

# Glitnir hf.

## Statement of Assets and Liabilities

Incorporating an estimate of the value of assets as at 30 June 2013 and a computation of liabilities

30 August 2013

# Disclaimer



This document includes a Statement of Assets and Liabilities as at 30 June 2013 (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 2013

3. Notes to the Statement of Assets and Liabilities as at 30 June 2013

# 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 2013 (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, Steinvirki ehf. 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 2013 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 2012 and associated notes and appendices.
- The Winding-Up board and the management of Glitnir are solely responsible for the valuation of 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 2013. 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 2012, as published on Glitnir's website.



1. Introduction

2. Statement of Assets and Liabilities as at 30 June 2013

3. Notes to the Statement of Assets and Liabilities as at 30 June 2013

# Statement of Assets and Liabilities - Combined



30 June 2013

	ISKm Combined 30 June 2013	ISKm Combined 31 March 2013	ISKm Combined 31 Dec 2012	EURm Combined 30 June 2013	EURm Combined 31 March 2013	EURm Combined 31 Dec 2012
<b>Assets</b>						
Loans to customers .....	185.507	209.483	243.930	1.152	1.314	1.437
Derivatives claims .....	23.944	24.935	32.387	149	156	191
Bonds and debt instruments .....	20.290	26.325	31.139	126	165	183
Shares and equity investments .....	42.872	44.367	39.142	266	278	231
Investments in subsidiaries .....	132.079	116.960	117.027	820	734	689
Cash and cash equivalents .....	511.095	474.972	462.079	3.173	2.980	2.721
Other assets .....	3.670	2.163	9.881	23	14	58
<b>Total assets</b>	<b>919.459</b>	<b>899.205</b>	<b>935.585</b>	<b>5.707</b>	<b>5.641</b>	<b>5.510</b>
<b>Liabilities</b>						
Claims .....	2.411.236	2.416.386	2.428.494	14.967	15.159	14.302
Other liabilities .....	3.910	4.405	4.303	24	28	25
<b>Total liabilities</b>	<b>2.415.146</b>	<b>2.420.791</b>	<b>2.432.797</b>	<b>14.992</b>	<b>15.187</b>	<b>14.327</b>
<b>Equity</b> .....	<b>( 1.495.687)</b>	<b>( 1.521.586)</b>	<b>( 1.497.212)</b>	<b>( 9.284)</b>	<b>( 9.546)</b>	<b>( 8.818)</b>
	<b>919.459</b>	<b>899.205</b>	<b>935.585</b>	<b>5.707</b>	<b>5.641</b>	<b>5.510</b>

# Statement of Assets and Liabilities

## Key trends summary

The logo for GLITNIR, featuring the company name in white capital letters on a red rectangular background with a white wave-like graphic element below the text.

### Total assets

- Total combined assets have decreased by ISK16.1bn from ISK935.5bn as at 31 December 2012 to ISK919.4bn as at 30 June 2013. The key drivers for this were:
  - a negative net impact of ISK46.8bn due to movements in FX rates, principally the strengthening of the ISK against various currencies (USD, EUR, NOK and GBP);
  - an increase in the value of the bonds of ISK3.8bn
  - an increase in the value of equity of ISK3.7bn
  - an increase in the value of the loan portfolio and interest income of ISK5.9bn, and
  - An increase in the value of investments in subsidiaries of ISK18.2bn;
- Total combined assets in EUR have increased from EUR5,510m to EUR5,707m over the period.
- Glitnir's cash balance has increased by ISK49.0bn from ISK 462.1bn as at 31 December 2012 to ISK511.1bn as at 30 June 2013. This increase was driven by principal and interest repayments received from the portfolio of loans to customers, repayments of derivative claims and repayments and sale of bonds.

### Total 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 ISK17.3bn since 31 December 2012 to ISK2.411bn as at 30 June 2013. Further detail on these adjustments is provided in Note H of this document.

