Glitnir hf.

Statement of Assets and Liabilities

Incorporating an estimate of the value of assets as at 30 June 2014 and a computation of liabilities

Business Plan Summary

22 August 2014

Disclaimer

This document includes a Statement of Assets and Liabilities as at 30 June 2014 (the “Statement”). You should carefully review the financial information and read the Supplementary Notes and Valuation Methodologies included as appendices. The actual realisable value of Glitnir’s assets and the amount of its liabilities may differ materially from the estimated value of assets and computation of liabilities set forth in this presentation. Certain factors that might cause the actual value of Glitnir’s assets and amount of liabilities to differ are set forth in Appendix 2, Supplementary Note 2, Limitations.

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The Statement of Assets and Liabilities has been prepared by Glitnir hf. The assumptions and estimates incorporated in the Statement of Assets and Liabilities and Notes remain the sole responsibility of Glitnir hf.

1. Introduction

2. Statement of Assets and Liabilities as at 30 June 2014

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Introduction

- The Statement is presented in ISK throughout (with certain supporting analyses also shown in EUR) and, unless otherwise stated, foreign currency values are translated at the mid rates published by the Icelandic Central Bank for 30 June 2014 (as detailed in Appendix 1). A significant proportion of the assets of Glitnir are denominated in foreign currencies. As a result, movements in foreign exchange rates may have a material impact on the estimated values presented herein. Comparative balances have not been retranslated from the foreign exchange rates used as at that date. Detail on Glitnir's FX strategy was published on its website on 22 September 2010.
- The Combined Balance Sheet includes the sum of the Assets and Liabilities of Glitnir and its subsidiaries, except for Íslandsbanki hf. and Reviva Capital SA.
- Glitnir's claim register is denominated in ISK based on foreign exchange rates on 22 April 2009. As a result, the eventual amount of ISK liabilities will be determined by the claims determination process and will not be subject to exchange rate movements. Where the liabilities presented in the Statement have been translated from ISK into EUR, this is for informational purposes only and the foreign exchange rate as at 30 June 2014 was used.
- The notes and appendices included in this presentation form an integral part of the Statement and should be reviewed in conjunction with it, along with the Statements of Assets and Liabilities as at 31 December 2013 and associated notes and appendices.
- The Winding-Up board and the management of Glitnir are solely responsible for the valuation of the assets included in the Statement of Assets and Liabilities. KPMG, as Glitnir´s external auditor, has reviewed the valuation of assets included in the Statement of Assets and Liabilities as at 30 June 2014. Based on KPMG´s review, nothing has come to their attention that causes it to believe that the valuation of the assets in the Statement is not, in all material respects, based on the same methods applied in Glitnir´s financial statements as at 31 December 2013, as published on Glitnir´s website.


GLITNIR

Statement of Assets and Liabilities - Combined

GLITNIR

30 June 2014

	ISKm Combined 30 June 2014	ISKm Combined 31 Dec 2013	ISKm Combined 31 Dec 2012	EURm Combined 30 June 2014	EURm Combined 31 Dec 2013	EURm Combined 31 Dec 2012
Assets						
Loans to customers	**94.395**	**130.166**	**243.930**	613	821	1.437
Derivatives claims	**10.407**	**24.355**	**32.387**	68	154	191
Bonds and debt instruments	**11.276**	**11.894**	**31.139**	73	75	183
Shares and equity investments	**33.567**	**40.312**	**39.142**	218	254	231
Investments in subsidiaries	**167.602**	**157.974**	**117.027**	1.088	997	689
Cash and cash equivalents	**620.539**	**556.736**	**462.079**	4.028	3.513	2.721
Other assets	**6.395**	**6.199**	**9.881**	42	39	58
Total assets	**944.181**	**927.637**	**935.585**	**6.128**	**5.853**	**5.510**
Liabilities						
Claims	**2.356.920**	**2.389.735**	**2.428.494**	15.298	15.077	14.302
Other liabilities	**4.164**	**3.880**	**4.303**	27	24	25
Total liabilities	**2.361.085**	**2.393.615**	**2.432.797**	15.325	15.102	14.327
Equity	**(1.416.904)**	**(1.465.977)**	**(1.497.212)**	(9.196)	(9.249)	(8.818)
	944.181	**927.637**	**935.585**	**6.128**	**5.853**	**5.510**

Statement of Assets and Liabilities

Key trends summary

Assets

- Total combined assets have increased by ISK16.6bn from ISK927.6bn as at 31 December 2013 to ISK944.2bn as at 30 June 2014. The key drivers for this were:
  - a negative net impact of ISK12.0bn due to movements in FX rates, principally the strengthening of the ISK against various currencies;
  - an increase in the value of the loan portfolio and interest income of ISK5.4bn,
  - an increase in the value of equities of ISK 4.5bn
  - an increase in the value of investments in subsidiaries of ISK13.6bn and;
  - an increase in the value of the derivatives claims of ISK4.5bn
- Total combined assets in EUR have increased from EUR5,853m to EUR6,128m over the period.
- Glitnir's cash balance has increased by ISK63.8bn from ISK 556.7bn as at 31 December 2013 to ISK620.5bn as at 30 June 2014.

Liabilities

- As a result of the Winding-up Board's continuing work on registered claims, certain adjustments have been made to the amount of registered claims recorded initially to arrive at the estimated computation of liabilities shown in page 6. In the current year, these adjustments resulted in a reduction to total claims of ISK32.8bn since 31 December 2013 to ISK2,356.9bn as at 30 June 2014. Further detail on these adjustments is provided in Note H of this document.
- In December 2013 an amendment to the law of taxation of Financial Institutions was passed by the Parliament to extend the taxation to the former banks in winding up proceedings. The tax rate was also increased from 0.041% to 0.376%. According to the law the tax base is the total debt at the end of each year as submitted in tax returns. The Winding up Board of Glitnir is of the opinion that this taxation of the former banks in winding up proceedings is questionable from legal perspective and expects to challenge the taxation in court. The tax is not accounted for in the financial statements. The projected tax payable for Glitnir in 2014 according to the law is ISK 8.8bn.

