Group?

HMS I'm not familiar with it.

SS No. It states that the collateral ratio of KGS Group is 82%?

HMS Uhh.

SS Are you familiar with this at all?

HMS No, I'm not.

SS Were you on a credit committee in Luxembourg?

HMS Yes, I was on the Luxembourg Board Credit Committee.

SS On page 2, can you speak a bit to the collateral ratio?

HMS No, they're just looking at what's necessary (unclear) looked at. Just look at liabilities as well, should be fairly clear. The bank should know how much it's lent, it just needs to asse...assess the assets, and I don't know what asset assessment they're using.

SS No. So you have to do some kind of assessment of assets?

HMS Yes, I don't know how it's done.

SS No. Did it come up short?

HMS Uh, I don't know how that assessment is done.

SS No.

HMS (unclear) needs to be included in that.

SS Yes, on page 2. It says, if I quote Kevin Stanford correctly, "advisor, has confirmed, that that there is currently no intention to increase debt exposure".

HMS On page 2?

SS Doesn't it say that somewhere there? Oh sorry, page 3 then.

HMS Yes, correct.

SS So then how is that consistent with the fact that a few days later he gets a loan for 12.5 billion?

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HMS How is that consistent with the fact that his advisor said that?

SS Uh, I mean there was clearly some concer...about, people clearly had some concerns about his debt position?

HMS No, I've already said that earlier, too.

SS Yes.

HMS That's what I wanted, because he had a lot of liabilities. He had a lot of assets and...this advisor wasn't very well informed, that's clear. Or there was some misunderstanding between them, I don't know, one or the other. Uh, I've said, we also have Mulberry Group with 27.7 million that's estimated there. I think that's gone up 15 times from that date. So it's not 27 million, it's 300 million. I mean...

SS Yes, but shouldn't the bankruptcy estate in Luxembourg have that?

HMS No, I think it's Kaupthing "HF", that the agreement states that. That it's Kaupthing "HF".

SS Between the two bankruptcy estates?

HMS Yes, and you can check it, of course I haven't spoken with them.

SS No.

HMS But that alone, the, the increase in value alone on those holding should cover all these loans.

SS But at the time that the loan was granted from Iceland...

HMS Yes.

SS ...it wasn't clear that this, that Mulberry is (unclear)

HMS No, no no (unclear)

SS No.

HMS People can have different opinions on, you understand, it's, of course he owns a lot of unlisted assets and they're, they're not easy to value. What the value of unlisted assets is. People have different opinions on it, about what, what they're worth.

SS But the loan was made from Iceland, for 12.5 billion?

HMS Yes.

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SS To him personally?

HMS Yes.

SS The shares are transferred overseas to Luxembourg?

HMS Okay.

SS And they're kept there, kept in custody in the favor of Kevin's account at Luxembourg?

HMS Yes.

SS But the lending risk is in Iceland.

HMS Yes.

SS That's arguable, you know what the risk is. In any case the loan is granted in Iceland.

HMS Yes, yes.

SS How could you be certain that you had any collateral for this loan?



HMS Uh, the funds...Kaupthing Luxembourg employees were definitely informed. That there, that there, that there were loans behind them, these shares, firstly. And secondly, the account opening documents, when you open an account you...they state all loans that Kaupthing has given to you. All the assets on that account are used as collateral, uhh against loans. So per se, when the bank was lending money to buy shares in Luxembourg he didn't have to pledge every single share.

SS No, I understand, but that's over in Luxembourg.

HMS Yeah that's over in Luxembourg, and I don't know whether that agreement specified Kaupthing hf. or Kaupthing Group or just Kaupthing Luxembourg, and maybe it's just something theoretical, but nothing happened. The shares didn't go anywhere.

SS So you're saying they didn't leave the country and go to Luxembourg?

HMS No, because of this account.

SS Ok.

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HMS And once again, always the same answer. So I, there was no request by me that that be treated like some, some money market loan that'd just be rolled over and rolled over and rolled over. That was not my intention. It was simply supposed to go through the normal process within the bank.

SS So maybe you assumed that it would just be part of this global collateral that he has there overseas?

HMS Yes...personal, global personal guarantee, as he says.

SS Ok, so maybe it's not important like, or whether it's personal, the person that takes the loan. Whether it's a global personal...