# Statement of Assets and Liabilities

## Reconciliation of Glitnir's Combined assets



ISKm	Balance as at 31.12.2012	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 30.6.2013
<b>Assets</b>					
Loans to customers .....	243.930	( 50.613)	( 13.762)	5.952	185.507
Derivatives claims .....	32.387	( 8.539)	( 650)	746	23.944
Bonds and debt instruments .....	31.139	( 13.893)	( 783)	3.827	20.290
Shares and equity investments .....	39.142	2.619	( 2.620)	3.731	42.872
Investment in subsidiaries .....	117.027	( 3.214)	( 9)	18.275	132.079
Cash and cash equivalents .....	462.079	77.732	( 28.715)	0	511.095
Other assets .....	9.881	( 6.387)	( 277)	454	3.670
<b>Total assets</b>	<b>935.585</b>	<b>( 2.294)</b>	<b>( 46.817)</b>	<b>32.985</b>	<b>919.459</b>

- 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 2012 and 30 June 2013.
- The changes in valuation and netting include interest income during the period.



# Statement of Assets and Liabilities

## Foreign currency analysis of Combined assets



30 June 2013

ISKm	EUR	ISK	NOK	USD	GBP	CAD	DKK	Other	Total
Loans to customers .....	34.650	44.543	53.435	11.862	20.824	323	7.110	12.759	185.507
Derivatives claims .....	933	11.942	0	11.069	0	0	0	0	23.944
Bonds and debt instruments .....	0	20.290	0	0	0	0	0	0	20.290
Shares and equity investments .....	1.467	15.078	9.017	2.877	5.065	3.788	0	5.581	42.872
Investments in subsidiaries .....	126	131.954	0	0	0	0	0	0	132.079
Cash and cash equivalents .....	190.435	47.935	50.737	121.727	61.249	30.295	3.937	4.779	511.095
Other assets .....	116	3.354	131	0	1	0	44	24	3.670
<b>Total assets</b>	<b>227.726</b>	<b>275.096</b>	<b>113.321</b>	<b>147.536</b>	<b>87.139</b>	<b>34.406</b>	<b>11.091</b>	<b>23.143</b>	<b>919.459</b>
<i>Percentage of total</i>	<i>24,8%</i>	<i>29,9%</i>	<i>12,3%</i>	<i>16,0%</i>	<i>9,5%</i>	<i>3,7%</i>	<i>1,2%</i>	<i>2,5%</i>	<i>100,0%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>15,6%</i>							
<b>Total assets as at 31 December 2012</b>	<b>234.358</b>	<b>254.528</b>	<b>129.669</b>	<b>144.827</b>	<b>95.599</b>	<b>35.552</b>	<b>13.130</b>	<b>27.921</b>	<b>935.585</b>
<i>Percentage of total 31.12.2012</i>	<i>25,0%</i>	<i>27,2%</i>	<i>13,9%</i>	<i>15,5%</i>	<i>10,2%</i>	<i>3,8%</i>	<i>1,4%</i>	<i>3,0%</i>	<i>100,0%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>14,8%</i>							

- The table above shows the estimated split of Glitnir's combined assets by currency as at 30 June 2013.
- 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 2013