Statement of Assets and Liabilities

Reconciliation of Glitnir's combined assets

ISKm	Balance as at 31.12.2013	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 30.6.2014
Assets					
Loans to customers	130.166	(39.936)	(1.202)	5.365	94.395
Derivatives claims	24.355	(18.218)	(250)	4.519	10.407
Bonds and debt instruments	11.894	183	0	(801)	11.276
Shares and equity investments	40.312	(10.986)	(250)	4.491	33.567
Investment in subsidiaries	157.974	(3.989)	(5)	13.622	167.602
Cash and cash equivalents	556.736	74.120	(10.316)	0	620.539
Other assets	6.199	(392)	(5)	593	6.395
Total assets	**927.637**	**783**	**(12.029)**	**27.790**	**944.181**

- The table above provides an analysis of the key factors which affect the movement in the estimated realisable value of Glitnir's consolidated asset portfolio between 31 December 2013 and 30 June 2014.
- The changes in valuation and netting include interest income during the period.

Statement of Assets and Liabilities

Foreign currency analysis of combined assets

GLITNIR

30 June 2014 ISKm	EUR	ISK	NOK	USD	GBP	CAD	DKK	SEK	Other	Total
Loans to customers	13.084	27.151	28.998	4.103	8.721	3.736	5.613	1.129	1.861	94.395
Derivatives claims	221	10.185	0	0	0	0	0	0	0	10.407
Bonds and debt instruments	0	11.276	0	0	0	0	0	0	0	11.276
Shares and equity investments	772	19.313	7.580	372	5.531	0	0	0	0	33.567
Investments in subsidiaries	90	167.513	0	0	0	0	0	0	0	167.602
Cash and cash equivalents	212.766	75.551	67.775	139.551	81.244	27.482	504	11.037	4.628	620.539
Other assets	101	6.003	170	1	78	0	22	20	2	6.395
Total assets	**227.035**	**316.991**	**104.522**	**144.027**	**95.574**	**31.218**	**6.138**	**12.186**	**6.491**	**944.181**
Precentage of total	*24,0%*	*33,6%*	*11,1%*	*15,3%*	*10,1%*	*3,3%*	*0,7%*	*1,3%*	*0,7%*	*100,0%*
Precentage of total (ISK without ISB)		*15,8%*								
Total assets as at 31 December 2013	**230.699**	**300.429**	**106.035**	**141.606**	**90.163**	**31.796**	**6.557**	**12.682**	**7.670**	**927.637**
Precentage of total 31.12.2013	*24,9%*	*32,4%*	*11,4%*	*15,3%*	*9,7%*	*3,4%*	*0,7%*	*1,4%*	*0,8%*	*100,0%*
Precentage of total (ISK without ISB)		*15,4%*								

- The table above shows the estimated split of Glitnir’s combined assets by currency as at 30 June 2014.
- The investment in Islandsbanki is assumed to be denominated solely in ISK (although the investment may not ultimately be monetised wholly in ISK).

Statement of Assets and Liabilities

Assets classified as Icelandic and non-Icelandic

30 June 2014 ISKm	ISK assets	Fx from Icelandic counter-parties	Total Icelandic assets	Non Icelandic assets	Combined 30 June 2014	Icelandic assets 31 December 2013	Non Icelandic assets 31 December 2013	Combined 31 December 2013
Assets								
Loans to customers	27.151	2.626	29.777	64.618	**94.395**	38.362	91.804	**130.166**
Derivatives claims	10.185	0	10.185	221	**10.407**	10.778	13.577	**24.355**
Bonds and debt instruments	11.276	0	11.276	0	**11.276**	11.894	0	**11.894**
Shares and equity investments	19.313	3.266	22.579	10.989	**33.567**	18.645	21.667	**40.312**
Investments in subsidiaries	167.513	0	167.513	90	**167.602**	157.718	256	**157.974**
Cash and cash equivalents	75.551	32.413	107.964	512.576	**620.539**	90.870	465.865	**556.736**
Other assets	6.003	0	6.003	393	**6.395**	5.900	300	**6.199**
Total assets	**316.991**	**38.305**	**355.296**	**588.885**	**944.181**	**334.168**	**593.469**	**927.637**
Proportion - Icelandic- non Icelandic	34%	4%	38%	62%	100%	36,0%	64,0%	100%

- The table above shows the split of Glitnir's combined assets by Icelandic and non-Icelandic counterparties as at 30 June 2014 and 31 December 2013.
- The Icelandic assets are loan agreements, bonds, shares and cash generated from Icelandic counterparties.
- The Icelandic assets are split between assets in ISK and assets in foreign currency from Icelandic counterparties.

Asset / liability class analysis

A: Loans to customers – reconciliation

30 June 2014 ISKm	30.6.2014 Carrying value	30.6.2014 Estimated realisable value	Re-covery %	31.12.2013 Carrying value	31.12.2013 Estimated realisable value	Re-covery %
Opening balance	270.666	130.166	48%	424.684	243.930	57%
Capital repayments	(40.642)	(40.642)		(80.001)	(80.001)	
Interest repayments	(3.287)	(3.287)		(7.576)	(7.576)	
Write off	(34.718)	0		(34.058)	(3.127)	
Reclass	(23)	0		(3.798)	(9.002)	
New loans	3.992	3.992		0	0	
Valuation changes & netting	3.053	5.365		2.168	4.143	
Fx impact	(2.716)	(1.202)		(30.752)	(18.200)	
Total Loans to Customers	196.327	94.395	48%	270.666	130.166	48%

- The above table sets out the changes in the loan portfolio from 1 January 2014 to 30 June 2014 compared with changes in the portfolio during 2013.
- The carrying values in the table above represents the values recorded in Glitnir's accounting records before any credit risk adjustments.