HMS Not unless he does something dishonest and takes the shares and disposes of them somehow and tries to move the funds abroad. In that case we could've been in trouble, trouble.

SS But isn't there risk associated with this?

HMS I would've wanted to, wanted to see it, I don't know, I need to look at it, exactly how it's set up, but of course you know, like I say again, it, that was the idea.

SS We have an e-mail here marked **II/1.3.10**. E-mail from Bjarki to you, dated 21 August.

HMS Ok.

SS In which Bjarki is sending you an overview of a few items.

HMS Yeah, things he wanted to discuss with me.

SS Yes. Kevin Stanford is named in the overview under section 8, the Board Credit Committee.

HMS Uh huh.

SS Do you have any recollection of this, you know, this was two days after the loan was made.

HMS Ok.

SS Bjarki's subordinate sent, I mean a request to Treasury to disburse the loan, so...

HMS Correct.

SS It's unlikely that Bjarki didn't know about it.

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HMS Yes.

SS It's listed under the section "Board Credit Committee".

HMS Correct.

SS Why...do you remember anything, did you talk to Bjarki and say it didn't involve the two of you? Or that it didn't really need to be included?

HMS I just...I don't remember.

SS No.

HMS And I think that...I think, understand that...I think, I have, in my mind it's simply that the business manager couldn't get to it. We had put such a heavy workload on the employees that it was too much to uh...they were juggling so many, many balls that they just didn't get to it. I, that's the only explanation I have for that, that I think is reasonable and can explain it. Because it's 100% certain that Bjarki and I, we did not discuss it, hey listen there's an item for the Board Credit Committee, Kevin Stanford. No, we have to make sure it doesn't go before the Board Credit Committee. Yeah, we'll keep it, you know, we'll just keep rolling it over like it's a money market loan, just forever or what not. That's not how it was, and it came, as I've also previously said, it's listed on the overview of, of loans to Kevin. The Board was informed of it.

SS Ok you mean the next day? The BCC credit committee meeting, that it was taken up at the Board meeting itself?

HMS Absolutely.

SS In this, in this, you call it a powerpoint presentation, you're referring here to a document that was leaked on Wikileaks. Are you referring to that document?

HMS Yes, that's the document I'm talking about.

SS Uh, but...

HMS And it wa...it wasn't, it wasn't just submitted. I gave a tal...I, I mean spoke, in every single instance, every single instance I gave a small talk about the respective loans, the transactions that were involved.

SS The money market loans were extended twice, as we showed you earlier.

HMS Yes.

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SS The last time it was extended from 30 September to 30 October.

HMS Yes.

SS You realise that, in any case, the documents don't indicate that there were any preparations underway to draw up a loan agreement?

HMS No, and I think that if people are just going to...have those...of course be a bit fair about this with respect to the employees that were at the bank at that time, it was just...they were...working in so many locations and there was so much going on and, and. Of course you can come along after the fact and see some, you know there was some, some, that there was some huge conspiracy or, or that there was criminal activity. It was just, I think, I just think that's absolutely untrue, and what happened was just, it was given to the business manager. We need to finalise this document. Listen, I'll just request an extension. I, I, we'll finish this up next month or next week, or something like that.

SS Right.

HMS I think that's the only, that's the only explanation I have.

SS Earlier you said that you'd been busy trying to get the bank out of that situation, that so-called storm?

HMS Yes.

SS So, at the same time that you say that everything was just....in reality just...uh, a very difficult position at the time in question, there was a lot that needed to be done?

HMS Yes, yes.

SS You're making this loan at the same time?

HMS Yes, yes.

SS Makes you wonder, you know, you're trying to steer the bank through a very difficult time?

HMS Yes.

SS On international markets?

HMS Yes.

SS At the same time, you're increasing exposure to a customer that has very large liabilities?

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HMS Yes, and I thought about it.

SS Yes.

MS I thought about it a lot. I thought a lot about it, whether I'd done...and reached the conclusion that it was a good idea. It was good for the bank and it was good for him.

SS In what way?

HMS Uh, what went through my mind when I was thinking it through. I just felt that it was, that he owned so many assets that were...had such good prospects for the future, and that he was doing such good things that he...and that the assets would cover any additional liability, and I also believed that Kaupthing would survive. So that...maybe...and then those two things that were definitely kept in mind. On the one hand, his portfolio, and then he owns...it was...they're solid international companies.