ISKm	ISK assets	Fx from Icelandic counterparties	Total Icelandic assets	Non Icelandic assets	Combined 30 June 2013	Icelandic assets 31 December 2012	Non Icelandic assets 31 December 2012	Combined 31 December 2012
<b>Assets</b>								
Loans to customers .....	44.543	16.895	61.439	124.068	<b>185.507</b>	77.771	166.159	<b>243.930</b>
Derivatives claims .....	11.942	0	11.942	12.002	<b>23.944</b>	12.435	19.951	<b>32.387</b>
Bonds and debt instruments .....	20.290	0	20.290	0	<b>20.290</b>	20.616	10.523	<b>31.139</b>
Shares and equity investments .....	15.078	0	15.078	27.794	<b>42.872</b>	14.958	24.184	<b>39.142</b>
Investments in subsidiaries .....	131.954	0	131.954	126	<b>132.079</b>	116.836	191	<b>117.027</b>
Cash and cash equivalents .....	47.935	17.508	65.443	445.653	<b>511.095</b>	41.814	420.265	<b>462.079</b>
Other assets .....	3.353	0	3.353	317	<b>3.670</b>	7.254	2.627	<b>9.881</b>
<b>Total assets</b>	<b>275.096</b>	<b>34.403</b>	<b>309.499</b>	<b>609.960</b>	<b>919.459</b>	<b>291.685</b>	<b>643.900</b>	<b>935.585</b>
Proportion - Icelandic- non Icelandic	30%	4%	34%	66%	100%	31%	69%	100%

- The table above shows the split of Glitnir's combined assets by Icelandic and non-Icelandic counterparties as at 30 June 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.

1. Introduction

2. Statement of Assets and Liabilities as at 30 June 2013

3. Notes to the Statement of Assets and Liabilities as at 30 June 2013

# Asset / liability class analysis

## A: Loans to customers – reconciliation



<b>30 June 2013</b>	<b>30.6.2013</b>	<b>30.6.2013</b>		<b>31.12.2012</b>	<b>31.12.2012</b>	
<b>ISKm</b>	<b>Carrying value</b>	<b>Estimated realisable value</b>	<b>%</b>	<b>Carrying value</b>	<b>Estimated realisable value</b>	<b>%</b>
<b>Opening balance .....</b>	<b>424.684</b>	<b>243.930</b>	<b>57%</b>	<b>710.259</b>	<b>311.206</b>	<b>44%</b>
Capital repayments .....	( 40.493)	( 40.493)		( 116.871)	( 116.871)	
Interest repayments .....	( 3.355)	( 3.355)		( 19.928)	( 19.928)	
Write off .....	( 38.920)	( 283)		( 26.396)	( 83)	
Reclass .....	( 3.572)	( 7.255)		( 196.800)	( 18.639)	
New loans .....	468	468		27.208	22.738	
Valuation changes .....	5.328	6.257		13.804	47.353	
Fx impact .....	( 23.586)	( 13.762)		33.407	18.154	
<b>Total Loans to Customers</b>	<b>320.553</b>	<b>185.507</b>	<b>58%</b>	<b>424.684</b>	<b>243.930</b>	<b>57%</b>

- The above table sets out the changes in the loan portfolio from 31 December 2012 to 30 June 2013 compared with changes in the portfolio during 2012
- 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



<b>30 June 2013</b>	<b>30.6.2013</b>		<b>31.12.2012</b>		<b>31.12.2012</b>	
<b>ISKm</b>	<b>Carrying value</b>	<b>Estimated realisable value</b>	<b>Re-covery %</b>	<b>Carrying value</b>	<b>Estimated realisable value</b>	<b>Re-covery %</b>
Holding Companies .....	90.352	15.998	18%	121.792	12.635	10%
Seafood .....	15.580	13.208	85%	20.070	16.779	84%
Offshore-& Transport service .....	41.417	38.320	93%	55.092	51.243	93%
Manufacturing .....	17.346	13.933	80%	33.065	24.803	75%
Property & Real Estate .....	99.285	66.917	67%	124.421	91.929	74%
Financial Institutions .....	5.382	2.898	54%	5.840	3.203	55%
Retail .....	17.916	10.631	59%	25.137	14.289	57%
Utilities .....	238	226	95%	251	238	95%
Other .....	33.037	23.377	71%	39.016	28.812	74%
<b>Total Loans to Customers</b>	<b>320.553</b>	<b>185.507</b>	<b>58%</b>	<b>424.684</b>	<b>243.930</b>	<b>57%</b>

- Whilst loans to holding companies represents the second largest element of the portfolio by carrying value (28%), it has the lowest estimated realisable value when compared to carrying value (18%).
- Property & real estate loans represents the largest element of the portfolio by both carrying value and estimated realisable value (36%). The majority of property & real estate loans relate to the Luxembourg property portfolio.