Asset / liability class analysis

A: Loans to customers – industry analysis

30 June 2014	30.6.2014	30.6.2014		31.12.2013	31.12.2013	
ISKm	Carrying value	Estimated realisable value	Re-covery %	Carrying value	Estimated realisable value	Re-covery %
Holding Companies	61.290	2.418	4%	95.857	7.532	8%
Seafood	6.617	6.301	95%	10.867	8.996	83%
Offshore-& Transport service	14.192	12.122	85%	24.021	21.718	90%
Manufacturing	10.096	6.954	69%	10.609	7.479	70%
Property & Real Estate	67.698	46.251	68%	83.723	56.546	68%
Financial Institutions	0	0	0%	878	455	52%
Retail	16.068	10.141	63%	17.298	10.191	59%
Other	20.366	10.209	50%	27.412	17.249	63%
Total Loans to Customers	**196.327**	**94.395**	**48%**	**270.666**	**130.166**	**48%**

- Whilst loans to holding companies represents the second largest element of the portfolio by carrying value (31%), it has the lowest estimated realisable value when compared to carrying value (4%).
- Property and real estate loans represents the largest element of the portfolio by estimated realisable value (49% of the total). The majority of property and real estate loans relate to the Luxembourg property portfolio.

Asset / liability class analysis

A: Loans to customers – geographical analysis

30 June 2014	30.6.2014	30.6.2014		31.12.2013	31.12.2013	
ISKm	Carrying value	Estimated realisable value	Re-covery %	Carrying value	Estimated realisable value	Re-covery %
Iceland	93.304	29.777	32%	135.039	38.362	28%
Norway	42.359	34.369	81%	57.196	47.845	84%
United States	9.149	2.409	26%	9.388	2.542	27%
UK	17.601	12.859	73%	23.017	18.485	80%
Germany	19.146	9.639	50%	27.239	17.074	63%
Canada	3.403	3.403	100%	0	0	0%
Denmark	7.571	1.368	18%	10.807	1.633	15%
Sweden	327	101	31%	3.008	2.481	82%
Other	3.467	469	14%	4.973	1.744	35%
Total Loans to Customers	**196.327**	**94.395**	**48%**	**270.666**	**130.166**	**48%**

- Norway and Iceland represents the most significant element of the loans to customers portfolio by estimated realisable value, Norway 36% and Iceland 32% of the total.

Asset / liability class analysis

A: Loans to customers – currency analysis

30 June 2014	30.6.2014	30.6.2014		31.12.2013	31.12.2013	
ISKm	Carrying value	Estimated realisable value	Re-covery %	Carrying value	Estimated realisable value	Re-covery %
ISK	92.879	27.151	29%	114.910	32.610	41%
EUR	26.953	13.084	49%	54.222	26.954	45%
NOK	34.174	28.998	85%	46.544	40.098	91%
USD	5.434	4.103	76%	12.652	7.525	66%
GBP	9.460	8.721	92%	9.698	8.865	83%
DKK	14.713	5.613	38%	15.961	6.275	44%
SEK	1.174	1.129	96%	3.794	3.556	100%
CHF	4.304	595	14%	7.108	1.530	32%
CAD	3.770	3.736	99%	375	340	80%
JPY	2.829	680	24%	4.766	1.777	41%
Other	637	586	92%	637	637	100%
Total Loans to Customers	**196.327**	**94.395**	**48%**	**270.666**	**130.166**	**57%**

- NOK, ISK, EUR and GBP represents the most significant element of the loans to customers portfolio by estimated realisable value, NOK 31%, ISK 29%, EUR 14% and GBP 9%.

Asset / liability class analysis

B: Derivative claims analysis

ISKm	2014 Derivative claims - estimated realasable value	2013 Derivative claims - estimated realasable value
Opening balance	24.355	32.387
Cash payments	(17.768)	(8.201)
Valuation & netting changes	4.519	2.043
Claims paid with loans and equity	(450)	(468)
Fx impact	(250)	(1.404)
Total derivative claims	**10.407**	**24.355**
Domestic counterparties	**10.185**	**10.778**
International counterparties	**221**	**13.577**
Total derivative claims	**10.407**	**24.355**

- The table shows the changes in the derivative claims for the period from 1 January 2014 to 30 June 2014 compared to changes during 2013.
- The international claim of ISK 221m was paid in July. All other claims are disputed and have been referred to courts.

Asset / liability class analysis

C: Bonds and debt instruments analysis

30 June 2014

ISKm	Estimated realisable value as at 30.6.2014	Estimated realisable value as at 31.12.2013
Opening balance	**11.894**	**31.139**
Repayments and sale of bonds	183	(23.044)
Valuation & netting changes	(801)	5.128
Reclass	0	(543)
Fx impact	0	(786)
Total value of bonds	**11.276**	**11.894**

ISKm	Estimated realisable value as at 30.6.2014	Estimated realisable value as at 31.12.2013
Bond positions		
Icelandic sovereign	10.846	10.799
Other Icelandic	430	1.095
Total value of bonds	**11.276**	**11.894**

- The table shows the movements in the bond assets from 1 January 2014 to 30 June 2014 compared to the movements during 2013.

