

# Glitnir hf.

## Statement of Assets and Liabilities

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

18 November 2014

# Disclaimer



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

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

## 1. Introduction

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

3. Notes to the Statement of Assets and Liabilities as at 30 September 2014

# Introduction

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

- 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 September 2014 (as detailed in Appendix 1). A significant proportion of the assets of Glitnir are denominated in foreign currencies. As a result, movements in foreign exchange rates may have a material impact on the estimated values presented herein. Comparative balances have not been retranslated from the foreign exchange rates used as at that date. Detail on Glitnir's FX strategy was published on its website on 22 September 2010.
- The Combined Balance Sheet includes the sum of the Assets and Liabilities of Glitnir and its subsidiaries, except for Íslandsbanki hf. and Reviva Capital SA.
- Glitnir's claim register is denominated in ISK based on foreign exchange rates on 22 April 2009. As a result, the eventual amount of ISK liabilities will be determined by the claims determination process and will not be subject to exchange rate movements. Where the liabilities presented in the Statement have been translated from ISK into EUR, this is for informational purposes only and the foreign exchange rate as at 30 September 2014 was used.
- The notes and appendices included in this presentation form an integral part of the Statement and should be reviewed in conjunction with it, along with the Statements of Assets and Liabilities as at 31 December 2013 and associated notes and appendices.
- The Winding-Up board and the management of Glitnir are solely responsible for the valuation of the assets included in the Statement of Assets and Liabilities.

1. Introduction

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

3. Notes to the Statement of Assets and Liabilities as at 30 September 2014

# Statement of Assets and Liabilities - Combined



	ISKm Combined 30 September 2014	ISKm Combined 30 June 2014	ISKm Combined 31 December 2013	EURm Combined 30 September 2014	EURm Combined 30 June 2014	EURm Combined 31 Dec 2013
<b>Assets</b>						
Loans to customers .....	82.536	94.395	130.166	541	613	821
Derivatives claims .....	10.089	10.407	24.355	66	68	154
Bonds and debt instruments .....	10.511	11.276	11.894	69	73	75
Shares and equity investments .....	30.853	33.567	40.312	202	218	254
Investments in subsidiaries .....	167.601	167.602	157.974	1.098	1.088	997
Cash and cash equivalents .....	653.296	620.539	556.736	4.278	4.028	3.513
Other assets .....	6.271	6.395	6.199	41	42	39
<b>Total assets</b>	<b>961.158</b>	<b>944.181</b>	<b>927.637</b>	<b>6.294</b>	<b>6.128</b>	<b>5.853</b>
<b>Liabilities</b>						
Claims .....	2.356.178	2.356.920	2.389.735	15.430	15.298	15.077
Tax liabilities .....	11.809	0	0	77	0	0
Other liabilities .....	4.042	4.164	3.880	26	27	24
<b>Total liabilities</b>	<b>2.372.029</b>	<b>2.361.085</b>	<b>2.393.615</b>	<b>15.534</b>	<b>15.325</b>	<b>15.102</b>
<b>Equity</b> .....	<b>( 1.410.871)</b>	<b>( 1.416.904)</b>	<b>( 1.465.977)</b>	<b>( 9.239)</b>	<b>( 9.196)</b>	<b>( 9.249)</b>
	<b>961.158</b>	<b>944.181</b>	<b>927.637</b>	<b>6.294</b>	<b>6.128</b>	<b>5.853</b>

- The valuation of Islandsbanki is based on the equity value of Islandsbanki as of 30 June 2014
- Imposed taxes have been accounted for in the balance sheet. Taxes will be paid in the 4th quarter, subject to the validity of levy.

# 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 swoosh.

### Assets

- Total combined assets have increased by ISK33.5bn from ISK927.6bn as at 31 December 2013 to ISK961.1bn as at 30 September 2014. The key drivers for this were:
  - a positive net impact of ISK2.1bn due to movements in FX;
  - an increase in the value of the loan portfolio and interest income of ISK6.0bn,
  - an increase in the value of equities of ISK 5.8bn
  - an increase in the value of investments in subsidiaries of ISK13.6bn and;
  - an increase in the value of the derivatives claims of ISK4.6bn
- Total combined assets in EUR have increased from EUR5,853m to EUR6,294m over the period.
- Glitnir's cash balance has increased by ISK96.5bn from ISK 556.7bn as at 31 December 2013 to ISK653.2bn as at 30 September 2014.

