

Glitnir hf.

Statement of Assets and Liabilities

Incorporating an estimate of the value of assets as at 30 June 2015 and a computation of liabilities

28 August 2015

Disclaimer



This document includes a Statement of Assets and Liabilities as at 30 June 2015 (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 2015

3. Notes to the Statement of Assets and Liabilities as at 30 June 2015

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 2015 (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 the shares in Íslandsbanki hf.
- 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 2015 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 2014 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 2015. Based on KPMG's review, nothing has come to their attention that cause them 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 2014, as published on Glitnir's website.

1. Introduction

2. Statement of Assets and Liabilities as at 30 June 2015

3. Notes to the Statement of Assets and Liabilities as at 30 June 2015

Statement of Assets and Liabilities - Combined



	ISKm Combined 30 June 2015	ISKm Combined 31 December 2014	ISKm Combined 31 December 2013	EURm Combined 30 June 2015	EURm Combined 31 December 2014	EURm Combined 31 December 2013
Assets						
Loans to customers	41.060	66.793	130.166	279	433	821
Derivatives claims	1.861	5.693	24.355	13	37	154
Bonds and debt instruments	9.205	10.641	11.894	63	69	75
Shares and equity investments	23.396	31.580	40.312	159	205	254
Investments in subsidiaries	176.140	174.764	157.974	1.196	1.133	997
Cash and cash equivalents	717.040	660.515	556.736	4.870	4.282	3.513
Other assets	12.430	12.762	6.199	84	83	39
Total assets	981.134	962.748	927.637	6.663	6.241	5.853
Liabilities						
Claims	2.262.711	2.270.807	2.389.735	15.366	14.720	15.077
Tax liabilities	8.516	8.998	0	58	58	0
Other liabilities	3.947	5.311	3.880	27	34	24
Total liabilities	2.275.174	2.285.116	2.393.615	15.451	14.812	15.102
Negative equity	(1.294.040)	(1.322.368)	(1.465.977)	(8.788)	(8.572)	(9.249)
	981.134	962.748	927.637	6.663	6.241	5.853

Statement of Assets and Liabilities

Key trends summary

The logo for Glitnir, featuring the word "GLITNIR" in white capital letters on a red rectangular background. A white curved line is positioned below the text, resembling a stylized wave or a smile.

Assets

- Total combined assets have increased by ISK18.4bn from ISK962.7bn as at 31 December 2014 to ISK981.1bn as at 30 June 2015. The key drivers for this were:
 - a negative net impact of ISK3.9bn due to movements in FX;
 - an increase in the value of the loan portfolio of ISK2.4bn;
 - an increase in the value of equities of ISK8.6bn;
 - an increase in the value of investments in subsidiaries (Íslandsbanki hf.) of ISK10.2bn.
- Total combined assets in EUR have increased from EUR6,241m to EUR6,663m over the period.
- Glitnir's cash balance has increased by ISK56.5bn from ISK 660.5bn as at 31 December 2014 to ISK717.0bn as at 30 June 2015.

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 on page 6. The claims amount has changed during the period from ISK2,270.8bn as of 31 December 2014 to ISK2,262.7bn as of 30 June 2015. Further detail on the claims is provided in Note H of this document.
- Glitnir has estimated its potential liabilities due to the bank tax for 2014 as ISK8.5bn which will be payable at the end of 2015.

Statement of Assets and Liabilities

Reconciliation of Glitnir's combined assets



ISKm	Balance as at 31.12.2014	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 30.6.2015
Assets					
Loans to customers	66.793	(27.565)	(545)	2.378	41.060
Derivatives claims	5.693	(2.599)	0	(1.233)	1.861
Bonds and debt instruments	10.641	(1.471)	0	34	9.205
Shares and equity investments	31.580	(16.735)	(16)	8.567	23.396
Investment in subsidiaries	174.764	(8.869)	(6)	10.251	176.140
Cash and cash equivalents	660.515	59.760	(3.235)	0	717.040
Other assets	12.762	(1.163)	(58)	888	12.430
Total assets	962.748	1.359	(3.860)	20.886	981.134

- The table above provides an analysis of the key factors behind the movement in the estimated realisable value of Glitnir's consolidated asset portfolio between 31 December 2014 and 30 June 2015.
- 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 2015