Asset / liability class analysis

D: Shares and equity investments analysis

30 June 2014 ISKm	Estimated realisable value 30.6.2014	Estimated realisable value 31.12.2013
Opening balance	40.312	39.142
Dividend/Sale	(8.033)	(10.500)
Equity conversion	(2.953)	8.371
Valuation changes	4.491	5.293
Fx impact	(250)	(1.994)
	33.567	**40.312**
Listed equities	3.049	410
Investment funds	2.674	3.419
Other unlisted equities	27.844	36.483
	33.567	**40.312**
UK	6.224	4.258
Iceland	19.762	18.645
Norway	7.580	7.640
Sweden	0	6.287
Canada	0	3.480
Other	1	1
	33.567	**40.312**

- The table shows the movements in the equities from 1 January 2014 to 30 June 2014 compared to the movements during 2013.
- A consolidated subsidiary of Glitnir, SAT eignarhaldsfélag hf., was at the beginning of 2014 the owner of a 17.67% holdings in the shares of the insurance company Sjóvá. In April 2014 Sjóvá´s shares were listed on the Nasdaq OMX Nordic. SAT eignarhaldsfélag sold 4% of the shares in April 2014 and at 30.6.2014 is a owner of 13.67% of the Sjóvá shares.

Asset / liability class analysis

E: Investment in subsidiaries analysis

ISKm	30.6.2014	31.12.2013
Íslandsbanki (95%)	167.513	157.718
Reviva Capital SA (51%)	90	256
Total investments in subsidiaries	**167.602**	**157.974**

- The estimated value of 95% share in Íslandsbanki is based on book value of equity.
- The estimated value of Reviva is based on book value of equity.

F: Other assets

ISKm	30.6.2014	31.12.2013
Accounts receivable	1.142	1.326
Claims on bankruptcy companies	1.344	964
Escrow accounts	3.910	3.910
Total other assets	**6.395**	**6.199**

Asset / liability class analysis

G: Cash flow analysis

ISKm	Q1	Q2	For the six months ended 30 June 2014
Cash inflow:			
Principal loans to customers repayments	22.056	18.586	40.642
Interest on loans to customers reciepts	1.377	1.910	3.287
Principal loans to banks repayments	7	0	7
Derivatives claims repayments	3.142	14.626	17.768
Purchased, sale and maturities of bonds	204	(387)	(183)
Dividends and sale of shares	7.437	4.583	12.021
Interest income on cash balance	964	1.614	2.578
Other inflow	870	482	1.353
Total cash inflows	36.057	41.414	77.471
Cash outflow:			
Operational costs	(1.673)	(3.814)	(5.487)
New loans to customers	(314)	(278)	(592)
Payment of Claims	303	2.425	2.727
Total cash outflows	(1.684)	(1.667)	(3.351)
Total cash movement	34.373	39.747	74.120
Effect of exchange rate fluctuations	(9.652)	(664)	(10.316)
Opening cash balance	556.736	581.457	556.736
Closing cash balance	**581.457**	**620.539**	**620.539**

- The adjacent table summarises Glitnir's cash flow for Q1 and Q2 2014. The cash flow analysis is combined for Glitnir hf., GLB Holding ehf., Steinvirki ehf., Glitnir Luxembourg SA and for Haf and Holt.
- The most significant cash inflows is related to the repayment of principal and interest from loans to customers, derivative claims, sale of equity and dividend payments.
- The yield on the total cash balance for Q1 and Q2 2014 was 0.83%, on average, 1.38% on deposits and 0.59% on bonds.
- The total negative impact of foreign currency movements on the cash and cash equivalents balances was ISK10.3bn.

Asset / liability class analysis

G: Cash and cash equivalents analysis

ISKm	30 June 2014	%	31 December 2013	%
Cash balance held with:				
Icelandic banks	79.038	13%	65.184	12%
Skandinavian banks	75.179	12%	68.592	12%
European banks	24.227	4%	17.338	3%
Canadian banks	10.212	2%	9.339	2%
Icelandic T-bills	33.610	5%	31.114	6%
International T-bills	398.272	64%	365.168	66%
Total	**620.539**	100%	**556.736**	100%
Liquid asset deposited in Iceland	112.649	18%	96.299	17%
Liquid asset deposited in other jurisdictions	507.891	82%	460.437	83%
	620.539	100%	**556.736**	100%
Total deposits	188.657	30%	160.454	29%
International T-bills	398.272	64%	365.168	66%
Icelandic T-bills	33.610	5%	31.114	6%
	620.539	100%	**556.736**	100%

ISKm	30 June 2014	%	31 December 2013	%
Liquid assets in currencies				
EUR	212.766	34%	199.213	36%
USD	139.551	22%	122.873	22%
GBP	81.244	13%	78.848	14%
NOK	67.775	11%	58.141	10%
ISK	75.551	12%	62.884	11%
CAD	27.482	4%	27.977	5%
SEK	11.037	2%	256	0%
Other	5.132	1%	6.544	1%
Total	**620.539**	100%	**556.736**	100%

- The aim of Glitnir's cash management strategy is to minimise risk within the portfolio.
- The current liquidity strategy is to hold 10-30% of total cash and cash equivalents deposited in Iceland and 70-90% in other jurisdictions.
- The investment policy is to hold 50-100% of liquid assets in government bonds and bills and 0-50% in cash and term deposits.