### Liabilities

- As a result of the Winding-up Board's continuing work on registered claims, certain adjustments have been made to the amount of registered claims recorded initially to arrive at the estimated computation of liabilities shown in page 6. In the current year, these adjustments resulted in a reduction to total claims of ISK33.5bn since 31 December 2013 to ISK2,356.1bn as at 30 September 2014. Further detail on these adjustments is provided in Note H of this document.
- In December 2013 an amendment to the law of taxation of Financial Institutions was passed by the Parliament to extend the taxation to the former banks in winding up proceedings. According to the law the tax base is the total debt at the end of each year as submitted in tax returns. The tax rate was also increased from 0.041% to 0.376%. The Winding up Board of Glitnir is of the opinion that this taxation of the former banks in winding up proceedings is questionable from legal perspective.
- Tax liabilities of ISK 11.8bn has been accounted for in the Statement of Assets and Liabilities as of 30 September 2014. The tax claim is disputed and will be referred to courts.

# Statement of Assets and Liabilities

## Reconciliation of Glitnir's combined assets



ISKm	Balance as at 31.12.2013	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 30.6.2014	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 30.9.2014
<b>Assets</b>									
Loans to customers .....	130.166	( 39.936)	( 1.202)	5.365	<b>94.395</b>	( 13.900)	1.360	682	82.536
Derivatives claims .....	24.355	( 18.218)	( 250)	4.519	<b>10.407</b>	( 404)	0	87	10.089
Bonds and debt instruments .....	11.894	183	0	( 801)	<b>11.276</b>	( 1.114)	0	350	10.511
Shares and equity investments .	40.312	( 10.986)	( 250)	4.491	<b>33.567</b>	( 4.193)	83	1.396	30.853
Investment in subsidiaries .....	157.974	( 3.989)	( 5)	13.622	<b>167.602</b>	0	( 1)	0	167.601
Cash and cash equivalents .....	556.736	74.120	( 10.316)	0	<b>620.539</b>	19.989	12.767	0	653.296
Other assets .....	6.199	( 392)	( 5)	593	<b>6.395</b>	( 315)	( 4)	194	6.271
<b>Total assets</b>	<b>927.637</b>	<b>783</b>	<b>( 12.029)</b>	<b>27.790</b>	<b>944.181</b>	<b>63</b>	<b>14.206</b>	<b>2.708</b>	<b>961.158</b>

- 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 2013 and 30 September 2014.
- The changes in valuation and netting include interest income during the period.

# Statement of Assets and Liabilities

## Foreign currency analysis of combined assets



30 September 2014

ISKm	EUR	ISK	NOK	USD	GBP	CAD	DKK	SEK	Other	Total
Loans to customers .....	11.698	27.083	27.661	3.964	1.228	2.557	5.360	1.131	1.854	82.536
Derivatives claims .....	0	10.089	0	0	0	0	0	0	0	10.089
Bonds and debt instruments .....	0	10.511	0	0	0	0	0	0	0	10.511
Shares and equity investments .....	404	20.206	7.580	354	2.309	0	0	0	0	30.853
Investments in subsidiaries .....	89	167.513	0	0	0	0	0	0	0	167.601
Cash and cash equivalents .....	212.768	78.065	72.201	150.460	93.715	29.713	804	10.990	4.579	653.296
Other assets .....	97	5.794	167	0	184	0	6	21	2	6.271
<b>Total assets</b>	<b>225.055</b>	<b>319.261</b>	<b>107.609</b>	<b>154.778</b>	<b>97.437</b>	<b>32.270</b>	<b>6.170</b>	<b>12.143</b>	<b>6.434</b>	<b>961.158</b>
<i>Percentage of total</i>	<i>23,4%</i>	<i>33,2%</i>	<i>11,2%</i>	<i>16,1%</i>	<i>10,1%</i>	<i>3,4%</i>	<i>0,6%</i>	<i>1,3%</i>	<i>0,7%</i>	<i>100,0%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>15,8%</i>								
<b>Total assets as at 31 December 2013</b>	<b>230.699</b>	<b>300.429</b>	<b>106.035</b>	<b>141.606</b>	<b>90.163</b>	<b>31.796</b>	<b>6.557</b>	<b>12.682</b>	<b>7.670</b>	<b>927.637</b>
<i>Percentage of total 31.12.2013</i>	<i>24,9%</i>	<i>32,4%</i>	<i>11,4%</i>	<i>15,3%</i>	<i>9,7%</i>	<i>3,4%</i>	<i>0,7%</i>	<i>1,4%</i>	<i>0,8%</i>	<i>100,0%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>15,4%</i>								