# Asset / liability class analysis

## A: Loans to customers – geographical analysis



<b>30 June 2013</b>	<b>30.6.2013</b>	<b>30.6.2013</b>		<b>31.12.2012</b>	<b>31.12.2012</b>	
<b>ISKm</b>	<b>Carrying value</b>	<b>Estimated realisable value</b>	<b>Re-covery %</b>	<b>Carrying value</b>	<b>Estimated realisable value</b>	<b>Re-covery %</b>
Iceland .....	146.072	61.439	42%	203.817	77.771	38%
Norway .....	78.210	67.240	86%	97.833	85.757	88%
United States .....	12.549	4.236	34%	15.347	6.546	43%
UK .....	30.060	24.960	83%	32.809	29.288	89%
Germany .....	29.244	19.820	68%	41.930	26.118	62%
Canada .....	0	0		1.831	1.827	100%
Denmark .....	13.241	2.040	15%	14.934	2.550	17%
Sweden .....	4.433	3.727	84%	8.051	8.051	100%
Other .....	6.743	2.045	30%	8.132	5.989	66%
<b>Total Loans to Customers</b>	<b>320.553</b>	<b>185.507</b>	<b>58%</b>	<b>424.684</b>	<b>243.930</b>	<b>57%</b>

- Norway and Iceland represents the most significant element of the loans to customers portfolio by estimated realisable value, Norway 36% and Iceland 33%.

# Asset / liability class analysis

## A: Loans to customers – currency analysis



30 June 2013	30.6.2013	30.6.2013		31.12.2012	31.12.2012	
ISKm	Carrying value	Estimated realisable value	Re-covery %	Carrying value	Estimated realisable value	%
ISK .....	109.328	44.543	41%	133.530	54.397	41%
EUR .....	62.500	34.650	55%	91.551	41.516	45%
NOK .....	61.442	53.435	87%	75.941	69.381	91%
USD .....	19.158	11.862	62%	30.311	19.982	66%
GBP .....	26.086	20.824	80%	36.543	30.317	83%
DKK .....	18.621	7.110	38%	20.341	8.905	44%
SEK .....	5.194	4.438	85%	7.224	8.328	100%
CHF .....	9.681	3.810	39%	16.576	5.299	32%
CAD .....	406	323	80%	444	353	80%
JPY .....	7.429	3.804	51%	11.392	4.622	41%
Other .....	707	707	100%	830	830	100%
<b>Total Loans to Customers</b>	<b>320.553</b>	<b>185.507</b>	<b>58%</b>	<b>424.684</b>	<b>243.930</b>	<b>57%</b>

- NOK, ISK, EUR and GBP represents the most significant element of the loans to customers portfolio by estimated realisable value, NOK 29%, ISK 24%, EUR 19% and GBP 11%.

# Asset / liability class analysis

## B: Derivative claims analysis



	2013	2012
ISKm	Derivative claims - estimated realisable value	Derivative claims - estimated realisable value
<b>Opening balance</b> .....	32.387	20.313
Cash payments .....	( 8.070)	( 6.058)
Valuation & netting changes .....	746	38.384
Claims paid with loans and equity .....	( 468)	( 20.671)
Fx impact .....	( 650)	419
<b>Total derivative claims</b>	<b>23.944</b>	<b>32.387</b>
<b>Domestic counterparties</b> .....	<b>11.942</b>	<b>12.435</b>
<b>International counterparties</b> .....	<b>12.002</b>	<b>19.951</b>
<b>Total derivative claims</b>	<b>23.944</b>	<b>32.387</b>

- The table shows the changes in the derivative claims for the period from 1 January 2013 to 30 June 2013 compared to changes during 2012.
- Claims that have not been settled have been referred to courts.