They they'd grow well in the coming years, and the bank (unclear) would also blossom over the next few years.

SS But then there's what's stated in the credit committee presentation over in Luxembourg, which we showed you earlier?

HMS Yes.

SS That in any case they estimate the collateral ratio of KGS Group to be 82%, so it's too low?

HMS Well, I, yes, yes, I haven't, I think that's just wrong. That's what I think, and I think they're using some formulas. Uhh, this...we had over unlisted assets which, isn't correct, and I simply need to see how...what estimate our specialists in Iceland. Because it was, they estimated their valuation too, and there's, there's, they're looking at the Lombard value, which is a...a table, and there are just certain rules on how you're supposed to take assets and value them downwards. So you just automatically take all the assets and value them downwards. So-called Lombard value calculations.

SS Yes.

HMS So it's not, I think it's, I think that's the explanation. Not that he had had negative equity at the time.

SS You think that was not the case?

HMS No, (unclear).

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SS Can you give us a guess as to what you thought the situation was at the time regarding the collateral ratio, based upon how you value assets?

HMS No I don't remember, I don't remember.

SS Maybe just because we're talking about this. Next...oh maybe we'll get to that later. So, during your questioning on 17 May 2010 you were asked whether you had the authority to execute a transaction like this without it going through a formal process?

HMS Uh huh.

SS As we've stated. It may not have totally gone through the conventional process. You stated that you believed you did not possess the authority, and that you violated the bank's internal regulations by making the loan. You can read it if you'd like.

HMS Uh huh.

SS By having failed to obtain the approval of the majority of the Board Credit Committee, here on page 6.

HMS Uh huh.

SS Have you now changed your opinion on this?

HMS Like I've said, I need to go over those, uhh these rules of the bank, in more detail. Uhh, I think I, that I've said before that Sigurdur Einarsson had been informed of the loan. I'm fairly certain that he knew that...that this loan was going to be made, and I also know that the bank's Board was informed of all loans to Kevin Stanford.

SS But after the fact?

HMS After the fact.

SS Right. Do you remember how you informed Sigurdur Einarsson. Whether it was by e-mail or telephone?

HMS I think I spoke to him about it a few times on the phone.

SS Ok, (unclear).

HMS While I...wh...while I was...at meetings. While I was thinking it over. There was a bit of...there were some things going on that led up to it. While I was wondering whether we should do it or not.

SS So did you talk to other employees of the bank, while you were thinking it through?

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HMS Don't remember.

SS But you spoke to Sigurdur, in any case.

HMS With Sigurdur, in any case.

SS During questioning of Bjarnfredur Olafsson and Gunnar Pall Palsson.

HMS Uh huh.

SS There were here with us in September of this year.

HMS Yes.

SS Uh, last month, I mean they made it very clear, they stated that they didn't know about this loan?

HMS Really?

SS 12.5 billion.

HMS Correct.

SS And that in fact that they had no idea that the loan was made. What do you say about that?

HMS Well it's totally clear that it's, that it's on an overview they got.

SS Ok.

HMS And they kne...knew (unclear).

SS Knew about it after the fact, as Board members?

HMS Yes, yes.

SS But perhaps not as members of the Board Credit Committee?

HMS Lo...that loan, loan, never went before the credit committee, that much is clear, and, like I've said before, I knew, I, I didn't know whether Sigurdur Einarsson had spoken with them about it. I wasn't, I wasn't in contact.

SS Are you the person who is responsible for the fact that the loan was disbursed without authorisation? Formal approval by the appropriate credit committee?

HMS I can't confirm that, uhh.

- SS Was this something that commonly took place?
- HMS That loans were made that way?
- SS Yes.
- HMS Uh, well I don't have any statistical...statistics on that.
- SS Went...discussed Kevin Stanford's financial situation a bit at the time the loan was made.
- HMS Yes.
- SS You maybe...difficult to pinpoint it precisely.
- HMS It's difficult.
- SS Yes.
- HMS For sure, it's an estimate.
- SS Have some documents here.
- HMS But we know how the assets developed after that.
- SS Here's an e-mail marked II/0.3.1. Did he call you, or is this "Ray" here you?
- HMS Yeah, it's, it was, he had a hard time pronouncing "Hreidar". Okay what's the question?
- SS Among others, he says that he's "cutting down expenditure".
- HMS Uh uh
- SS (unclear) "expenditure".
- HMS Uh huh.
- SS Uhh, was that somewhat of an issue? I mean, were you pressuring her, maybe there was a need to cut (unclear)?
- HMS That, I, that, that wasn't on my plate, but I, remember that Magnus was working, working on that somewhat.
- SS This is in June, June 20th.
- HMS It's in May, May 2.