ISKm	EUR	ISK	NOK	USD	GBP	CAD	DKK	SEK	Other	Total
Loans to customers	7.792	16.342	10.202	2.474	1.039	441	336	583	1.853	41.060
Derivatives claims	0	1.861	0	0	0	0	0	0	0	1.861
Bonds and debt instruments	0	9.205	0	0	0	0	0	0	0	9.205
Shares and equity investments	309	21.168	0	724	1.195	0	0	0	0	23.396
Investments in subsidiaries	0	176.140	0	0	0	0	0	0	0	176.140
Cash and cash equivalents	219.751	93.923	86.877	167.092	100.753	31.485	3.031	8.734	5.394	717.040
Other assets	4.550	3.684	0	4.000	194	0	2	0	0	12.430
Total assets	232.402	322.324	97.079	174.290	103.181	31.926	3.368	9.316	7.247	981.134
<i>Percentage of total</i>	23,7%	32,9%	9,9%	17,8%	10,5%	3,3%	0,3%	0,9%	0,7%	100,0%
<i>Percentage of total (ISK without ISB)</i>		14,9%								
Total assets as at 31 December 2014	231.587	313.627	99.379	162.546	98.335	32.697	6.115	11.884	6.578	962.748
<i>Percentage of total 31.12.2014</i>	24,1%	32,6%	10,3%	16,9%	10,2%	3,4%	0,6%	1,2%	0,7%	100,0%
<i>Percentage of total (ISK without ISB)</i>		14,4%								

- The table above shows the estimated split of Glitnir's combined assets by currency as at 30 June 2015.
- The investment in Islandsbanki is assumed to be denominated solely in ISK (although the investment may not ultimately be monetised wholly in ISK).
- It is the intention of Glitnir to convert the DKK, SEK, CAD and other currencies into USD in Q3 and Q4 2015.

Statement of Assets and Liabilities

Assets classified as Icelandic and non-Icelandic



30 June 2015

ISKm	ISK assets	Fx from Icelandic counter-parties	Total Icelandic assets	Non Icelandic assets	Combined 30 June 2015	Icelandic assets 31 December 2014	Non Icelandic assets 31 December 2014	Combined 31 December 2014
Assets								
Loans to customers	16.342	3.229	19.571	21.489	41.060	19.794	46.998	66.793
Derivatives claims	1.861	0	1.861	0	1.861	4.729	964	5.693
Bonds and debt instruments	9.205	0	9.205	0	9.205	10.641	0	10.641
Shares and equity investments	21.168	0	21.168	2.228	23.396	21.162	10.418	31.580
Investments in subsidiaries	176.140	0	176.140	0	176.140	174.632	132	174.764
Cash and cash equivalents	93.923	46.198	140.122	576.919	717.040	112.266	548.249	660.515
Other assets	3.684	0	3.684	8.746	12.430	9.103	3.660	12.762
Total assets	322.324	49.428	371.752	609.382	981.134	352.328	610.420	962.748
Proportion - Icelandic- non Icelandic	33%	5%	38%	62%	100%	37%	63%	100%

- The table above shows the split of Glitnir's combined assets by Icelandic and non-Icelandic counterparties as at 30 June 2015 and 31 December 2014.
- The Icelandic assets consist of loan agreements, derivatives claims, claims on bankrupt companies, bonds, shares and cash generated from Icelandic counterparties. Accounting estimates do not include any potential recoveries from litigation cases.
- Glitnir is seeking to, if possible, monetise it's 95% stake in ISB for foreign FX. It is currently uncertain whether this can be achieved.

Statement of Assets and Liabilities

Stability contribution vs. Stability tax

The logo for GLITNIR, featuring the word "GLITNIR" in white capital letters on a red rectangular background. A white curved line is positioned below the text, resembling a stylized wave or a swoosh.