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

# Statement of Assets and Liabilities

## Assets classified as Icelandic and non-Icelandic



30 September 2014								
ISKm	ISK assets	Fx from Icelandic counterparties	Total Icelandic assets	Non Icelandic assets	Combined 30 September 2014	Icelandic assets 31 December 2013	Non Icelandic assets 31 December 2013	Combined 31 December 2013
<b>Assets</b>								
Loans to customers .....	27.083	2.177	29.261	53.276	<b>82.536</b>	38.362	91.804	<b>130.166</b>
Derivatives claims .....	10.089	0	10.089	0	<b>10.089</b>	10.778	13.577	<b>24.355</b>
Bonds and debt instruments .....	10.511	0	10.511	0	<b>10.511</b>	11.894	0	<b>11.894</b>
Shares and equity investments .....	20.206	0	20.206	10.647	<b>30.853</b>	18.645	21.667	<b>40.312</b>
Investments in subsidiaries .....	167.513	0	167.513	89	<b>167.601</b>	157.718	256	<b>157.974</b>
Cash and cash equivalents .....	78.065	36.470	114.535	538.761	<b>653.296</b>	90.870	465.865	<b>556.736</b>
Other assets .....	5.794	0	5.794	476	<b>6.271</b>	5.900	300	<b>6.199</b>
<b>Total assets</b>	<b>319.261</b>	<b>38.648</b>	<b>357.909</b>	<b>603.249</b>	<b>961.158</b>	<b>334.168</b>	<b>593.469</b>	<b>927.637</b>
Proportion - Icelandic- non Icelandic ..	33%	4%	37%	63%	100%	36,0%	64,0%	100%

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

1. Introduction

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

3. Notes to the Statement of Assets and Liabilities as at 30 September 2014

# Asset / liability class analysis

## A: Loans to customers – reconciliation



30 September 2014	30.9.2014	30.9.2014		31.12.2013	31.12.2013	
ISKm	Carrying value	Estimated realisable value	Re-covery %	Carrying value	Estimated realisable value	Re-covery %
<b>Opening balance</b> .....	<b>270.666</b>	<b>130.166</b>	<b>48%</b>	<b>424.684</b>	<b>243.930</b>	<b>57%</b>
Capital repayments .....	( 52.976)	( 52.976)		( 80.001)	( 80.001)	
Interest repayments .....	( 4.949)	( 4.949)		( 7.576)	( 7.576)	
Write off .....	( 36.070)	0		( 34.058)	( 3.127)	
Reclass .....	( 113)	0		( 3.798)	( 9.002)	
New loans .....	4.114	4.089		0	0	
Valuation changes & netting .....	4.078	6.047		2.168	4.143	
Fx impact .....	( 1.262)	159		( 30.752)	( 18.200)	
<b>Total Loans to Customers</b>	<b>183.488</b>	<b>82.536</b>	<b>45%</b>	<b>270.666</b>	<b>130.166</b>	<b>48%</b>

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

# Asset / liability class analysis

## B: Derivative claims analysis



	2014	2013
ISKm	Derivative claims - estimated realisable value	Derivative claims - estimated realisable value
<b>Opening balance</b> .....	24.355	32.387
Cash payments .....	( 18.172)	( 8.201)
Valuation & netting changes .....	4.606	2.043
Claims paid with loans and equity .....	( 450)	( 468)
Fx impact .....	( 250)	( 1.404)
<b>Total derivative claims</b>	<b>10.089</b>	<b>24.355</b>
<b>Domestic counterparties</b> .....	<b>10.089</b>	<b>10.778</b>
<b>International counterparties</b> .....	<b>0</b>	<b>13.577</b>
<b>Total derivative claims</b>	<b>10.089</b>	<b>24.355</b>

- The table shows the changes in the derivative claims for the period from 1 January 2014 to 30 September 2014 compared to changes during 2013.
- All claims are disputed and have been referred to courts.