Asset / liability class analysis

G: Cash and cash equivalents analysed by maturity

T-bill portfolio analysis

Liquid assets - Maturity profile ISKm	Deposits	T-bills	Total	
Maturity:				
0-3 months	67.385	155.924	223.309	36%
3-6 months	96.074	170.037	266.111	43%
6-9 months	22.910	65.803	88.713	14%
9-12 months	1.777	36.252	38.030	6%
+ 12 Months	0	4.378	4.378	1%
	188.146	**432.393**	**620.539**	**100%**

ISKm	30.6.2014		31.12.2013	
USA	115.139	27%	128.467	32%
Germany	104.056	24%	43.416	11%
Norway	57.764	13%	57.364	14%
UK	63.406	15%	46.591	12%
France	20.025	5%	48.248	12%
Netherland	6.932	2%	11.728	3%
Canada	25.877	6%	26.362	7%
Iceland	34.121	8%	31.678	8%
Denmark	0	0%	2.991	1%
Sweden	5.073	1%	0	0%
Other bonds	0	0%	0	0%
Total liquid T-bills	**432.393**	100%	**396.846**	100%

- The table on the left summarises the maturity profile of Glitnir´s liquid asset portfolio.
- The most significant element of Glitnir's combined cash and cash equivalents relates to the T-bills portfolio as analysed in the table on the right.

Asset / liability class analysis

H: Analysis of liabilities

- The tables in this section set out an analysis of Glitnir's liabilities presented in the Statement (page 6).
- The first table summaries the claims made against Glitnir and includes the following amounts:
  - Claimed amounts – representing the amounts claimed by Glitnir's creditors and as presented at the first claims registration creditors' meeting on 17 December 2009;
  - Changes to the claims register – since 17 December 2009, certain amendments have been made to the claims register, principally in relation to correction of errors and where claims have been withdrawn;
  - Adjustments – this column includes (1) where claims have been rejected, withdrawn or closed with set-off or settlement; (2) where accepted priority claims have been paid; (3) where there were errors or duplications in the claims registration list; and
  - Estimated set-off – a high level estimate of the set-off of Glitnir, based upon a review of the claims register.
- The estimates of set-off made above are preliminary estimates only and may be subject to change in the future. The Winding-up Board's work is continuing on the claims position of Glitnir.

Asset / liability class analysis

H: Analysis of liabilities

ISKm	Article no.	Claims registration	Adjustments	Adjusted claimed amounts	Estimated set-off	Estimated liabilites after set-off as at 30.6.2014	Estimated liabilites after set-off as at 31.12.2013
Third party assets	109	33.660	(22.619)	11.041	(5.063)	5.978	6.428
Approval Costs	110	25.313	(25.313)	0	0	0	0
Secured	111	37.327	(35.195)	2.133	0	2.133	2.133
Priority	112	156.245	(156.245)	(0)	0	(0)	656
Unsecured	113	2.880.832	(520.789)	2.360.043	(17.879)	2.342.164	2.373.171
Defered	114	106.012	(99.366)	6.646	0	6.646	7.348
Total		**3.239.388**	**(859.526)**	**2.379.862**	**(22.942)**	**2.356.920**	**2.389.735**

Changes in net claims **ISKm**	
Net claims as at 31.12.2013	**2.389.735**
Disputed 112 claims accepted as 113 claim	141
Changes in set-off	(1.044)
Decisions	(31.911)
Net claims as at 30.6.2014	**2.356.920**

- The table above provides an analysis of claims recorded in the Statement (see page 6)
- The table on the left shows the changes of the claim register since 31 December 2013 to 30 June 2014.

Asset / liability class analysis

H: Analysis of liabilities - Disputed priority claims

Priority claims in dispute	ISKm
Disputed claims - 16 March 2012	52.979
Accepted as 113 claim	(569)
Rejected / withdrawn	(13.759)
Disputed 112 claims 31.12.2012	**38.650**
Accepted as 112 claim	(25.846)
Accepted as 113 claim	(12)
Rejected / withdrawn	(2.035)
Disputed 112 claims 31.12. 2013	**10.756**
Accepted as 113 claim	(141)
Rejected / withdrawn	(2.753)
Disputed 112 claims 30.6. 2014	**7.862**

	Priority claims in dispute in escrow accounts 30.6.2014	**Balance 30.6.2014 with accrued interest**
	ISKm	ISKm
EUR	2.804	2.571
GBP	918	936
ISK	1.500	1.654
NOK	1.274	1.276
USD	1.367	1.192
	7.862	**7.629**

- On 16 March 2012 payments were made to priority claimholder that had undisputed claims. On that date sufficient cash was placed into escrow accounts to fully pay disputed priority claims. The claims in dispute on 16 March 2012 were ISK 53.0bn. These escrow accounts are not included in the Balance Sheet of Glitnir. Amounts that are not paid to priority claimholders when the disputes are resolved are paid back to Glitnir. The table shows changes in the escrow accounts from 16 March 2012 to end of June 2014.
- The tables below provides an analysis of the amounts in the escrow accounts broken down by currencies. The amounts are based on foreign exchange rates on 22 April 2009.
- The balance which includes accrued interests is based on foreign exchange rate on 30 June 2014

Asset / liability class analysis

I: Operating expenses analysis

ISKm	Q1 2014	Q2 2014	H1 2014	H1 2013
Salaries and Salary- related costs	198	175	**372**	**295**
Islandsbanki Service Agreement	81	67	**148**	**201**
Winding-Up Board fee	45	46	**91**	**88**
External Legal Services	327	229	**555**	**445**
Domestic	*132*	*64*	***197***	***201***
International	*194*	*164*	***359***	***244***
Other External Advisors	448	641	**1.089**	**1.028**
Domestic	*140*	*200*	***340***	***159***
International	*308*	*441*	***749***	***869***
Other Expenses	110	109	**219**	**355**
Total	**1.209**	**1.267**	**2.476**	**2.411**
VAT	78	132	**210**	**155**
VAT for the years 2009-2013		1.784	**1.784**	0
Total expenses	**1.287**	**3.183**	**4.470**	**2.566**