# Asset / liability class analysis

## C: Bonds and debt instruments analysis



30 June 2013		
ISKm	Estimated realisable value as at 30.6.2013	Estimated realisable value as at 31.2.2012
<b>Opening balance .....</b>	<b>31.139</b>	<b>29.771</b>
Repayments and sale of bonds .....	( 13.649)	( 52)
Valuation & netting changes .....	3.827	527
Reclass .....	( 243)	0
Fx impact .....	( 783)	893
<b>Total value of bonds</b>	<b>20.290</b>	<b>31.139</b>
<b>Bond positions</b>		
Icelandic sovereign .....	19.198	19.041
Other Icelandic .....	1.092	1.576
International .....	0	10.523
<b>Total value of bonds</b>	<b>20.290</b>	<b>31.139</b>

- The table shows the movements in the bond assets from 1 January 2013 to 30 June 2013 compared to the movements during 2012.
- The International bond portfolio was sold during the period

# Asset / liability class analysis

## D: Shares and equity investments analysis



30 June 2013		
	Estimated realisable value 30.6.2013	Estimated realisable value 31.12.2012
ISKm		
<b>Opening balance</b> .....	39.142	58.094
Dividend/Sale .....	( 3.582)	( 33.041)
Equity conversion .....	6.201	4.335
Valuation changes .....	3.731	6.403
Fx impact .....	( 2.620)	3.351
	<b>42.872</b>	<b>39.142</b>
Listed equities .....	435	383
Investment funds .....	8.755	10.574
Other unlisted equities .....	33.681	28.185
	<b>42.872</b>	<b>39.142</b>
UK .....	9.408	11.329
Iceland .....	15.078	14.958
Norway .....	9.017	8.791
Sweden .....	5.581	0
Canada .....	3.788	3.648
Other .....	1	417
	<b>42.872</b>	<b>39.142</b>

- The table shows the movements in the equities from 1 January 2013 to 30 June 2013 compared to the movements during 2012.



# Asset / liability class analysis

## E: Investment in subsidiaries analysis (underlying assets not consolidated)

ISKm	Value 30.6.2013	Value 31.12.2012
Íslandsbanki (95%) .....	131.320	115.836
Steinvirki (100%) .....	634	1.000
Reviva Capital SA (51%) .....	126	191
<b>Total investments in subsidiaries</b>	<b>132.079</b>	<b>117.027</b>

- The estimated value of 95% share in Íslandsbanki is based on a high level analysis of ISB's forecast performance and median trading multiples for ISB's peer group in the Euro area.
- The estimated value of other subsidiaries is based on book value of equity.

## F: Other assets

Other assets ISKm	Value 30.6.2013	Value 31.12.2012
Accounts receivable .....	1.064	1.295
Claims on bankruptcy companies ....	1.310	3.507
Escrow accounts .....	1.297	5.080
<b>Total other assets</b>	<b>3.670</b>	<b>9.881</b>

- The carrying value of the claims on bankruptcy companies is ISK 185.7bn. but the estimated recovery is 1%.