- SS Right, sorry, uh June is...
- HMS Kevin sent that to Gudmundur Thor on June 2nd.
- SS Right, this is before the loan was granted.
- HMS Yes, this just backs up what I said.
- SS ...yes.
- HMS That there, that there was a long run up to this.
- SS And the bank was very worried about his position?

HMS Totally, we were examining, looking into it. He's stating here that his equity ratio is 35%, the summer of 2008, and he says "I would would also be completed (unclear) ahead (unclear) except any independent external variations."

SS Here is an e-mail marked II/0.3.2. Dated June 5.

You say to hold off on any legal measures vis-a-vis Kevin Stanford in connection with a derivative contract.

HMS Right.

SS Is this some contract that was concluded with market trading at the Kaupthing parent company?

HMS I don't recall this.

SS What, no, you don't remember this?

HMS No.

SS No. You don't know why you proposed putting off taking possession of his assets?

HMS ...most likely just a big customer, uhh who owned a lot of assets. And I wanted to keep doing business (unclear).

SS Do you remember whether anything came of, as you state here, "hopefully we'll get some plan for the future from the possible scenarios Gudmundur Thorir and his people are going through"?

HMS I don't remember that.

SS No. Do you remember whether that was finished, or was presented?

HMS I don't remember.

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SS We have a document here marked **II0.3.3** which is e-mail communication between Gudmundur Thor Gunnarsson and Thomas Liebsch and Thierry Muller, dated 6 June. Uhh, "latest valuation of KS Group which is in the attachment".

HMS Okay, so what is the question?

SS Uh, what is your interpretation of the numbers in it?

HMS In this, it's just what I've said before, that what needs to be looked at is that collateral value and market value and va..., valuation of unlisted assets. Valuation of real estate he owned, unlisted assets he owned etcetera, which is done...

SS Is this a formal valuation?

HMS It's not a formal valuation.

SS I mean, in any case is it some valuation within the bank?

HMS Yeah, it's...someone who...it's one methodology, and you'll see there that he, he takes...he takes All Saints' market value as being mostly likely 50 million pounds, and collateral value 25 million pounds, you see. Who decides that, why is collateral value

50% lower than market value? Those are just some, some formulas that are used. I mean, even Mulberry's is valued at 30 million pounds. The thing there says the collateral value is 24 million pounds. We, w...but we know today what Mulberry's valuation is, if it's, the value is 300 million pounds.

SS But you couldn't be certain of this at the time you gave him the loan?

HMS No, no, no, I said...and I'm not claiming that.

SS No.

HMS But in that thing, we...we always said he had positive equity. He had a 35% own funds ratio, like he thought. No, I don't think it was so...good, but he had it, it was about zero. No, I don't think that was the case, either.

SS What do you think collateral value should be, based on market value?

HMS It's, I mean, no one has an opinion on that. You can definitely read some scholarly works on that but I still don't know, but in that thing we can see...on the securities markets, that you can be...buying shares in listed companies. In, with, so-called CFD or control of difference in the UK and maybe get 90% financing. 10% equity ratio, something like that, but it would've made all the difference, just a lot, lot, there's a lot of things that make a difference. It makes a difference if there are a lot of underlying shares,

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Is there one underlying share of a lot. Are they saleable shares or a saleable share, and so on and so forth.

SS But things maybe weren't so, things weren't maybe so rosy on the markets at that time.

HMS No, no.

SS In Europe and...

HMS That's where they were wrong, things were looking up for Mulberry.

SS Right. But that, uh that "favor account", I mean...I assume his account over there in Luxembourg, number 10977. His overall position is there and that's where the "short position call" shows up. Doesn't this indicate that they were short, meaning there wasn't sufficient collateral against the total (unclear)?