- On 8 June 2015, the Icelandic Government announced that it was introducing a stability tax (the “**Stability Tax**”) to be levied on the estate of the Company and the other former Icelandic banks in winding-up proceedings. The Stability Tax is now the subject of the Act No. 60/2015 on Stability Tax, which entered into force on 16 July 2015 (the “**Stability Tax Act**”).
- If the Stability Tax were to apply in full to the estate of the Company, it would require the payment to the Government of an amount equal to 39% of the Company’s assets, measured on the basis of the value of such assets as at 31 December 2015 (subject to certain reliefs which may reduce the effective rate to a minimum of 34%). Under the Stability Tax Act, entities that are currently in winding-up proceedings, but which conclude them with an approved composition agreement by 31 December 2015, will not be considered taxable entities for the purposes of the Stability Tax.
- The table on the next page illustrates the differences in the impact on the Company’s assets between making the Stability Contribution and paying the Stability Tax, based on the Company’s assets as reported in the Statement of Assets and Liabilities as at 30 June 2015.
- The Stability Tax can be seen to reduce the Company’s assets by 39%, unless the Company is able to make certain qualifying investments in Icelandic companies, in which case the effective tax rate would be reduced to a minimum of 34%. There is no certainty that such qualifying investments would be available to enable the Company to take advantage of this potential reduction.
- By comparison, the Stability Contribution can be expected to reduce the Company’s assets by between 21% and 26%, depending on whether Íslandsbanki can be monetised in FX or not. Furthermore, since the Stability Contribution can be made partly in unrealised assets and instruments, whereas the Stability Tax must be made in cash, the Stability Contribution would leave a significantly higher number of liquid assets available for immediate distribution to creditors than would be the case if the Stability Tax becomes payable.
- On 8 June, 2015, the Ministry of Finance and Economic Affairs announced the terms of a proposal submitted by representatives of certain of the larger creditors of the Company (“**Creditor Group**”), setting out a voluntary package of measures designed to neutralise the balance of payments risks posed by the ISK denominated assets in the Company’s estate (the “**Stability Proposal**”). The Winding-up Board was not permitted to participate in the discussions which led to the submission of the Stability Proposal. The Stability Proposal was made by the Creditor Group as a basis for the Company to proceed with a Composition so as not to be considered to be a taxable entity for the purposes of the Stability Tax.

Statement of Assets and Liabilities

Stability contribution vs. Stability tax



ISKm	Reported assets 30 June 2015	Adjust for 2014 taxes to be paid	Adj. for ISB recap.		Stability contribution		Stability tax	
			Effect of ISB recap	Proforma	Assuming ISB sold for Fx	Assuming ISB sold for ISK	Assuming maximum mitigations	Assuming no mitigations
ISB equity stake	176.140	-	(53.715)	122.425	(73.455)	(122.425)	-	-
Other unrealised ISK assets	52.260	-	-	52.260	(40.590)	(40.590)	-	-
ISK cash and cash equivalents	93.923	(8.516)	37.715	123.122	(91.332)	(91.332)	(85.407)	(85.407)
Total ISK	322.324	(8.516)	(16.000)	297.808	(205.377)	(254.347)	(85.407)	(85.407)
Domestic Fx unrealised assets	3.229	-	-	3.229	-	-	-	-
Domestic Fx cash & cash equivalents	46.198	-	16.000	62.198	-	-	(46.198)	(46.198)
Total domestic Fx	49.428	0	16.000	65.428	0	0	(46.198)	(46.198)
Foreign Fx unrealised assets	32.463	-	-	32.463	-	-	-	-
Foreign Fx cash & cash equivalents ...	576.919	-	-	576.919	-	-	(197.715)	(247.715)
Total foreign Fx	609.382	0	0	609.382	0	0	(197.715)	(247.715)
Total assets	981.134	(8.516)	0	972.617	(205.377)	(254.347)	(329.321)	(379.321)
% of assets	100%			100%	21%	26%	34%	39%

- The Stability Proposal involves a restructuring of ISB's capital structure involving the steps reflected in the above table as follows: the payment to Glitnir of an ISK 16bn dividend in FX which will be reinvested into a subordinated instrument in ISB and a payment to Glitnir of ISK 37.7bn dividend in ISK (which then forms part of the Stability Contribution).
- Glitnir will enter into agreements that mean that 60% of the value of its stake in ISB following the ISB Recapitalisation will be passed to the Government if sold for FX or 100% if sold for ISK (unless sold for a premium to current book value, in which case, some additional value will be recovered by Glitnir via either route, which is not reflected in the above calculations and which would serve to reduce the effective cost of the Stability Contribution over the figures presented in such a scenario; and
- passing to the Government the economic value of all its other ISK denominated assets (after certain deductions for operating and other expenditure, ISK 5bn reflected in the above table) and an amount of ISK cash, to be calculated at the time of Composition but estimated as at 31 March 2015 to ISK51bn and in the figures above at ISK39bn (due, largely, to recoveries from such assets since March), which is able to be converted into Fx and distributed to creditors.