- The table sets out the operating costs of Glitnir hf. (subsidiaries not included) for the 6 months ended 30 June 2014 compared with the operating costs for the 6 months ended 30 June 2013.
- In Q2 2014 Glitnir paid ISK1,209m in VAT for the years from 2009 – 2013 and penalty interest of ISK 575m i.e.a total ISK 1,784m claim from the Icelandic tax authorities. Glitnir accepted to pay the VAT according to court rulings in similar cases. The tax authorities are claiming further VAT is payable by Glitnir, but Glitnir is still disputing this.
  - The VAT dispute is regarding whether Glitnir is liable to pay VAT on purchased service from foreign lawyers and advisors.
- In December 2013 an amendment to the law of taxation of Financial Institutions was passed by the Parliament to extend the taxation to the former banks in winding up proceedings. The Winding up Board of Glitnir is of the opinion that this taxation of the former banks in winding up proceedings is questionable from legal perspective and expects to challenge the taxation in court. The tax is not accounted for in the financial statements. The projected tax payable in 2014 according to the law is ISK 8.8bn for Glitnir.


GLITNIR

Introduction and purpose

- Glitnir produces twice a year an estimate of asset realisation cash flows given its asset management objectives and strategy prevailing at the time, net of asset portfolio and operating expenses (each a "**Business Plan**")
- Each Business Plan is prepared by Glitnir with the following principal objectives in mind:
  - to provide an operational tool to assist Glitnir's management in setting appropriate asset management strategy
  - to provide internal performance monitoring benchmarks
- Periodically, Glitnir publishes a summary of its latest Business Plan on Glitnir's website
- The purpose of publishing a summary is to provide stakeholders with information regarding:
  - Glitnir's objectives and strategy for realising assets
  - the potential quantum and timing of cash flows arising from Glitnir's asset portfolio and therefore high-level estimates of the potential quantum of distributions to creditors
  - the potential impact of certain key risks to the quantum and timing of cash flows realised from Glitnir's assets
- Given the highly sensitive nature of parts of the Business Plan, the summary does not include a detailed analysis of the underlying asset classes and positions

Basis of preparation

- The Business Plan summarised in this presentation (the "**Current Business Plan**"):
  - is based on an opening position of 30 June 2014. It has been prepared on a quarterly basis from 1 July 2014 until 31 December 2018 (referred to herein as the "**Detailed Forecast Period**").
  - has been prepared by the Winding-Up Board and employees of Glitnir.
- The Current Business Plan does not include assumptions regarding:
  - the future monetisation of Glitnir's 95% share in Islandsbanki hf ("**ISB**"). There is considerable uncertainty in respect of the timing, quantum and currency of this monetisation
  - no account has been made of potential recoveries from contingent assets such as any legal proceedings resulting from the work being carried out by the Winding-Up Board and its advisers relating to Glitnir's pre-collapse operations. Estimates of these recoveries are also deemed too sensitive in nature to disclose
  - any cash recovered after the 30 June 2014 from the escrow for disputed priority (article 112) claims should those disputes be resolved in Glitnir's favour (7.6bn ISK cash was in escrow as at 30 June 2014)
  - interest income generated on cash balances (though see notes later on certain considerations in relation to this)
  - future possible tax payments are not included in the Business Plan
- All information used to prepare the Current Business Plan has been obtained from the Winding-Up Board or Glitnir's employees (including employees of Glitnir's subsidiaries) together with certain external information where relevant (e.g. market data relating to foreign exchange and interest rates)

Key notes on presentation

- Forecasting cash distributions to creditors is not within the scope of the Business Plan exercise, however to the extent cash that has been realised is not distributed to creditors and is retained within Glitnir, this will generate additional interest income over and above the amounts presented. One constraint in making any such distributions is the capital controls currently in place in Iceland which act to prevent cross-border transactions that affect the Icelandic balance of payments and add to the ISK ‘snow overhang’. Currently, due to these capital controls, cash generated from Icelandic counterparties may not be unconditionally distributed given Glitnir’s many international creditors. Therefore, for information purposes only, the cash flows and cash balance at the end of each year are presented in three categories:

    1. Domestic currency i.e. Icelandic Króna (“**ISK**”)
    2. Foreign currency (“**FX**”) received from Icelandic counterparties
    3. FX received from non-Icelandic counterparties

