

Glitnir hf.

Statement of Assets and Liabilities

Incorporating an estimate of the value of assets as at 31 December 2012 and a computation of liabilities

27 February 2012

Disclaimer



This document includes a Statement of Assets and Liabilities as at 31 December 2012 (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 31 December 2012

3. Notes to the Statement of Assets and Liabilities as at 31 December 2012

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 31 December 2012 (as detailed in Appendix 4). 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 31 December 2012 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 2011 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 auditors, has audited the valuation of assets included in the Statement of Assets and Liabilities as at 31 December 2012. Based on KPMG's audit, 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 respect, based on the same methods applied in Glitnir's financial statements as at 31 December 2011, as published on Glitnir's website.

1. Introduction

2. Statement of Assets and Liabilities as at 31 December 2012

3. Notes to the Statement of Assets and Liabilities as at 31 December 2012

Statement of Assets and Liabilities - Combined



31 December 2012

	Glitnir	GLB Holding	Haf / Holt	Glitnir Lux	Adjustments	ISKm Combined 31 Dec 2012	ISKm Combined 30 June 2012	EURm Combined 31 Dec 2012	EURm Combined 30 June 2012
Assets									
Loans to customers	115.539	0	65.958	62.433	0	243.930	278.896	1.437	1.763
Loans to banks	0	0	0	0	0	0	9.060	0	57
Derivatives claims	32.387	0	0	0	0	32.387	31.634	191	200
Bonds and debt instruments	169.112	17.628	0	0	(155.601)	31.139	29.771	183	188
Shares and equity investments ..	23.645	2.925	3.131	9.442	0	39.142	33.048	231	209
Investments in subsidiaries	148.965	134.311	0	191	(166.440)	117.027	116.732	689	738
Cash and cash equivalents	440.219	291	14.362	7.207	0	462.079	352.780	2.721	2.230
Other assets	4.142	172	5.080	488	0	9.881	9.899	58	63
Total assets	934.009	155.327	88.530	79.760	(322.042)	935.585	861.821	5.510	5.447
Liabilities									
Claims	2.428.494	0	0	0	0	2.428.494	2.509.557	14.302	15.860
Other liabilities	2.727	1	88.530	68.646	(155.601)	4.303	4.799	25	30
Total liabilities	2.431.221	1	88.530	68.646	(155.601)	2.432.797	2.514.357	14.327	15.891
Equity	(1.497.212)	155.326	0	11.114	(166.440)	(1.497.212)	(1.652.535)	(8.818)	(10.444)
	934.009	155.327	88.530	79.760	(322.042)	935.585	861.821	5.510	5.447

1. There is considerable uncertainty regarding the ultimate realisable value of Glitnir's assets.

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 wavy line is positioned below the text.

Total assets

- Total combined assets have increased by ISK73.7bn from ISK861.8bn as at 30 June 2012 to ISK935.5bn as at 31 December 2012. The key drivers for this were:
 - a positive net impact of ISK35.1bn due to movements in FX rates, principally the weakening of the ISK against various currencies (USD, EUR, NOK and GBP);
 - an increase in the value of the loan portfolio and interest income of ISK18.4bn; and
 - an increase in the value of derivative claims of ISK4.6bn.
- Total combined assets in EUR have increased from EUR5,447m to EUR5,510m over the period.
- Glitnir's cash balance has increased by ISK 109.3bn from ISK 353.8bn as at 30 June 2012 to ISK462.1bn as at 31 December 2012. This increase was driven by principal and interest repayments received from the portfolio of loans to customers, repayments from loans to banks and repayments of derivative claims.

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 ISK81.1bn since 30 June 2012 to ISK2.428bn as at 31 December 2012. Further detail on these adjustments is provided in Note I of this document.
- As the Winding-up Board's work on the claims registration process is continuing, there are certain material claims included in the computation of liabilities in the previous page that the Winding-Up Board does not ultimately expect to be accepted. Accordingly, 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.

Statement of Assets and Liabilities

Reconciliation of Glitnir's Combined assets



ISKm	Balance as at 30.6.2012	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 31.12.2012
Assets					
Loans to customers	278.896	(65.504)	12.161	18.377	243.930
Loans to banks	9.060	(9.508)	272	176	0
Derivatives claims	31.634	(4.284)	419	4.617	32.387
Bonds and debt instruments	29.771	(52)	893	527	31.139
Shares and equity investments	33.048	1.767	1.465	2.863	39.142
Investment in subsidiaries	116.732	(3)	183	114	117.027
Cash and cash equivalents	352.780	89.668	19.631	0	462.079
Other assets	9.899	138	52	(208)	9.881
Total assets	861.821	12.224	35.074	26.465	935.585

- 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 30 June 2012 and 31 December 2012.
- The changes in valuation and netting include interest income during the period.