# Asset / liability class analysis

## C: Bonds and debt instruments analysis



30 September 2014		
ISKm	Estimated realisable value as at 30.9.2014	Estimated realisable value as at 31.12.2013
<b>Opening balance .....</b>	<b>11.894</b>	<b>31.139</b>
Repayments and sale of bonds .....	158	( 23.044)
Valuation & netting changes .....	364	5.128
Reclass .....	( 1.905)	( 543)
Fx impact .....	0	( 786)
<b>Total value of bonds</b>	<b>10.511</b>	<b>11.894</b>
ISKm	Estimated realisable value as at 30.9.2014	Estimated realisable value as at 31.12.2013
<b>Bond positions</b>		
Icelandic sovereign .....	10.171	10.799
Other Icelandic .....	340	1.095
<b>Total value of bonds</b>	<b>10.511</b>	<b>11.894</b>

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

# Asset / liability class analysis

## D: Shares and equity investments analysis

30 September 2014		
ISKm	Estimated realisable value 30.9.2014	Estimated realisable value 31.12.2013
<b>Opening balance .....</b>	40.312	39.142
Dividend/Sale .....	( 8.960)	( 10.500)
Equity conversion .....	( 6.219)	8.371
Valuation changes .....	5.887	5.293
Fx impact .....	( 167)	( 1.994)
	<b>30.853</b>	<b>40.312</b>
Listed equities .....	2.898	410
Investment funds .....	2.326	3.419
Other unlisted equities .....	25.629	36.483
	<b>30.853</b>	<b>40.312</b>
UK .....	3.066	4.258
Iceland .....	20.206	18.645
Norway .....	7.580	7.640
Sweden .....	0	6.287
Canada .....	0	3.480
Other .....	1	1
	<b>30.853</b>	<b>40.312</b>

- The table shows the movements in the equities from 1 January 2014 to 30 September 2014 compared to the movements during 2013.
- A consolidated subsidiary of Glitnir, SAT eignarhaldsfélag hf., was at the beginning of 2014 the owner of a 17.67% holdings in the shares of the insurance company Sjóvá. In April 2014 Sjóvá's shares were listed on the Nasdaq OMX Nordic. SAT eignarhaldsfélag sold 4% of the shares in April 2014 and at 30.9.2014 is a owner of 13.67% of the Sjóvá shares.

# Asset / liability class analysis

## E: Investment in subsidiaries analysis



ISKm	30.9.2014	31.12.2013
Íslandsbanki (95%) .....	167.513	157.718
Reviva Capital SA (51%) .....	89	256
<b>Total investments in subsidiaries</b>	<b>167.601</b>	<b>157.974</b>

- The estimated value of 95% share in Íslandsbanki is based on book value of equity as of 30 June 2014.
- The estimated value of Reviva is based on book value of equity.

## F: Other assets

ISKm	30.9.2014	31.12.2013
Accounts receivable .....	1.072	1.326
Claims on bankruptcy companies ....	1.106	964
Escrow accounts .....	4.094	3.910
<b>Total other assets</b>	<b>6.271</b>	<b>6.199</b>

# Asset / liability class analysis

## G: Cash flow analysis



ISKm	Q1	Q2	Q3	For the nine months ended 30 Sept 2014
<b>Cash inflow:</b>				
Principal loans to customers repayments .....	22.056	18.586	12.334	52.976
Interest on loans to customers receipts .....	1.377	1.910	1.663	4.949
Principal loans to banks repayments .....	7	0	0	7
Derivatives claims repayments .....	3.142	14.626	404	18.172
Purchased, sale and maturities of bonds .....	204	( 387)	25	( 158)
Dividends and sale of shares .....	7.437	4.583	4.100	16.121
Interest income on cash balance .....	964	1.614	1.476	4.053
Other inflow .....	870	482	1.258	2.611
<b>Total cash inflows</b>	<b>36.057</b>	<b>41.414</b>	<b>21.260</b>	<b>98.731</b>
<b>Cash outflow:</b>				
Operational costs .....	( 1.673)	( 3.814)	( 1.125)	( 6.612)
New loans to customers .....	( 314)	( 278)	( 119)	( 711)
Payment of Claims .....	303	2.425	5	2.733
<b>Total cash outflows</b>	<b>( 1.684)</b>	<b>( 1.667)</b>	<b>( 1.271)</b>	<b>( 4.621)</b>
<b>Total cash movement</b>	<b>34.373</b>	<b>39.747</b>	<b>19.989</b>	<b>94.109</b>
Effect of exchange rate fluctuations .....	( 9.652)	( 664)	12.767	2.451
Opening cash balance .....	556.736	581.457	620.539	556.736
<b>Closing cash balance</b>	<b>581.457</b>	<b>620.539</b>	<b>653.296</b>	<b>653.296</b>