# Asset / liability class analysis

## G: Cash flow analysis



ISKm	Q1	Q2	For the six months ended 30 June 2013
<b>Cash inflow:</b>			
Principal loans to customers repayments .....	16.122	23.022	39.144
Interest on loans to customers receipts .....	2.093	2.307	4.399
Derivatives claims repayments .....	7.078	993	8.070
Sale of bonds and maturities .....	6.870	6.780	13.649
Dividends and sale of shares .....	1.046	5.511	6.557
Interest income on cash balance .....	860	886	1.746
Other inflow .....	6.877	421	7.298
<b>Total cash inflows</b>	<b>40.945</b>	<b>39.919</b>	<b>80.864</b>
<b>Cash outflow:</b>			
Operational costs .....	( 1.797)	( 1.793)	( 3.591)
Other .....	( 48)	0	( 48)
Payment of Claims .....	19	487	507
<b>Total cash outflows</b>	<b>( 1.826)</b>	<b>( 1.306)</b>	<b>( 3.133)</b>
<b>Total cash movement</b>	<b>39.119</b>	<b>38.613</b>	<b>77.732</b>
Effect of exchange rate fluctuations .....	( 26.226)	( 2.490)	( 28.715)
Opening cash balance .....	462.079	474.972	462.079
<b>Closing cash balance</b>	<b>474.972</b>	<b>511.095</b>	<b>511.095</b>

- The adjacent table summarises Glitnir's cash flow for Q1 and Q2 in 2013. The cash flow analysis is combined for Glitnir hf., GLB Holding 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, repayment of derivatives, sale of bonds and other assets.
- Included in the inflow of dividends in Q2 2013 is ISK2.9bn dividend payment from Íslandsbanki.
- The yield on the total cash balance for the period was 0.7%, on average, 1.2% on deposits and 0.6% on bonds.
- The total negative impact of foreign currency movements on the cash and cash equivalents balances was ISK28.7bn.

# Asset / liability class analysis

## G: Cash and cash equivalents analysis



ISKm	30 June 2013		31 December 2012	
		%		%
<b>Cash balance held with:</b>				
Icelandic banks .....	58.409	11%	34.250	7%
Skandinavian banks .....	49.122	10%	42.847	9%
European banks .....	27.810	5%	32.741	7%
Canadian bank .....	1.528	0%	1.670	0%
US- bank .....	12.941	3%	13.639	3%
Icelandic Gov bonds .....	16.650	3%	10.587	2%
International Gov bonds .....	344.636	67%	326.345	71%
<b>Total</b>	<b>511.095</b>	<b>100%</b>	<b>462.079</b>	<b>100%</b>
Liquid asset deposited in Iceland .....	75.059	15%	44.837	10%
Liquid asset deposited in other jurisdictions ..	436.036	85%	417.242	90%
	<b>511.095</b>	<b>100%</b>	<b>462.079</b>	<b>100%</b>
Total deposits .....	148.460	29%	125.147	27%
International bonds .....	344.636	67%	326.345	71%
Icelandic bonds .....	17.999	4%	10.587	2%
	<b>511.095</b>	<b>100%</b>	<b>462.079</b>	<b>100%</b>

ISKm	30 June 2013		31 December 2012	
		%		%
<b>Liquid assets in currencies</b>				
EUR .....	190.435	37%	179.938	39%
USD .....	121.727	24%	102.495	22%
GBP .....	61.249	12%	54.836	12%
NOK .....	50.737	10%	51.386	11%
ISK .....	47.935	9%	33.111	7%
CAD .....	30.295	6%	31.551	7%
DKK .....	3.937	1%	2.014	0%
Other .....	4.779	1%	6.749	1%
<b>Total</b>	<b>511.095</b>	<b>100%</b>	<b>462.079</b>	<b>100%</b>

- 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 – bond portfolio analysis



Liquid assets - Maturity profile				
ISKm				
	Deposits	Bonds	Total	
<b>Maturity:</b>				
0-3 months .....	115.661	162.272	277.933	54%
3-6 months .....	8.663	96.666	105.328	21%
6-9 months .....	22.288	101.180	123.468	24%
9-12 months .....		0	0	0%
+ 12 Months .....	1.848	2.518	4.366	1%
	<b>148.460</b>	<b>362.635</b>	<b>511.095</b>	<b>100%</b>