Statement of Assets and Liabilities

Foreign currency analysis of Combined assets



ISKm	EUR	ISK	NOK	USD	GBP	CAD	DKK	Other	Total
Loans to customers	41.516	54.397	69.381	19.982	30.317	353	8.905	19.079	243.930
Loans to banks	0	0	0	0	0	0	0	0	0
Derivatives claims	5.949	12.435	0	14.002	0	0	0	0	32.387
Bonds and debt instruments	3.073	20.616	0	3.194	4.256	0	0	0	31.139
Shares and equity investments	1.515	14.958	8.791	4.045	5.770	3.648	0	416	39.142
Investments in subsidiaries	191	116.836	0	0	0	0	0	0	117.027
Cash and cash equivalents	179.938	33.111	51.386	102.495	54.836	31.551	2.014	6.749	462.079
Other assets	2.177	2.174	112	1.110	420	0	2.211	1.677	9.881
Total assets	234.358	254.528	129.669	144.827	95.599	35.552	13.130	27.921	935.585
<i>Percentage of total</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>							
Total assets as at 30 June 2012	224.467	227.544	114.764	139.464	81.155	31.868	16.039	26.520	861.821
<i>Percentage of total 30.6.2012</i>	<i>26,0%</i>	<i>26,4%</i>	<i>13,3%</i>	<i>16,2%</i>	<i>9,4%</i>	<i>3,7%</i>	<i>1,9%</i>	<i>3,1%</i>	<i>100,0%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>13,0%</i>							

- The table above shows the estimated split of Glitnir's combined assets by currency as at 31 December 2012.
- The investment in Islandsbanki is assumed to be denominated solely in ISK (although the investment may not ultimately be monetised wholly in ISK).
- At the end of 2012 loans to Icelandic counterparties with expected recovery of ISK 21bn contractually denominated in foreign currency (mainly in EUR) were converted to ISK at the direction of the Central Bank of Iceland.

Statement of Assets and Liabilities

Assets classified as Icelandic and non-Icelandic



31 December 2012

ISKm	ISK assets	Fx from Icelandic counterparties	Total Icelandic assets	Non Icelandic assets	Combined 31 December 2012
Assets					
Loans to customers	54.397	23.374	77.771	166.159	243.930
Derivatives claims	12.435	0	12.435	19.951	32.387
Bonds and debt instruments	20.616	0	20.616	10.523	31.139
Shares and equity investments	14.958	0	14.958	24.184	39.142
Investments in subsidiaries	116.836	0	116.836	191	117.027
Cash and cash equivalents	33.111	8.702	41.814	420.265	462.079
Other assets	2.174	5.080	7.254	2.627	9.881
Total assets	254.528	37.156	291.685	643.900	935.585
Proportion - Icelandic- non Icelandic	27%	4%	31%	69%	

- The table above shows the split of Glitnir's combined assets by Icelandic and non-Icelandic counterparties as at 31 December 2012.
- 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 31 December 2012

3. Notes to the Statement of Assets and Liabilities as at 31 December 2012

Asset / liability class analysis

A: Loans to customers – reconciliation



31 December 2012												
ISKm	Glitnir			Glitnir Lux			Haf / Holt			Total		Re-covery %
	Carrying value	Estimated realisable value		Carrying value	Estimated realisable value		Carrying value	Estimated realisable value		Carrying value	Estimated realisable value	
Opening balance 1.7.2012	264.463	130.503	49%	101.163	69.334	69%	126.573	79.059	62%	492.199	278.896	57%
Capital repayments	(23.454)	(23.454)		(12.057)	(12.057)		(16.455)	(16.455)		(51.966)	(51.966)	
Interest repayments	(3.743)	(3.743)		(1.173)	(1.173)		(3.430)	(3.430)		(8.347)	(8.347)	
Write off	(9.231)	0		0	0		0	0		(9.231)	0	
Reclass	(21.969)	0		(4.933)	(4.933)		(59)	(531)		(26.962)	(5.464)	
New loans	0	0		274	274		0	0		274	274	
Valuation changes	3.938	7.530		0	5.603		2.751	5.243		6.689	18.377	
Fx impact	10.840	4.704		7.810	5.385		3.378	2.072		22.028	12.161	
Total Loans to Customers	220.843	115.539	49%	91.083	62.433	69%	112.757	65.958	61%	424.684	243.930	57%