Business Plan

Summary outputs

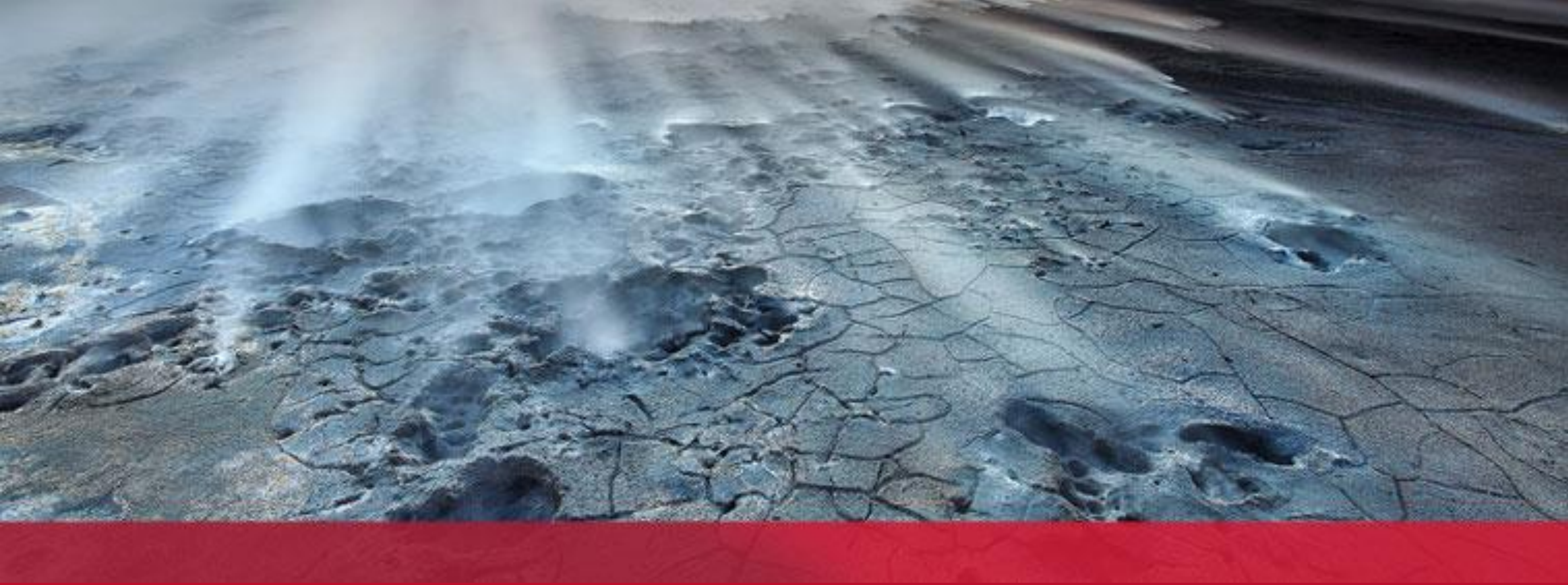
GLITNIR

ISKbn	30.06.14	H2 2014	2015	2016	2017	2018	Total
SA&L 30 June 2014	**944.181**						
Less cash and equivalents	(620.539)						
Less ISB	(167.513)						
Add net other cashflows[1]	(9.337)						
Total cashflow 'in-scope' of Current Business Plan	**146.792**						
Opening cash balance		**620.539**	**652.823**	**707.448**	**770.331**	**768.431**	**620.539**
Net cash flow from assets monetisation (Icelandic)		10.785	18.489	46.987	(950)	(613)	**74.698**
Net cash flow from assets monetisation (non-Icelandic)		21.499	36.136	15.896	(950)	(488)	**72.093**
Total Current Business Plan cashflows		32.284	54.625	62.883	(1.900)	(1.100)	**146.792**
Closing cash balance	**620.539**	**652.823**	**707.448**	**770.331**	**768.431**	**767.331**	**767.331**
Being							
ISK	*75.551*	*82.505*	*98.933*	*145.920*	*144.970*	*144.357*	*144.357*
FX from Icelandic counterparties	*32.413*	*36.245*	*38.305*	*38.305*	*38.305*	*38.305*	*38.305*
FX from foreign counterparties	*512.575*	*534.074*	*570.210*	*586.106*	*585.156*	*584.668*	*584.668*
	620.539	**652.823**	**707.448**	**770.331**	**768.431**	**767.331**	**767.331**
Illustrative interest of cash balance if cash generated domestically is retained by Glitnir							
Interest on ISK @ illustrative 3.50%		*1.383*	*3.175*	*4.285*	*5.091*	*5.063*	***18.997***
Interest on FX from Icelandic counterparties @ illustrative 0.75%		*129*	*280*	*287*	*287*	*287*	***1.270***
Total estimated inflow		***1.512***	***3.455***	***4.572***	***5.378***	***5.351***	***20.267***

Notes

1) *Includes net forecast operating expenditure, and forecast interest receipts from loans and bonds. The potential tax is not included in the expected cash flow.*

- The tables above summarises Glitnir's forecast cash flows under the Current Business Plan, excluding certain out of scope items such as proceeds from any monetisation of the shareholding in ISB, for reasons set out earlier in this presentation
- In summary, 81 per cent of the assets in the scope of the Business Plan have been realised by the end of June 2014 and it is forecasted that by the end of 2014 about 85 per cent of the assets will be realised, rising to close to 92 per cent by the end of 2015 and 100 per cent by the end of 2016.



Appendices

Appendix 1: Foreign exchange rates

Appendix 2: Supplementary notes to financial information

Appendix 3: Valuation methodology

Appendix 4: Combined Income statement

Appendix 1

Foreign exchange rates

Currency	22 April 2009	31 December 2011	31 December 2012	31 December 2013	30 June 2014	Changes from 31 Dec 2013 to 30 June 2014
EUR	168,76	158,84	169,80	158,50	154,07	-2,8%
USD	130,40	122,71	128,74	115,03	112,86	-1,9%
GBP	190,62	189,43	208,15	190,21	192,12	1,0%
CAD	105,16	120,21	129,36	108,07	105,66	-2,2%
DKK	22,66	21,37	22,83	21,25	20,66	-2,8%
NOK	19,26	20,40	23,04	18,92	18,31	-3,2%
SEK	15,28	17,79	19,76	17,95	16,79	-6,4%
CHF	111,68	130,66	140,64	129,19	126,75	-1,9%
JPY	1,33	1,59	1,50	1,10	1,11	1,6%

- All rates quoted above are the Central Bank of Iceland mid rates at the given dates.

Appendix 2

Supplementary notes to financial information

1. Basis of preparation

- The financial information has been prepared on the basis that Glitnir is able to manage the realisation of its assets and transact its ongoing business having appropriate regard to the interests of all its creditors. Accordingly, the estimate of value attributed to each asset is dependent on the realisation strategy presently adopted for assets, which varies between available for sale, manage to sale, or hold to maturity. As such, the estimated values for certain asset classes represented in the financial information are not necessarily intended to represent prices at which an orderly transaction could take place between market participants as at 30 June 2014. Rather, such values are intended to represent the value of assets based on a longer term estimate of recoverable values.
- The reported liabilities as at 30 June 2014 have been based upon the claims received by Glitnir as part of the claims registration process. The process for agreeing claims is ongoing and so the liabilities included in the financial information may not be complete or accurate as a number of the existing and potential liabilities are subject to legal uncertainty. As a result, the liabilities included in the financial information will be subject to change and clarification when the claims registration process is complete. It is likely that the ultimate liabilities determined by the Winding-Up Board or Courts will be less than those reported in the financial information presented here.