HMS What do you mean, "short position", what? Oh yeah, yeah if you write down his asset by 30% then he has negative own funds, clearly.

SS But isn't it normal to do that in securities transactions or where assets are unlisted (unclear) take some haircut?

HMS I don't know, that's not a given, it's just an estimate.



SS Here we have another overview that's very similar. It's, it's in June of 2008. Here we have a comparable overview from August of 2000 and...

HMS But if we put together an overview like that for Landsbanki Islands as of today? We take their assets and say, uhh yeah that's their valuation, and what if we think we need to write down their valuation by 30%. We cut their valuation 50% and now Landsbanki Islands, after it's been resurrected, is bankrupt to the tune of several hundred billion krona. Regardless of what...regardless of what bank you take or what mutual fund you take. If you write down their assets and say, yeah those are unlisted assets that are hard to sell. Uhh, what if we need to sell today at a 50% haircut. If you did that for all assets the whole banking system would go bankrupt again. So it's not, you know, that's not asset valuation. You can go and value assets like that, but, you know...

SS But when you're doing the valuation?

HMS Yeah.

SS As the CEO of Kaupthing in the middle of a storm, you know, a difficult position, as you yourself said in August 2008, and...

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HMS Right. We, we were actually in a pretty good position while a storm was raging on the markets.

SS Right, so your prospects were very iffy, maybe?

HMS Still, I thought our prospects were decent.

SS OK, decent prospects...

HMS If you just look, could just look at the presentations by the bank's management and comments by the bank's directors on 25 and 26 Nov..., uh September.

SS Uh huh.

HMS Where we said that Kaupthing's prospects were decent.

SS But still, you yourself said that at the time your mind was on other things and that you were...

HMS Right, right.

SS Working as hard as you could to save the bank?

HMS The markets were in turmoil, that's clear.

SS During the turmoil on the markets?

HMS Yes.

SS And your experts over at, at the bank's subsidiary in Luxembourg, in August, a few days before this loan was made?

HMS Right.

SS Are assessing the position, which is this new overview marked **II/0.3.4**.

HMS Yes.

SS "Current exposure..."

HMS That's not, that's not correct...

SS That short position had grown significantly.

HMS That's entirely wrong. I mean, that's just abs..., just wrong. Like I say, take the balance sheet of the banks in Iceland as of today and do the same calculation. I mean, you'd have to, the economic crimes unit might as well raid all the banks. Because there's illegal activity going on in the banks because they're bankrupt. You

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can't take assets and just say, yeah that's their market value. Yeah, we're going to write that down 50%.

SS But how else, how...

HMS I simply did the valuation myself, like I've told you so many times. I valued them myself, I thought it through whether what was there, whether we should increase our loans to him or not. I made the decision that it was a reasonable thing to do. I thought the loan would just go through...normal process and didn't request anything else be done within the bank, that it'd just go through the usual process for the loan, and I thought that with his personal guarantee and the assets he owned, that giving him an additional loan...with the shares having been obtained as collateral as well, that there wasn't...wouldn't put the bank's capital at any risk. Or at any serious risk, like you're accusing me, and it's a fac...the fact is that some of these assets have multiplied in value, as I've pointed out to you. And I think that Kaupthing's loss on loans to Kevin Stanford is little to none. I think losses are higher on, on housing loans in Iceland.

SS The last time we checked, that loan was 100% in default for 12.5 billion krona.

HMS It's in default, uhh it'll just be determined by how we agr...it's, it's being disputed.

SS Uh I, in default, nothing's been collected on the loan.

HMS It's being disputed, it's being disputed.

SS Right.

HMS And I think that...and there's a question of whether the Resolution Committee made a mistake in connection with the Mulberry shares, in my opinion Kaupthing's Resolution Committee should get these Mulberry shares, which is 200-300 million pounds, which is, that'd be 40-60 billion krona in assets coming back in.

SS But at the time you're making the loan, how do you know which of Kevin Stanford's assets (unclear).

HMS I just valued the whole thing, I simply valued Kevin Stanford's overall position.

SS For the Group

HMS For the Group, and there was a personal guarantee. He owned a lot of assets, he had a lot of debt. I thought about it a long time, I spoke to Sigurdur Einarsson about it. I wanted the loan to go through the normal channels, full stop.