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



ISKm	Glitnir			Glitnir Lux			Haf / Holt			Total		
	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	Re-covery %
Holding Companies	78.344	3.909	5%	0	0	0%	43.448	8.726	20%	121.792	12.635	10%
Seafood	9.501	7.466	79%	0	0	0%	10.569	9.314	88%	20.070	16.779	84%
Offshore-& Transport service	55.092	51.243	93%	0	0	0%	0	0	0%	55.092	51.243	93%
Manufacturing	24.529	17.438	71%	0	0	0%	8.535	7.365	86%	33.065	24.803	75%
Property & Real Estate	6.683	1.610	24%	82.379	61.351	74%	35.359	28.969	82%	124.421	91.929	74%
Financial Institutions	3.453	816	24%	0	0	0%	2.387	2.386	100%	5.840	3.203	55%
Retail	9.254	9.253	100%	8.704	1.082	12%	7.179	3.953	55%	25.137	14.289	57%
Utilities	251	238	95%	0	0	0%	0	0	0%	251	238	95%
Other	33.737	23.567	70%	0	0	0%	5.279	5.245	99%	39.016	28.812	74%
Total Loans to Customers	220.843	115.539	52%	91.083	62.433	69%	112.757	65.958	58%	424.684	243.930	57%

- Whilst loans to holding companies represents the largest element of the portfolio by carrying value (29%), it has the lowest estimated realisable value when compared to carrying value (10%)
- Property & real estate loans represents the largest element of the portfolio by estimated realisable value (38%). The majority of property & real estate loans relate to the Luxembourg property portfolio.

Asset / liability class analysis

A: Loans to customers – geographical analysis



31 December 2012	Glitnir			Glitnir Lux			Haf / Holt			Total		
	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%
Iceland	99.768	23.883	24%	5.403	777	14%	98.646	53.111	54%	203.817	77.771	38%
Norway	73.770	59.912	81%	24.063	25.845	107%	0	0	0%	97.833	85.757	88%
United States	10.784	2.553	24%	0	0	0%	4.562	3.993	88%	15.347	6.546	43%
UK	20.585	19.802	96%	9.228	6.549	71%	2.995	2.937	98%	32.809	29.288	89%
Germany	7.134	5.532	78%	30.383	16.523	54%	4.414	4.062	92%	41.930	26.118	62%
Canada	1.831	1.827	100%	0	0	0%	0	0	0%	1.831	1.827	100%
Denmark	5.226	982	19%	9.708	1.568	16%	0	0	0%	14.934	2.550	17%
Sweden	244	199	81%	6.354	7.852	124%	0	0	0%	6.598	8.051	122%
Nederland	490	33	7%	0	0	0%	0	0	0%	490	33	7%
Other	1.011	816	81%	5.944	3.319	56%	2.139	1.854	87%	9.094	5.989	66%
Total Loans to Customers	220.843	115.539	52%	91.083	62.433	69%	112.757	65.958	58%	424.684	243.930	57%

- Norway and Iceland represents the most significant element of the loans to customers portfolio by estimated realisable value, Norway 35% and Iceland 32%.

Asset / liability class analysis

A: Loans to customers – currency analysis



31 December 2012												
ISKm	Glitnir			Glitnir Lux			Haf / Holt			Total		
	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	%	Carrying value	Estimated realisable value	Re-covery %
ISK	57.874	22.077	38%	0	0	0%	75.656	32.320	43%	133.530	54.397	41%
EUR	43.248	11.119	26%	37.440	20.589	55%	10.864	9.809	90%	91.551	41.516	45%
NOK	50.241	43.306	86%	25.412	25.845	102%	288	230	80%	75.941	69.381	91%
USD	18.733	9.689	52%	121	0	0%	11.457	10.293	90%	30.311	19.982	66%
GBP	32.480	26.364	81%	0	0	0%	4.063	3.953	97%	36.543	30.317	83%
DKK	5.203	982	19%	15.024	7.814	52%	115	109	95%	20.341	8.905	44%
SEK	3	3	91%	6.630	7.852	118%	592	473	80%	7.224	8.328	115%
CHF	9.050	1.169	13%	3.386	333	10%	4.140	3.797	92%	16.576	5.299	32%
CAD	2	0	0%	0	0	0%	442	353	80%	444	353	80%
JPY	3.180	2	0%	3.071	0	0%	5.140	4.621	90%	11.392	4.622	41%
Other	830	830	100%	0	0	0%	0	0	0%	830	830	100%
Total Loans to Customers	220.843	115.539	52%	91.083	62.433	69%	112.757	65.958	58%	424.684	243.930	57%

- NOK, ISK and EUR represents the most significant element of the loans to customers portfolio by estimated realisable value, NOK 28%, ISK 22% and EUR 17%.
- In terms of estimated realisable value, the loans to customers portfolio is concentrated in five main currencies, EUR, NOK, USD, ISK and GBP. In total, these currencies represent 88% of the loans to customers portfolio by estimated realisable value.