	30.6.2013		31.12.2012	
ISKm				
USA .....	97.668	27%	83.667	25%
Germany .....	53.191	15%	44.991	13%
Norway .....	50.446	14%	44.978	13%
UK .....	46.086	13%	38.817	12%
France .....	40.063	11%	51.280	15%
Finland .....	3.051	1%	0	0%
Netherland .....	22.192	6%	26.431	8%
Canada .....	28.591	8%	29.745	9%
Iceland .....	17.999	5%	10.619	3%
Denmark .....	3.082	1%	0	0%
Sweden .....	266	0%	3.218	1%
Other bonds .....	0	0%	3.185	1%
<b>Total liquid Bonds</b>	<b>362.635</b>	<b>100%</b>	<b>336.932</b>	<b>100%</b>

- 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 its government bond portfolio (as analysed in the table on the right), this includes a portfolio managed by UBS on behalf of Glitnir.

# 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 adjustments made above are preliminary estimates only and may be subject to material change in the future. The Winding-up Board's work is continuing on the claims position of Glitnir.
- The Winding-up Board's work regarding the claims registration process is continuing. As a result, there are certain material claims included in the liabilities included in the Statement that the Winding-up Board does not expect to be ultimately settled. As a result, the ultimate liabilities of Glitnir are likely to be lower than, and creditor ranking may be materially different to, that set-out in the Statement.



# Asset / liability class analysis

## H: Analysis of liabilities



ISKm	Article no.	Claims registration	Adjustments	Adjusted claimed amounts	Estimated set-off	Estimated liabilities after set-off as at 30.6.2013	Estimated liabilities after set-off as at 31.12.2012
Third party assets .....	109	33.660	(22.523)	11.137	(4.710)	6.428	6.513
Approval Costs .....	110	25.313	(25.313)	0	0	0	0
Secured .....	111	37.327	(25.772)	11.555	0	11.555	11.542
Priority .....	112	156.245	(155.757)	488	0	488	101
Unsecured .....	113	2.880.832	(475.304)	2.405.527	(23.479)	2.382.049	2.397.384
Deferred .....	114	106.012	(95.295)	10.717	0	10.717	12.953
<b>Total</b>		<b>3.239.388</b>	<b>(799.964)</b>	<b>2.439.424</b>	<b>(28.188)</b>	<b>2.411.236</b>	<b>2.428.494</b>

### Changes in net claims

ISKbn	
Net claims as at 31.12.2012 .....	<b>2.428.494</b>
Payments of 112 and 109 claims ..	(117)
Repaid disputed 112 claims .....	634
Changes in set-off .....	1.065
Decisions .....	(18.840)
<b>Net claims as at 31.3.2013</b>	<b>2.411.236</b>

- The table above provides an analysis of claims recorded in the Statement (see page 6)
- The table below shows the changes of the claim register since 31 December 2012 to 30 June 2013.

# Asset / liability class analysis

## H: Analysis of liabilities - Disputed priority claims



<b>Priority claims in dispute in escrow accounts</b>	
	ISKm
Disputed claims - 16 March 2012	52.979
Accepted as 113 claim	(569)
Rejected / withdrawn	(13.759)
<b>Disputed 112 claims 31.12.2012</b>	<b>38.650</b>
Accepted as 112 claim	(598)
Accepted as 113 claim	(12)
Rejected / withdrawn	(24)
<b>Disputed 112 claims 30 June 2013</b>	<b>38.016</b>

	<b>Priority claims in dispute in escrow accounts 30.6.2013</b>	<b>With accrued interest 30.6.2013</b>
	ISKm	ISKm
EUR	13.556	13.169
GBP	4.436	4.473
ISK	7.253	7.653
NOK	6.159	6.851
USD	6.611	6.374
	<b>38.016</b>	<b>38.520</b>

- 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 52.9bn. 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 above shows changes in the escrow accounts from 16 March 2012 to end of June 2013.
- The tables 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 2013