- The adjacent table summarises Glitnir's cash flow for Q1, Q2 and Q3 2014. The cash flow analysis is combined for Glitnir hf., GLB Holding ehf., Steinvirki ehf., Glitnir Luxembourg SA, Haf and Holt and for FL Holding.
- The most significant cash inflows is related to the repayment of principal and interest from loans to customers, derivative claims, sale of equity and dividend payments.
- The yield on the total cash balance for the first nine months 2014 was 0.9%, on average, 1.42% on deposits and 0.7% on bonds.
- The total positive impact of foreign currency movements on the cash and cash equivalents balances was ISK2.4bn.

# Asset / liability class analysis

## G: Cash and cash equivalents analysis



ISKm	30 September		31 December	
	2014	%	2013	%
<b>Cash balance held with:</b>				
Icelandic banks .....	83.661	13%	65.184	12%
Skandinavian banks .....	77.669	12%	68.592	12%
European banks .....	40.542	6%	17.338	3%
Canadian banks .....	4.931	1%	9.339	2%
Icelandic T-bills .....	29.273	4%	31.114	6%
International T-bills .....	417.220	64%	365.168	66%
<b>Total</b>	<b>653.296</b>	<b>100%</b>	<b>556.736</b>	<b>100%</b>
Liquid asset deposited in Iceland .....	112.934	17%	96.299	17%
Liquid asset deposited in other jurisdictions .	540.362	83%	460.437	83%
	<b>653.296</b>	<b>100%</b>	<b>556.736</b>	<b>100%</b>
Total deposits .....	206.803	32%	160.454	29%
International T-bills .....	417.220	64%	365.168	66%
Icelandic T-bills .....	29.273	4%	31.114	6%
	<b>653.296</b>	<b>100%</b>	<b>556.736</b>	<b>100%</b>

ISKm	30 September		31 December	
	2014	%	2013	%
<b>Liquid assets in currencies</b>				
EUR .....	212.768	33%	199.213	36%
USD .....	150.460	23%	122.873	22%
GBP .....	93.715	14%	78.848	14%
NOK .....	72.201	11%	58.141	10%
ISK .....	78.065	12%	62.884	11%
CAD .....	29.713	5%	27.977	5%
SEK .....	10.990	2%	256	0%
Other .....	5.382	1%	6.544	1%
<b>Total</b>	<b>653.296</b>	<b>100%</b>	<b>556.736</b>	<b>100%</b>

- 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				
ISKm				
	Deposits	T-bills	Total	
<b>Maturity:</b>				
0-3 months .....	126.387	97.900	224.287	34%
3-6 months .....	55.466	184.135	239.602	37%
6-9 months .....	24.743	120.930	145.673	22%
9-12 months .....	206	40.441	40.647	6%
+ 12 Months .....	0	3.087	3.087	0%
	<b>206.803</b>	<b>446.493</b>	<b>653.296</b>	<b>100%</b>

	30.9.2014		31.12.2013	
ISKm				
USA .....	124.025	28%	128.467	32%
Germany .....	60.276	13%	43.416	11%
Norway .....	62.083	14%	57.364	14%
UK .....	75.256	17%	46.591	12%
France .....	58.609	13%	48.248	12%
Netherland .....	3.817	1%	11.728	3%
Canada .....	28.113	6%	26.362	7%
Iceland .....	29.273	7%	31.678	8%
Denmark .....	0	0%	2.991	1%
Sweden .....	5.039	1%	0	0%
<b>Total liquid T-bills</b>	<b>446.493</b>	<b>100%</b>	<b>396.846</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 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 30.9.2014	Estimated liabilities after set-off as at 31.12.2013
Third party assets .....	109	33.660	(22.685)	10.975	(5.063)	5.912	6.428
Approval Costs .....	110	25.313	(25.313)	0	0	0	0
Secured .....	111	37.327	(35.273)	2.054	0	2.054	2.133
Priority .....	112	156.245	(156.245)	(0)	0	(0)	656
Unsecured .....	113	2.880.832	(521.363)	2.359.469	(17.879)	2.341.590	2.373.171
Deferred .....	114	106.012	(99.390)	6.621	0	6.621	7.348
<b>Total</b>		<b>3.239.388</b>	<b>(860.269)</b>	<b>2.379.120</b>	<b>(22.942)</b>	<b>2.356.178</b>	<b>2.389.735</b>