Asset / liability class analysis

B: Loans to banks analysis



ISKm	2012	2012
	Estimated realisable value	Estimated realisable value
	1.7 - 31.12	1.1 - 30.6
Opening balance 1.7.2012 / 1.1.2012	9.060	2.490
Capital repayments	(9.504)	(551)
Interest repayments	(4)	(56)
Changes in netting		3.249
Valuation changes	176	3.859
Fx impact	272	69
Total Loans to Banks 31.12.2012 / 30.6.2012	0	9.060
Loans to Banks		
USD	0	7.412
NOK	0	1.648
EUR	0	0
Total Loans to Banks 30.9.2012	0	9.060

- At the end of December 2012 all loans to banks have been settled with set-off or repaid.

Asset / liability class analysis

C: Derivative claims analysis



	1.7-31.12.2012	1.1-30.6.2012
ISKm	Derivative claims - changes in balance	Derivative claims - changes in value
Opening balance 1.7.2012 / 1.1.2012	31.634	20.313
Cash payments	(3.784)	(2.274)
Valuation changes	4.617	33.767
Claims paid with loans	(500)	(20.171)
Fx impact	419	0
Total derivative claims at the end of period	32.387	10.974

ISKm	Estimated value of derivative claim as at 31.12.2012	Estimated value of derivative claim as at 31.12.2011
Domestic counterparties		
Total domestic counterparties	12.435	18.669
International counterparties		
Total international counterparties	19.951	1.644
Total derivative assets	32.387	20.313

- The table above shows the changes in the derivative claims for the period from 1 January 2012 to 30 June 2012 and the changes from 1 July 2012 to 31 December 2012.
- Claims that have not been settled at the end of 2012 have been referred to courts.

Asset / liability class analysis

D: Bonds and debt instruments analysis



31 December 2012	Glitnir	Glitnir Lux	GLB Holding	Total
ISKm	Estimated	Estimated	Estimated	Estimated
	realisable value	realisable value	realisable value	realisable value
Opening balance 1.7.2012	5.412	7.996	16.363	29.771
Repayments	(289)	(790)	1.026	(52)
Valuation changes	171	118	239	527
Group transfer	7.982	(7.982)	0	0
Fx impact	234	658	0	893
			0	0
Net bond position	13.511	0	17.628	31.139
Bond positions				
Icelandic sovereign	3.053	0	15.988	19.041
Other Icelandic	147	0	1.429	1.576
International	10.312	0	211	10.523
Net bond position	13.511	0	17.628	31.139

- The table shows the movements in the bond assets from 1 July 2012 to 31 December 2012.
- In December 2012 International bonds with value of ISK 7.9bn were distributed from Glitnir Luxembourg SA to Glitnir hf.

Asset / liability class analysis

E: Shares and equity investments analysis



	Glitnir	GLB Holding	Haf / Holt	Glitnir Lux	Total
ISKm	Estimated realisable value	Estimated realisable value	Estimated realisable value	Estimated realisable value	Estimated realisable value
Opening balance 1.7.2012	22.090	2.690	3.279	4.989	33.048
Dividend/Buy/Sale	(1.683)	(95)	(266)	0	(2.045)
Equity conversion	0	0	0	3.812	3.812
Valuation changes	2.589	330	118	(174)	2.863
Fx impact	649	0	0	815	1.465
Total equities 31.12.2012	23.645	2.925	3.131	9.442	39.142
Listed equities	56	327	0	0	383
Investment funds	10.467	107	0	0	10.574
Other unlisted equities	13.122	2.491	3.131	9.442	28.185
Total equities 31.12.2012	23.645	2.925	3.131	9.442	39.142
UK	11.069	0	0	260	11.329
Iceland	8.903	2.925	3.131	0	14.958
Norway	25	0	0	8.766	8.791
Canada	3.648	0	0	0	3.648
Other	1	0	0	416	417
Total equities 31.12.2012	23.645	2.925	3.131	9.442	39.142