1. Introduction

2. Statement of Assets and Liabilities as at 30 June 2015

3. Notes to the Statement of Assets and Liabilities as at 30 June 2015

Asset / liability class analysis

A: Loans to customers – reconciliation



30 June 2015	30.6.2015	30.6.2015		31.12.2014	31.12.2014	
ISKm	Carrying value	Estimated realisable value	Re-covery %	Carrying value	Estimated realisable value	Re-covery %
Opening balance	162.501	66.793	41%	270.666	130.166	48%
Capital repayments	(21.869)	(21.869)		(64.660)	(64.660)	
Interest repayments	(1.075)	(1.075)		(5.795)	(5.795)	
Write off	(5.907)	(553)		(38.724)	240	
Reclass	(4.096)	(4.067)		(699)	(663)	
New loans	0	0		4.113	4.088	
Valuation changes & netting ...	774	2.378		607	4.546	
Fx impact	(1.314)	(545)		(3.007)	(1.130)	
Total Loans to Customers	129.013	41.060	32%	162.501	66.793	41%

- The above table sets out the changes in the loan portfolio in H1 2015 compared with changes in the portfolio during 2014.
- The carrying values in the table above represent the values recorded in Glitnir's accounting records before any credit risk adjustments.

Asset / liability class analysis

B: Derivative claims analysis



ISKm	Derivative claims - estimated realisable value	Derivative claims - estimated realisable value
Opening balance	5.693	24.355
Cash payments	(2.599)	(26.492)
Valuation & netting changes	(1.233)	8.530
Claims paid with loans and equity	0	(450)
Fx impact	0	(250)
Total derivative claims	1.861	5.693
Domestic counterparties	1.861	4.729
International counterparties	0	964
Total derivative claims	1.861	5.693

- The table shows the changes in the derivative claims for H1 2015 compared to changes during 2014.
- At the end of H1 2015 all claims have been referred to courts.
- In Q1 2015 Glitnir lost a court case before the Supreme Court which led to decrease in the valuation.

Asset / liability class analysis

C: Bonds and debt instruments analysis



30 June 2015		
ISKm	Estimated realisable value as at 30.6.2015	Estimated realisable value as at 31.12.2014
Opening balance	10.641	11.894
Repayments/Investments/Sale	(1.477)	122
Valuation & netting changes	34	639
Reclass	6	(2.013)
Total value of bonds	9.205	10.641
Bond positions		
Icelandic sovereign	8.892	10.380
Other Icelandic	313	261
Total value of bonds	9.205	10.641

- The table shows the movements in the bond assets in H1 2015 compared to the movements during 2014.

Asset / liability class analysis

D: Shares and equity investments analysis

ISKm	Estimated realisable value 30.6.2015	Estimated realisable value 31.12.2014
Opening balance	31.580	40.312
Dividend/Sale	(16.735)	(9.342)
Equity conversion	0	(5.941)
Valuation changes	8.567	7.007
Fx impact	(16)	(456)
	23.396	31.580
Listed equities	5.631	5.482
Investment funds	1.855	2.600
Other unlisted equities	15.911	23.499
	23.396	31.580
UK	2.228	3.145
Iceland	21.168	21.162
Norway	0	7.273
	23.396	31.580

- The table shows the movements in H1 2015 compared to the movements during 2014.
- Glitnir holds 40.1% share in the investment company Stoðir hf. Total numbers of shares owned by Glitnir is ISK4.7bn.
- The book value of Stoðir shares is ISK11.3bn as of 30 June 2015.
- Stoðir's primary asset was 30% stake in the European juice and soft drinks producer Refresco Gerber. In March 2015, Refresco Gerber's share were admitted to trading at Euronext Amsterdam after an IPO was concluded where Stoðir sold 45% of its shares in Refresco Gerber.
- Dividend of ISK8.9bn was received from Stoðir in Q2 2015.

Asset / liability class analysis

E: Investment in subsidiaries analysis



ISKm	30.6.2015	31.12.2014
Glitnir hf.		
Íslandsbanki (95%)	176.140	174.632
Reviva Capital SA (51%)	0	132
Total investments in subsidiaries	176.140	174.764
	2015	2014
Book value 1 January	174.764	157.974
Dividend/sale	(8.869)	(3.990)
Share in profit	10.251	20.784
Fx impact	(6)	(5)
Book value at the end of period	176.140	174.764

- The value of 95% share in Íslandsbanki hf. is based on book value of equity as of 30 June 2015.
- The 51% share in Reviva Capital SA has been reclassified to other assets (assets classified as held for sale).
- In April 2015 Íslandsbanki paid a dividend of ISK9.0bn to its shareholders. Glitnir's share in the dividend was ISK8.55bn.