### Changes in net claims

ISKm

Net claims as at 31.12.2013 .....	<b>2.389.735</b>
Disputed 112 claims accepted as 113 claim .....	141
Changes in set-off .....	(1.065)
Decisions .....	(32.633)
<b>Net claims as at 30.9.2014</b>	<b>2.356.178</b>

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

# Asset / liability class analysis

## H: Analysis of liabilities - Disputed priority claims



Priority claims in dispute	ISKm
Disputed claims - 16 March 2012 .....	52.979
Accepted as 113 claim .....	(569)
Rejected / withdrawn .....	(13.759)
<b>Disputed 112 claims 31.12.2012 .....</b>	<b>38.650</b>
Accepted as 112 claim .....	(25.846)
Accepted as 113 claim .....	(12)
Rejected / withdrawn .....	(2.035)
<b>Disputed 112 claims 31.12. 2013 .....</b>	<b>10.756</b>
Accepted as 113 claim .....	(141)
Rejected / withdrawn .....	(2.753)
<b>Disputed 112 claims 30.6. 2014 .....</b>	<b>7.862</b>
Accepted as 113 claim .....	0
Rejected / withdrawn .....	(6)
<b>Disputed 112 claims 30.9. 2014 .....</b>	<b>7.857</b>

	Balance in escrow accounts 30.9.2014	Balance 30.9.2014 with accrued interest
	ISKm	ISKm
EUR	2.802	2.547
GBP	917	957
ISK	1.499	1.671
NOK	1.273	1.315
USD	1.366	1.281
	<b>7.857</b>	<b>7.770</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 53.0bn. These escrow accounts are not included in the Balance Sheet of Glitnir. Amounts that are not paid to priority claimholders when the disputes are resolved are paid back to Glitnir. The table shows changes in the escrow accounts from 16 March 2012 to end of September 2014.
- The tables below provides an analysis of the amounts in the escrow accounts broken down by currencies. The amounts are based on foreign exchange rates on 22 April 2009.
- The balance which includes accrued interests is based on foreign exchange rate on 30 September 2014

# Asset / liability class analysis

## I: Operating expenses analysis



ISKm	Q1 2014	Q2 2014	Q3 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2013
<b>Salaries and Salary- related costs .....</b>	198	175	117	<b>490</b>	<b>418</b>
<b>Islandsbanki Service Agreement .....</b>	81	67	62	<b>210</b>	<b>268</b>
<b>Winding-Up Board fee .....</b>	45	46	46	<b>137</b>	<b>135</b>
<b>External Legal Services .....</b>	327	229	103	<b>658</b>	<b>597</b>
<i>Domestic .....</i>	132	64	88	<b>284</b>	<b>267</b>
<i>International .....</i>	194	164	15	<b>374</b>	<b>330</b>
<b>Other External Advisors .....</b>	448	641	475	<b>1.564</b>	<b>1.487</b>
<i>Domestic .....</i>	140	200	182	<b>522</b>	<b>210</b>
<i>International .....</i>	308	441	293	<b>1.042</b>	<b>1.277</b>
<b>Other Expenses .....</b>	110	109	115	<b>334</b>	<b>526</b>
<b>Total</b>	<b>1.209</b>	<b>1.267</b>	<b>917</b>	<b>3.393</b>	<b>3.431</b>
<b>VAT .....</b>	78	132	58	<b>269</b>	<b>226</b>
<b>VAT for the years 2009-2013 .....</b>		1.784		<b>1.784</b>	
<b>Total expenses</b>	<b>1.287</b>	<b>3.183</b>	<b>976</b>	<b>5.446</b>	<b>3.657</b>