- The table shows the movements in the equities from 1 July 2012 to 31 December 2012
- Investments in three investment funds in the UK is 27% of the total value of the equity investments

Asset / liability class analysis

F: Investment in subsidiaries analysis (underlying assets not consolidated)



ISKm	Value 31.12.2012
Íslandsbanki (95%)	115.836
Steinvirki (100%)	1.000
Reviva Capital SA (51%)	191
Total investments in subsidiaries	117.027

- 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 (principally Price to Book Value and Price to Net Income).
- The estimated value of the other subsidiaries that are not combined is based on equity value

Asset / liability class analysis

G: Other assets



Other assets ISKm	Glitnir	Glitnir Lux	Haf og Holt	GLB Holding	Total
Accounts receivable	635	488	0	172	1.295
Claims on bankruptcy companies	3.507	0	0	0	3.507
Escrow accounts	0	0	5.080	0	5.080
Total other assets	4.142	488	5.080	172	9.881

- The claims on 14 bankruptcy companies have been reclassified from loans to customers. The carrying value of the claims is ISK 187.7bn. The estimated recovery on the bankrupt companies is 1.9%.

Asset / liability class analysis

H: Cash flow analysis



ISKm	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012 Total
Cash inflow:					
Principal loans to customers repayments	59.932	4.973	21.128	30.838	116.871
Interest loans to customers receipts	7.760	3.821	4.571	3.776	19.928
Principal loans to banks repayments	0	551	0	9.504	10.055
Interest loans to banks receipts	0	56	0	4	59
Derivatives claims repayments	1.884	390	339	3.444	6.058
Bonds maturities	4.233	3.370	(661)	713	7.655
Sale of shares and dividend	30.818	178	1.079	966	33.041
Interest income on cash balance	847	567	593	715	2.722
Other inflow	545	304	275	51	1.174
Total cash inflows	106.020	14.209	27.324	50.011	197.564
Cash outflow:					
Operational costs	(1.846)	(1.909)	(1.639)	(2.051)	(7.445)
New loans to customers	0	(73)	(254)	0	(328)
Other	(1.222)	(19)	(1.060)	(890)	(3.191)
Payment of Claims	(108.423)	(269)	1.407	12.744	(94.541)
Total cash outflows	(111.491)	(2.270)	(1.547)	9.804	(105.504)
Total cash movement	(5.472)	11.939	25.777	59.815	92.060
Effect of exchange rate fluctuations	14.155	(14.201)	4.914	18.793	23.661
Opening cash balance	346.358	355.041	352.780	383.471	346.358
Closing cash balance	355.041	352.780	383.471	462.079	462.079

- The adjacent table summarises Glitnir's cash flow 2012. 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 related to the repayment of principal and interest from loans to customers, sale of shares and repayments of loans to banks.
- In March 2012 priority claims of ISK 108.4bn were paid to priority creditors. Thereof ISK 52.9bn was paid into escrow accounts due to disputed claims.
- Repayment of disputed priority claims from escrow accounts to Glitnir was ISK 1,4bn in Q3 and 12.7bn in Q4..
- The yield on the total cash balance for 2012 was 0.9%, on average 1.6% on deposits and 0.5% on bonds.
- The total positive impact of foreign currency movements on the cash and cash equivalents balances was ISK23.6bn.

Asset / liability class analysis

H: Cash and cash equivalents analysis



31 December 2012	Glitnir		Glitnir Lux		GLB Holding		Haf / Holt		Total	
ISKm		%		%		%		%		%
Cash balance held with:										
Icelandic bank	28.749	7%	22	0%	291	100%	5.187	36%	34.250	7%
Skandinavian banks	15.019	3%	-	-	-	-	-	-	15.019	3%
European banks	44.210	10%	7.184	100%	-	-	9.175	64%	60.569	13%
Canadian bank	1.670	0%	-	-	-	-	-	-	1.670	0%
US- bank	13.639	3%	-	-	-	-	-	-	13.639	3%
Icelandic Gov bonds	10.587	2%	-	-	-	-	-	-	10.587	2%
International Gov bonds	326.345	74%	-	-	-	-	-	-	326.345	71%
Total	440.219	100%	7.207	100%	291	100%	14.362	100%	462.079	100%
Liquid asset deposited in Iceland	39.336	9%	22	0%	291	100%	5.187	36%	44.837	10%
Liquid asset deposited in other jurisdictions	400.883	91%	7.184	100%	-	-	9.175	64%	417.242	90%
	440.219	100%	7.207	100%	291	100%	14.362	100%	462.079	100%
Total deposits	103.287	23%	7.207	100%	291	100%	14.362	100%	125.147	27%
International bonds	326.345	74%	-	-	-	-	-	-	326.345	71%
Icelandic Gov bonds	10.587	2%	-	-	-	-	-	-	10.587	2%
	440.219	100%	7.207	100%	291	100%	14.362	100%	462.079	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