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SS What number is this loan? I mean he has global personal guarantees on other companies that..?

HMS What's the rule on abuse of position, doesn't there have to be intent to be accused of abuse of position. Has to be some int...or how...do I understand that correctly? Was it intent to sen...send the funds to...?

SS Well of course that's what we're investigating, and we're investigating on the basis of that Article 249. We're also looking at it based on...

HMS In that case, all the loans made by bank executives are abuse of position if they lose money, it's abuse of position.

SS That's not what we're saying, but we're also looking into...

HMS I think, that's what this case feels like to me. I have to say.

SS Of course we're simply investigating it, and we're also looking at Article 117 of the Securities Transactions Act, market abuse. What do you have to say about that?

HMS It's total bullshit. These are explanations that people are trying to haul out after the fact to try to blame some individuals for the economic collapse that happened in Iceland. The FME supervisory agency failed, so what does it do. It sends charges over to you without talking to us. It never asks for an explanation from us, or for anything at all. Send us charges saying that we engaged in market abuse. Shouldn't it be global market abuse starting in 2005? Or even global market abuse all the way from 2001. Right from the time the securities market started up in Iceland. That's what I have to say about this.

SS And what about the fact that you're selling your own shares to holding companies with little, uhh, at times no collateral? What's your assessment of that in light of this accusation of market abuse?

HMS I have nothing more to say about that.

SS Here we have a document...I mean **II/0.3.5**. Just so you see all the documents we have here. In this one, Valdis Gudlaugsdottir sends "Status of KS project" to you, Steingrimur Karason, Magnus Gudmundsson, Bjarki Diego and Gudmundur Thor Gudmundsson.

HMS Okay, and what's the question?

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SS What do you have to say about this information?

HMS What, about the fact he has assets worth 358 million pounds and owes 305 million pounds and that his equity ratio is at 6%, I don't know. I don't know, I don't know what's behind this (unclear).

SS No. Here we have some e-mail communication, marked **II/0.3.6**. This is...maybe if I could ask you about your relationship with him, seeing you spoke with him in September of 2008?

HMS Yes. 2009.

SS What was...did you have a close relationship with Kevin?

HMS No, it wasn't close, and the last 3 years that I was at Kaupthing, which was from 2005-2008, I barely met with him outside of work.

SS Document marked **II/0.3.7**, always the same attachment. It's some overview he sent a long time ago. It's always attached to these emails. We're primarily looking at the most recent one.

HMS Correct.

SS Here, Kevin is wondering what he can do to help the bank, or that's how you can interpret it. He writes down a few idea.

HMS Uh huh.

SS Do you remember whether you discussed this any further?

HMS I don't remember, I don't think anything was done about it.

SS What?

HMS It wasn't done.

SS No.

HMS But I mean, it's October 1, and things have really gotten, I mean it's, what, it's on the twenti...the 29th that...

SS Glitnir collapses.

HMS Glitnir collapses. Kevin Stanford would have bought 17 million shares in the bank, and I, I'm pretty sure of that.

SS At the time you presented it to the Board in London on September 25?

HMS Yes.

SS Uhh, at the time, did you discuss the way in which the loan was granted?

HMS It's states that it's a money market loan, I think.

SS In connection with acquiring shares in Kaupthing?

HMS Well, I don't know if that's precisely what's stated. I need to s...see it, I mean, take a look at the slides again.

SS When the loan...or when Kevin Stanford buys the shares in August? Did the bank own a lot of its own shares?

HMS I couldn't tell you.

SS Did you pressure other colleagues of yours, tell that that the bank's own shares needed to be unloaded?

HMS Never, never, I never put pressure on anyone to buy shares. I never pressured anyone to sell shares. I never had any contact with proprietary trading, seeing how I'm now being accused of market abuse, that's one of the things I'm being accused of. Never had any contact, which I've said before, not even in the cafeteria. I mean, not even once any time after work at any social gathering. That was never talked about, we had firewalls inside the bank and they worked.

SS Would you say that this was a risky deal for Kevin Stanford?

HMS Any time you buy shares you're...you're taking a risk.

SS I think that's good enough. Anything to say in closing?

HMS No.

SS Anything you want to...no. Okay, then we'll declare questioning to be over, the time is 1:14 p.m.