F: Other assets

ISKm	30.6.2015	31.12.2014
Accounts receivable & assets held for sale ..	5.233	699
Claims on bankruptcy companies	3.001	2.845
Escrow accounts	4.196	9.219
Total other assets	12.430	12.762

- Included in Accounts receivable and assets classified as held for sale is a sale price of a loan book sold in Q2 2015.

Asset / liability class analysis

G: Cash flow analysis



ISKm	H1 2015
Cash inflow:	
Principal loans to customers repayments	21.869
Interest on loans to customers receipts	1.075
Derivatives claims repayments	2.599
Purchased, sale and maturities of bonds	1.477
Dividends and sale of shares	26.042
Interest income on cash balance	2.690
Other inflow	5.799
Total cash inflows	61.551
Cash outflow:	
Operational costs	(3.459)
New loans to customers	(201)
Bank tax	(1.220)
Other outflow	(241)
Payment of Claims	3.330
Total cash outflows	(1.791)
Total cash movement	59.760
Effect of exchange rate fluctuations	(3.235)
Opening cash balance	660.515
Closing cash balance	717.040

- The adjacent table summarises Glitnir's cash flow for H1 2015. The cash flow analysis is combined for Glitnir hf. and subsidiaries.
- The most significant cash inflows are related to the repayment of principal and interest from loans to customers, derivative claims, sale of equity and dividend payments.
- The yield on the cash balance for H1 2015 was 0.75%, on average, 1.05% on deposits and 0.55% on T-bills.
- The total negative impact of foreign currency movements on the cash and cash equivalents balances was ISK3.2bn.

Asset / liability class analysis

G: Cash and cash equivalents analysis



ISKm	30 June		31 December	
	2015	%	2014	%
Cash balance held with:				
Icelandic banks	114.457	16%	75.605	11%
Skandinavian banks	139.205	19%	84.349	13%
European banks	49.702	7%	42.957	7%
Canadian banks	-	0%	10.618	2%
Icelandic T-bills	23.748	3%	35.023	5%
International T-bills	389.928	54%	411.963	62%
Total	717.040	100%	660.515	100%
Liquid asset deposited in Iceland	138.205	19%	110.628	17%
Liquid asset deposited in other jurisdictions ..	578.835	81%	549.886	83%
	717.040	100%	660.515	100%
Total deposits	303.365	42%	213.529	32%
International T-bills	389.928	54%	411.963	62%
Icelandic T-bills	23.748	3%	35.023	5%
	717.040	100%	660.515	100%

ISKm	30 June 2015		31 December 2014	
		%		%
Liquid assets in currencies				
EUR	219.751	31%	218.071	33%
USD	167.092	23%	158.777	24%
GBP	100.753	14%	94.535	14%
NOK	86.877	12%	66.187	10%
ISK	93.923	13%	75.178	11%
CAD	31.485	4%	30.115	5%
SEK	8.734	1%	10.835	2%
Other	8.425	1%	6.816	1%
Total	717.040	100%	660.515	100%

- The aim of Glitnir's cash management strategy is to minimise risk within the portfolio.
- 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 30 June 2015				
ISKm				
	Deposits	T-bills	Total	
Maturity:				
0-3 months	176.619	211.017	387.636	54%
3-6 months	126.746	170.075	296.821	41%
6-9 months	0	28.493	28.493	4%
	303.365	413.675	717.040	100%

	30.6.2015		31.12.2014	
ISKm				
USA	145.518	35%	139.109	31%
Germany	28.287	7%	44.745	10%
Norway	72.236	17%	65.234	15%
UK	86.979	21%	75.967	17%
France	22.089	5%	49.368	11%
Netherlands	0	0%	3.857	1%
Canada	31.355	8%	28.439	6%
Iceland	23.748	6%	35.023	8%
Sweden	1.598	0%	4.111	1%
Australia	1.866	0%	1.134	0%
Total T-bills	413.675	100%	446.986	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 liabilities after set-off as at 30.6.2015	Estimated liabilities after set-off as at 31.12.2014
Third party assets	109	33.660	(33.526)	134	0	134	754
Approval Costs	110	25.313	(25.313)	0	0	0	0
Secured	111	37.327	(35.273)	2.054	0	2.054	2.054
Priority	112	156.245	(156.245)	(0)	0	(0)	0
Unsecured	113	2.880.832	(618.333)	2.262.498	(2.078)	2.260.420	2.267.529
Deferred	114	106.012	(105.909)	103	0	103	470
Total		3.239.388	(974.599)	2.264.789	(2.078)	2.262.711	2.270.807

Changes in net claims

ISKm

Net claims as at 31.12.2014	2.270.807
Disputed 112 claims accepted as 113 claim .	1.304
Changes in set-off	(3.989)
Decisions	(5.411)
Net claims as at 30.6.2015	2.262.711

- 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 2014 to 30 June 2015.