H: Cash and cash equivalents analysed by currencies and maturity

31 December 2012 ISKm	Glitnir	%	Glitnir Lux	%	GLB Holding	%	Haf / Holt	%	Total	%
Liquid assets in currencies										
ISK	32.486	7%	22	0%	290	100%	313	2%	33.111	7%
USD	93.192	21%	55	1%	0	0%	9.249	64%	102.495	22%
GBP	54.799	12%	36	0%	-	0%	1	0%	54.836	12%
CAD	31.551	7%	-	0%	-	0%	0	0%	31.551	7%
DKK	1.567	0%	446	6%	-	0%	1	0%	2.014	0%
NOK	50.776	12%	610	8%	-	0%	0	0%	51.386	11%
EUR	171.131	39%	4.346	60%	1	0%	4.460	31%	179.938	39%
Other	4.719	1%	1.692	23%	-	0%	338	2%	6.749	1%
Total	440.219	100%	7.207	100%	291	100%	14.362	100%	462.079	100%

Liquid assets - Maturity profile

ISKm

	Deposits	Bonds	Total	
Maturity:				
0-3 months	100.380	205.541	305.922	66%
3-6 months	13.636	78.671	92.307	20%
6-9 months	11.131	50.271	61.402	13%
9-12 months	0	0	0	0%
+ 12 Months	0	2.448	2.448	1%
	125.147	336.932	462.079	100%

- The above table sets out the currency analysis of Glitnir's cash and cash equivalents portfolio as at 31 December 2012.
- The adjacent table summarises the maturity profile of the liquid assets.
- Glitnir's cash and cash equivalents portfolio is maintained in the same currencies as assets are redeemed.

Asset / liability class analysis

H: Cash and cash equivalents - bond portfolio analysis



ISKm	31.12.2012		31.12.2011	
USA	83.667	25%	50.056	23%
Germany	44.991	13%	28.488	13%
Norway	44.978	13%	29.300	13%
UK	38.817	12%	10.872	5%
France	51.280	15%	20.486	9%
Finland	0	0%	4.866	2%
Netherland	26.431	8%	32.180	14%
Canada	29.745	9%	7.912	4%
Iceland	10.619	3%	11.642	5%
Denmark	0	0%	6.322	3%
Sweden	3.218	1%	3.154	1%
Government guaranteed	0	0%	13.055	6%
Austria	0	0%	1.905	1%
Other bonds	3.185	1%	1.845	1%
Total liquid Bonds	336.932	100%	222.084	100%

- The most significant element of Glitnir's combined cash and cash equivalents relates to its government bond portfolio (as analysed in the adjacent table), this includes a portfolio managed by UBS on behalf of Glitnir.
- The international bond portfolio is held within Glitnir hf.
- Glitnir, in conjunction with its investment advisers, carefully monitors the risk within its cash and cash equivalents portfolio, particularly in light of the current sovereign debt concerns.

Asset / liability class analysis

I: 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 and further details will be disclosed at the creditors' meeting on 27 February 2013.
- 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

I: Analysis of liabilities

ISKm	Article no.	Changes to			Adjusted claimed amounts	Estimated set-off	Estimated liabilites after set-off as at 31.12.2012	Estimated liabilites after set-off as at 31.12.2011	
		Claimed amounts	claims registration	Claims registration					Adjustments
Third party assets	109	33.146	514	33.660	(22.437)	11.223	(4.710)	6.513	23.954
Approval Costs	110	25.316	(3)	25.313	(25.313)	0	0	0	392
Secured	111	40.725	(3.398)	37.327	(25.785)	11.542	0	11.542	12.583
Priority	112	258.129	(101.884)	156.245	(156.143)	101	0	101	102.106
Unsecured	113	2.973.195	(92.364)	2.880.832	(451.721)	2.429.111	(31.727)	2.397.384	2.505.790
Deferred	114	105.722	290	106.012	(93.059)	12.953	0	12.953	35.917
Total		3.436.233	(196.845)	3.239.388	(774.458)	2.464.930	(36.436)	2.428.494	2.680.743

Changes in net claims

Net claims as at 31.12.2011	2.680.743
Payments of 112 and 109 claims	(106.703)
Repaid disputed 112 claims	659
Changes in set-off	(744)
Decisions	(64.398)
Net claims as at 30.06.2012	2.509.557
Payments	(1)
Repaid disputed 112 claims	13.670
Changes in set-off	(17.975)
Decisions	(76.757)
Net claims as at 31.12.2012	2.428.494

- The table above provides an analysis of claims recorded in the Statement (see page 6)
- The adjustments in the table above include payments of priority claims of ISK105.6bn and a payment of article 109 claims of ISK 1.1bn or total ISK 106.7bn.
- The advanced table shows the changes of the claim register since 31 December 2011 to 30 June 2012 and from 30 June 2012 to 31 December 2012.