Appendix 2

Supplementary notes to financial information

2. Limitations

Estimated value

- The methodology used to estimate the values of assets within each asset class has been based on the application of Glitnir's present asset realisation strategy. The methodology does not represent an exhaustive attempt to take into account all factors that Glitnir or other market participants would consider when performing an in-depth valuation exercise.
- The asset realisation strategy and valuation methodology are likely to change over time as Glitnir continues its systematic assessment and categorisation of each asset class and refines its approach to realisation having appropriate regard to the interests of all its creditors.
- The assumptions used to estimate the value of assets are sensitive to changes in market conditions (including interest rates, foreign exchange rates, equity prices, market indices and counterparty credit worthiness) and, as such, the values presented are estimates based on the application of a high-level asset realisation strategy at a point in time.
- The financial information is presented in ISK throughout (with certain supporting analyses in EUR), with asset values translated at the mid rates published by the Icelandic Central Bank for 30 June 2014 (see Appendix 1). A significant proportion of the assets and liabilities of Glitnir are denominated in foreign currencies. As a result, the estimated asset values and the computation of liabilities presented here in ISK may be materially impacted by future movements in foreign exchange rates. Where comparative balances are presented, these have not been retranslated from the foreign exchange rates used as at that date.
- Given the current economic climate there are limited active markets for many of the financial instruments held by Glitnir. To the extent that the estimated asset values and computation of liabilities are based on inputs that are less observable or unobservable in the market, the estimation of value requires more judgment. Accordingly, the Winding-up Board has applied considerable judgement in determining the estimate of values for certain assets and liabilities, notably those relating to loans to customers, unlisted equity instruments and complex derivative products.

Appendix 2

Supplementary notes to financial information

2. Limitations (continued)

Estimated value (continued)

- An agreement between Glitnir and the Icelandic government was reached regarding the recapitalisation of Islandsbanki. As part of this agreement, Glitnir took 95 percent shareholding of Islandsbanki. The investment in Islandsbanki is valued at 95% of shareholders equity. The ultimate value realised through the shareholding in Islandsbanki could be materially higher or lower than the equity value. The value of, timing of and mechanism for realising value from the shareholding remains subject to considerable uncertainty.

Information included in the financial information

- Financial information provided in this document was prepared using Glitnir's records, based on current available data and assumptions, which is subject to confirmation and change. Glitnir may amend, supplement or otherwise change the financial information it has previously provided. Due to the related uncertainties, the actual realisable value of Glitnir's assets and the amount of its liabilities may differ materially from the values set forth in this document.

3. Valuation principles

- A detailed description of the methodology for each asset category is shown in Appendix 3.

Appendix 3

Valuation methodology

1. Loans to customers

- The estimated values have been derived after consideration of Glitnir's present asset realisation strategy. The measurement methodology is designed on the assumption that the loan portfolio will not be subject to forced market sales in the near-term and loans will be held to maturity or worked out over the relevant timeframe. As such, the estimated values represented in the Statement of Assets and Liabilities are not necessarily intended to represent prices at which an orderly transaction could take place between market participants as at 30 June 2014. Rather, such values are intended to represent the value of assets based on a longer term estimate of recoverable values.
- Within the risk categories the portfolio was subject to a high level review of borrower performance, collateral quality and subordination levels as well as a review of more general information about the economic outlook of each underlying sector. In the absence of specific indicators of a deterioration of value at a borrower level, default and recovery assumptions have been applied consistently.

2. Derivatives

- Derivative assets amounts in the Statement of Assets and Liabilities represent net positions after consideration of the effects of set-off and valuation adjustments.
- Given the volume of business undertaken by Glitnir and the complexities involved in reviewing the population of transactions, a number of assumptions have been made regarding the legal status of derivative positions in the Statement of Assets and Liabilities.

Appendix 3

Valuation methodology

3. Bonds

- The estimated value of the bond portfolio assumed to be unencumbered is based primarily on observable market inputs. The values represent an estimate of prices at which an orderly transaction could have been expected to take place between market participants on 30 June 2014 and accordingly has been based on quoted prices or indicative broker quotes.

4. Equities

- The estimated value for the listed equities portfolio assumed to be unencumbered is based primarily on observable market inputs. The value represents an estimate of prices at which an orderly transaction could have been expected to take place between market participants on 30 June 2014 and accordingly has been based on quoted prices or indicative broker quotes.
- The estimated value for the unlisted equities portfolio assumed to be unencumbered is based primarily on unobservable market inputs. Glitnir has estimated values based on the fundamentals of each holding, including the initial transaction price and an underlying analysis of the performance of each issuer. The values also include assumptions as to the liquidity of positions.

5. Investment in subsidiaries

- The estimated value for investment in subsidiaries is based on equity of the subsidiaries.

6. Cash and cash equivalents

- The estimated value for cash and cash equivalents is book value.

Appendix 4

Combined Income Statement

January - June 2014	ISKm
Net interest income	**5.534**
Valuation adjustments and provisions	**26.599**
Claims rejected and other changes in the claims	**34.484**
Net financial income and expenses *	**(12.436)**
Net interest income less impairment losses and write-offs	**54.181**
Net fee and commission expenses	**(377)**
Administrative expenses	**(4.729)**
Profit before tax	**49.075**
Taxes	**(1)**
Profit for the period	**49.074**

* Net financial income and expenses:	
Dividend income	213
Net trading income	1.692
Net foreign exchange losses	(14.342)
	(12.436)