Asset / liability class analysis

H: Analysis of liabilities - Disputed priority claims



Priority claims in dispute	ISKm
Disputed 112 claims 31.12. 2014	7.565
Accepted as 113 claim	(1.304)
Rejected / withdrawn	(1.393)
Disputed 112 claims 30.6. 2015	4.869

Currencies in escrow accounts	Priority claims in dispute in escrow accounts 30.6.2015	Balance 30.6.2015 with accrued interest
	ISKm	ISKm
EUR	1.736	1.522
GBP	568	627
ISK	929	1.057
NOK	789	735
USD	847	863
	4.869	4.805

- On 16 March 2012 payments were made to priority claimholders 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 shows changes in the escrow accounts from 31 December 2014 to 30 June 2015.
- 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 2015.

Asset / liability class analysis

I: Operating expenses analysis

ISKm	Q1 2015	Q2 2015	H1 2015	H1 2014
Salaries and Salary-related costs	106	100	207	372
Islandsbanki Service Agreement	62	77	138	148
Winding-Up Board fee	61	57	118	91
External Legal Services	141	251	392	555
<i>Domestic</i>	100	119	218	197
<i>International</i>	42	132	173	359
Other External Advisors	557	659	1.216	1.089
<i>Domestic</i>	212	194	407	340
<i>International</i>	345	465	809	749
Other Expenses	156	174	330	219
Total	1.083	1.318	2.401	2.476
VAT	97	120	217	1.995
Total expenses	1.180	1.438	2.618	4.470

- The table sets out the operating costs of Glitnir hf. (subsidiaries not included) for H1 2015 compared with the operating costs H1 2014.
- All cost of purchased services is presented without VAT. VAT on purchased services (domestic and international) is shown as a separate item in the table.
- The tax authorities are claiming further VAT on purchased service from foreign advisors which Glitnir is disputing. The dispute is now by the State Revenue Board.



Appendices

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

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	31 December 2014	30 June 2015	Changes from 31 Dec 2014 to 30 June 2015
EUR	168,76	158,84	169,80	158,50	154,27	147,25	-4,6%
USD	130,40	122,71	128,74	115,03	126,90	131,60	3,7%
GBP	190,62	189,43	208,15	190,21	197,66	206,87	4,7%
CAD	105,16	120,21	129,36	108,07	109,59	106,26	-3,0%
DKK	22,66	21,37	22,83	21,25	20,72	19,74	-4,7%
NOK	19,26	20,40	23,04	18,92	17,14	16,77	-2,2%
SEK	15,28	17,79	19,76	17,95	16,44	15,98	-2,8%
CHF	111,68	130,66	140,64	129,19	128,29	141,50	10,3%
JPY	1,33	1,59	1,50	1,10	1,06	1,08	1,3%

- 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 2015. 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 2015 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.

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 2015 (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 Íslandsbanki. As part of this agreement, Glitnir took a 95 percent shareholding of Íslandsbanki. The investment in Íslandsbanki is valued at 95% of shareholders equity of Íslandsbanki as of 30 June 2015. The ultimate value realised through the shareholding in Íslandsbanki 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 2015. 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 regarding the legal status of derivative positions.

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 2015 and accordingly has been based on quoted prices or indicative broker quotes.

Appendix 3

Valuation methodology

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 2015 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 2015

ISKm

Net interest income	4.615
Valuation adjustments and provisions	10.607
Claims rejected and other changes in the claims	7.523
Net financial income and expenses *	9.529
Net interest income less impairment losses and write-offs	32.274
Net fee and commission expenses	(131)
Administrative expenses	(2.782)
Profit before taxes and stability contribution	29.361
Taxes	(1.033)
Profit for the period	28.328

* Net financial income and expenses:

Dividend income	215
Net trading income	4.489
Share in profit of subsidiaries	10.251
Net foreign exchange gain	(5.426)
	9.529