Asset / liability class analysis

I: Analysis of liabilities - Disputed priority claims

Priority claims in dispute	
	ISKm
112 dispute payment in March	52.979
Accepted as 113 claim	(314)
Rejected / withdrawn	(1.523)
Disputed 112 claims 30.9.2012	51.142
Accepted as 113 claim	(255)
Rejected / withdrawn	(12.237)
Disputed 112 claims 31.12.2012	38.650

- On 16 March 2012 cash sufficient to pay in full creditors with priority claims was transferred into escrow accounts including if the claim was in dispute. Claims of ISK 52.9bn were in dispute on 16 March 2012.
- The tables provides an analysis of the changes in disputed claims and 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 31 December 2012

Currencies in escrow accounts	Amount paid to escrow on 16 March 2012	Repaid to Glitnir 1.-31.12.2012	Balance of disputed 112 claims - 31.12.2012	Balance 31.12.2012 with accrued interest
	ISKm	ISKm	ISKm	ISKm
EUR	18.892	5.110	13.782	13.870
GBP	6.183	1.672	4.510	4.941
ISK	10.108	2.734	7.374	7.610
NOK	8.583	2.321	6.261	7.641
USD	9.213	2.492	6.721	6.645
	52.979	14.329	38.650	40.708

Asset / liability class analysis

J: Operating expenses analysis



ISKm	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Total 2012	Budget	Variance to budget	
Salaries and Salary- related costs	153	145	143	176	616	594	22	4%
Islandsbanki Service Agreement	83	86	83	74	326	333	(7)	-2%
Winding-Up Board fee	62	61	56	57	236	200	35	18%
External Legal Services	523	502	475	408	1.908	2.100	(192)	-9%
<i>Domestic</i>	171	142	123	143	580	791	(211)	-27%
<i>International</i>	291	422	352	265	1.329	1.309	19	1%
Other External Advisors	979	914	951	886	3.729	3.368	362	11%
<i>Domestic</i>	154	148	82	92	476	172	304	177%
<i>International</i>	825	765	869	794	3.253	3.195	58	2%
Other Expenses	209	204	185	210	807	764	44	6%
Total Expenses	2.008	1.911	1.893	1.811	7.623	7.358	264	4%

- The table above sets out the operating costs of for the 12 months ended 31 December 2012 for Glitnir hf. only (subsidiaries not included)



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 image.

Appendix 1: Glossary of terms

Appendix 2: Supplementary notes to financial information

Appendix 3: Valuation methodology

Appendix 4: Foreign exchange rates

Appendix 5: Income statement

Appendix 1

Glossary of terms

The logo for Glitnir, featuring the word "GLITNIR" in white, uppercase, sans-serif font on a red rectangular background. A white wavy line is positioned below the text.

Act	Act No. 125 / 2008
Carrying value	Asset value as recorded in the accounting records of Glitnir before any credit risk adjustments
CSA	Credit Support Annex
EUR	Euro
FME	The Icelandic Financial Supervisory Authority
Glitnir	Glitnir hf.
Glitnir Luxembourg	Glitnir Luxembourg S.A.
ICC	Informal Creditors' Committee
IRS	Interest rate swap
ISK	Icelandic Krona
Islandsbanki or ISB	Islandsbanki hf.
NA	Not applicable
OTC	Over the counter
Repo	Sale and repurchase agreement
Winding-up Board	The Winding-Up Board at Glitnir hf.

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 31 December 2012. 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 31 December 2012 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 and that the categorisation of liabilities by priority will also change.

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 31 December 2012 (see Appendix 4). 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 has taken a 95 percent shareholding in 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

- The determination of the ownership of certain assets is not complete and in particular current estimates of Glitnir's collateral will be subject to subsequent legal findings including rights of set-off and other claims. If the ownership of Glitnir's collateral changes as compared to the current understanding, this could have a material impact on the estimate of value of Glitnir's assets and the computation of its liabilities.
- 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.