- The table sets out the operating costs of Glitnir hf. (subsidiaries not included) for the 9 months ended 30 September 2014 compared with the operating costs for the 9 months ended 30 September 2013.
- In Q2 2014 Glitnir paid ISK1,209m in VAT for the years from 2009 – 2013 and penalty interest of ISK 575m i.e.a total ISK 1,784m claim from the Icelandic tax authorities. Glitnir accepted to pay the VAT according to court rulings in similar cases. The tax authorities are claiming further VAT is payable by Glitnir, but Glitnir is still disputing this.
  - The VAT is regarding VAT on purchased service from foreign advisors.

1. Introduction

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

3. Notes to the Statement of Assets and Liabilities as at 30 September 2014



## 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: Foreign exchange rates

Appendix 2: Supplementary notes to financial information

Appendix 3: Valuation methodology

Appendix 4: Combined Income statement

# Appendix 1

## Foreign exchange rates

Currency	22 April 2009	31 December 2011	31 December 2012	31 December 2013	30 September 2014	Changes from 31 Dec 2013 to 30 Sept 2014
EUR	168,76	158,84	169,80	158,50	152,70	-3,7%
USD	130,40	122,71	128,74	115,03	121,24	5,4%
GBP	190,62	189,43	208,15	190,21	196,27	3,2%
CAD	105,16	120,21	129,36	108,07	108,51	0,4%
DKK	22,66	21,37	22,83	21,25	20,52	-3,4%
NOK	19,26	20,40	23,04	18,92	18,80	-0,6%
SEK	15,28	17,79	19,76	17,95	16,69	-7,0%
CHF	111,68	130,66	140,64	129,19	126,57	-2,0%
JPY	1,33	1,59	1,50	1,10	1,11	0,9%

- 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 September 2014. Rather, such values are intended to represent the value of assets based on a longer term estimate of recoverable values.
- The reported liabilities as at 30 September 2014 have been based upon the claims received by Glitnir as part of the claims registration process. The process for agreeing claims is ongoing and so the liabilities included in the financial information may not be complete or accurate as a number of the existing and potential liabilities are subject to legal uncertainty. As a result, the liabilities included in the financial information will be subject to change and clarification when the claims registration process is complete. It is likely that the ultimate liabilities determined by the Winding-Up Board or Courts will be less than those reported in the financial information presented here.

# Appendix 2

## Supplementary notes to financial information

### 2. Limitations

#### *Estimated value*

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

# Appendix 2

## Supplementary notes to financial information

### 2. Limitations (continued)

#### *Estimated value (continued)*

- An agreement between Glitnir and the Icelandic government was reached regarding the recapitalisation of Islandsbanki. As part of this agreement, Glitnir took 95 percent shareholding of Islandsbanki. The investment in Islandsbanki is valued at 95% of shareholders equity of Islandsbanki as of 30 June 2014. The ultimate value realised through the shareholding in Islandsbanki could be materially higher or lower than the equity value. The value of, timing of and mechanism for realising value from the shareholding remains subject to considerable uncertainty.

#### *Information included in the financial information*

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

### 3. Valuation principles

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

# Appendix 3

## Valuation methodology

### 1. Loans to customers

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

### 2. Derivatives

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

# Appendix 3

## Valuation methodology

### 3. Bonds

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

### 4. Equities

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

### 5. Investment in subsidiaries

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

### 6. Cash and cash equivalents

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

# Appendix 4

## Combined Income Statement

January - September 2014

ISKm

<b>Net interest income</b> .....	<b>6.949</b>
Valuation adjustments and provisions .....	<b>26.739</b>
Claims rejected and other changes in the claims .....	<b>35.232</b>
Net financial income and expenses * .....	<b>4.221</b>
Net interest income less impairment losses and write-offs .....	<b>73.141</b>
Net fee and commission expenses .....	<b>(508)</b>
Administrative expenses .....	<b>(5.717)</b>
<b>Profit before tax</b> .....	<b>66.916</b>
Taxes .....	<b>(11.810)</b>
<b>Profit for the period</b> .....	<b>55.106</b>

### \* Net financial income and expenses:

Dividend income .....	25
Net trading income .....	3.045
Net foreign exchange gain .....	1.152
	<b>4.221</b>