# Asset / liability class analysis

## I: Operating expenses analysis



	Q1 2013	Q2 2013	Total 2013	Budget	Variance to budget	
<b>ISKm</b>						
<b>Salaries and Salary- related costs .....</b>	149	146	<b>295</b>	325	(30)	-9%
<b>Islandsbanki Service Agreement .....</b>	77	123	<b>201</b>	162	39	24%
<b>Winding-Up Board fee .....</b>	59	52	<b>112</b>	118	(6)	-5%
<b>External Legal Services .....</b>	304	191	<b>496</b>	975	(479)	-49%
<i>Domestic .....</i>	110	142	<b>252</b>	314	(62)	-20%
<i>International .....</i>	195	50	<b>244</b>	661	(417)	-63%
<b>Other External Advisors .....</b>	577	531	<b>1.108</b>	949	159	17%
<i>Domestic .....</i>	108	77	<b>185</b>	137	48	35%
<i>International .....</i>	469	454	<b>923</b>	812	112	14%
<b>Other Expenses .....</b>	176	179	<b>355</b>	351	4	1%
<b>Total Expenses</b>	<b>1.343</b>	<b>1.223</b>	<b>2.566</b>	<b>2.879</b>	(313)	-11%

- The table above sets out the operating costs of Glitnir hf. (subsidiaries not included) for the 6 months ended 30 June 2013.



## Appendices

A wide-angle landscape photograph of a mountain range with colorful, eroded peaks in shades of red, orange, and brown. The foreground is a flat, rocky plain. The sky is blue with some light clouds. A solid red horizontal bar is positioned below the landscape image.

Appendix 1: Foreign exchange rates

Appendix 2: Supplementary notes to financial information

Appendix 3: Valuation methodology

Appendix 4: Income statement



# Appendix 1

## Foreign exchange rates



Currency	22 April 2009	31 December 2011	31 December 2012	30 June 2013	Changes from 31 December 2012 to 30 June 2013
EUR	168,76	158,84	169,80	161,10	-5,5%
USD	130,40	122,71	128,74	123,29	-4,4%
GBP	190,62	189,43	208,15	187,94	-10,7%
CAD	105,16	120,21	129,36	117,63	-9,8%
DKK	22,66	21,37	22,83	21,60	-5,7%
NOK	19,26	20,40	23,04	20,43	-12,8%
SEK	15,28	17,79	19,76	18,34	-8,0%
CHF	111,68	130,66	140,64	130,47	-7,8%
JPY	1,33	1,59	1,50	1,25	-15,7%

- 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 2013. 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 2013 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 2013 (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, particularly the financial and liquidity crisis, 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. In line with values presented in previous Statements of Assets and Liabilities, Glitnir has estimated the value of its shareholding in Islandsbanki based upon the projected performance of Islandsbanki and trading multiples for Islandsbanki's peer group in the Euro area. The ultimate value realised through the shareholding in Islandsbanki could be materially higher or lower than the estimate provided. 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 2013. 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 and liabilities 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 2013 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 2013 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 the estimated value of the underlying net assets held in the subsidiaries. The methodologies employed to estimate the value of the underlying assets and liabilities are the same as those employed for assets and liabilities held directly by Glitnir.

### 6. Cash and cash equivalents

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

# Appendix 4

## Consolidated Income Statement

<b>January - June 2013</b>	
	<b>ISKm Consolidated</b>
<b>Net interest income</b> .....	<b>5.027</b>
Valuation adjustments and provisions .....	<b>32.194</b>
Claims rejected and other changes in the claims .....	<b>19.733</b>
Net financial income and expenses * .....	<b>(51.821)</b>
Net interest income less impairment losses and write-offs .....	<b>5.133</b>
Net fee and commission expenses .....	<b>(322)</b>
Administrative expenses .....	<b>(2.744)</b>
<b>Loss for the period</b> .....	<b>2.067</b>

<b>Net financial income and expenses:</b>	
Dividend income .....	186
Net trading income .....	2.254
Net foreign exchange losses .....	(54.261)
	<b>(51.821)</b>