Appendix 2

Supplementary notes to financial information

3. Balances subject to set-off

- As at 31 December 2012, 30 June 2012, 31 December 2011, 30 June 2011, 30 December 2010 and 31 December 2009, Glitnir has presented a Statement of Assets and Liabilities which takes into account the impact of set-off. Where applicable, details of set-off amounts have been provided.
- Balances subject to set-off included in the financial information represent an estimate of the effect of both legal set-off and creditor set-off based on an interpretation of the potential rights of Glitnir and its counterparties. Ultimately, if the rights of Glitnir and its counterparties were to prove different to that assumed in this document, that may have a material impact on the estimated value of Glitnir's assets and the computation of its liabilities.

3.1 Legal set-off

- As part of the development of the realisation strategy, Glitnir is undertaking a review of all default and close-out notices received on a counterparty-by-counterparty basis across all relevant financial instruments.
- Derivatives – given the volume of business undertaken by Glitnir and the complexities involved in reviewing the population of transactions where many have been executed under master agreements and are now part of the default and close-out notice review, a number of assumptions have been made regarding the legal status (including set-off between different legal entities in a group) and value of derivative positions in the financial information.

3.2 Creditor offset

- For assets and liabilities held with the same counterparty Glitnir has used the claims registration database as the known source of liabilities and netted against corresponding identifiable asset positions with the same counterparty.

Appendix 2

Supplementary notes to financial information

5. Valuation principles

- The valuation principles underlying the estimated value for each major asset category are shown below. A detailed description of the methodology for each asset category is shown in Appendix 3.

Asset class	Valuation methodology
Loans to customers	Credit adjusted valuation based on a 'hold to sale' or 'hold to maturity' strategy
Derivative assets / liabilities international counterparties	For ISDA counterparties: Realisable value estimated based on an assumed close-out on 7 October 2008. Realisable value includes valuation adjustment for credit, valuation and legal uncertainties.
Derivative assets / liabilities Icelandic counterparties	For Icelandic counterparties: Realisable value estimated based on an assumed close-out at the earlier of transaction maturity and 22 April 2009. Realisable value includes valuation adjustment for credit, valuation and legal uncertainties.
Bonds and debt instruments	Realisable value based on directly or indirectly observable valuation inputs
Listed equities	Realisable value based on observable valuation inputs
Unlisted equities	Realisable value based on valuation inputs that are not quoted in markets that are active or for which significant inputs are not directly observable

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 31 December 2012. 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. For the purposes of the Statement of Assets and Liabilities only, the following assumptions have been applied to derive the estimated values:
 - **International counterparties** - for both net derivative assets and liabilities positions with international counterparties, Glitnir has made the assumption that all positions crystallised under default notices during October 2008. Where close-out notices were received on dates other than 7 October 2008 the valuation reflects the use of different close-out dates. Additionally, there are a number of international counterparties which are not covered by ISDA master agreements. It has been assumed that these positions were closed out on 7 October 2008 and, again, the statement does not reflect the valuation differences that may arise from the use of different close-out dates.
 - **Icelandic counterparties** - for both net derivative asset and liabilities positions with Icelandic counterparties Glitnir has made the assumption that the positions remained open (subject to eliminating maturing trades) until 22 April 2009.

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 31 December 2012 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 31 December 2012 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

Foreign exchange rates



Currency	22 April 2009	31 December 2011	30 June 2012	31.des.12	Changes from 31 December 2011 to 31 December 2012
EUR	168,76	158,84	158,23	169,8	6,9%
USD	130,4	122,71	125,74	128,74	4,9%
GBP	190,62	189,43	196,17	208,15	9,9%
CAD	105,16	120,21	122,74	129,36	7,6%
DKK	22,656	21,367	21,287	22,826	6,8%
NOK	19,258	20,403	20,998	23,043	12,9%
SEK	15,284	17,791	18,027	19,758	11,1%
CHF	111,68	130,66	131,7	140,64	7,6%
JPY	1,3319	1,5853	1,5816	1,4952	-5,7%

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

Appendix 5



Consolidated Income Statement 2012

	ISKm Consolidated
Net interest income	22.038
Valuation adjustments and provisions	93.465
Claims rejected and other changes in the claims	135.754
Net financial income and expenses	46.775
Net interest income less impairment losses and write-offs	298.032
Net fee and commission income	1.236
Administrative expenses	(8.702)
Profit before tax	290.565
Net wealth tax	(461)
Profit for the period	290.104