Glitnir hf.

Financial Statements for the year ended 31 December 2013

Glitnir hf.
Sóltún 26
105 Reykjavík
Iceland

Reg. no. 550500-3530

Contents

Endorsement by the Winding-Up Board and the CEO 3

Independent Auditors´ Report 5

Income Statement 6

Balance Sheet 7

Statement of Cash Flows 8

Notes 9

Endorsement by the Winding-Up Board and the CEO

The Resolution Committee of Glitnir hf., formerly Glitnir Bank hf., ("Glitnir" or the "Company") was appointed by the Financial Supervisory Authority of Iceland (FME) on 7 October 2008 in accordance with the authority provided to the FME by Act No.125/2008 on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances (the emergency law). On this date the Resolution Committee took over all authority of the Board of Directors of Glitnir in accordance with the articles of the Company Law, including oversight of all treatment of its assets, as well as the handling of all other business. On 15 October 2008 a new bank, Íslandsbanki hf., was founded and domestic assets and deposits were transferred from Glitnir to Íslandsbanki hf. based on the decision of FME. Foreign assets and all liabilities except for domestic deposits remained with Glitnir.

In May 2009 the Icelandic parliament passed a Bill of Legislation to amend the act of Financial Undertakings No. 161/2002. The Bill has rules about the winding-up proceedings of financial institutions. As of 1 January 2012, Glitnir´s Winding-Up Board assumed all tasks of Glitnir´s Resolution Committee, whose work had concluded. This change is in accordance with amendments to the Act on Financial Undertakings, adopted by the Icelandic parliament Act No. 78/2011.

The Winding-Up Board´s principal tasks have been and continue to be:

To serve as Glitnir´s Board of Directors and exercise the rights and obligations formerly held by the Board and shareholders' meeting;

To administer Glitnir´s authorised activities under the supervision of the FME and the District Court of Reykjavík;

To work towards obtaining the maximisation of the value for the Company's assets, to ensure that the Company's assets and rights are disposed of in the most cost-effective manner, that claims and amounts on deposit are collected, that no rights are lost which could be of value and that all necessary actions are taken to prevent damage to the Company's interests;

To decide on creditor´s claims both by rank and amounts and ensure creditors are treated equally according to the law; and

To convene and direct creditors' meetings, as deemed suitable, to present the measures taken by the Winding-Up Board.

The aim of the Winding-Up Board is to launch a composition proposal to creditors of Glitnir. In November 2013 the Winding-up Board of Glitnir presented a proposal to the Central Bank of Iceland that is designed to fulfill the financial conditions in Icelandic law which stipulate that of monetary and exchange rate stability should not be jeopardized, as outlined by the Central Bank. The proposal was put forward in relation to Glitnir's exemption request for its proposed composition. The Central Bank of Iceland received the proposal without any commitments other than to submit it to analysis. Glitnir is waiting for response from the Central Bank.

According to the Income Statement, the profit for the year ended 31 December 2013 amounted to ISK 31,572 million. Profit due to rejection of claims and settlements amounted to ISK 34,450 million. Total equity as at 31 December 2013 was negative by ISK 1,465,977 million according to the Balance Sheet.

To the extent that the estimated value of assets is based on inputs that are less observable or unobservable in the market, the estimation of value requires more judgement. Accordingly, the Winding-Up Board has applied considerable judgement in determining the estimate of values for certain assets, notably those relating to loans to customers, unlisted equity instruments, complex derivative products and set-offs.

Endorsement by the Winding-Up Board and the CEO, contd.:

Statement by the Winding-Up Board and the CEO

The Financial Statements for the year ended 31 December 2013 have been prepared in accordance with the Icelandic Financial Statements Act.

In our opinion, based on the fact that the Company is in Winding-Up procedure, the Financial Statements and the Endorsement by the Winding-Up Board and the CEO give a true and fair view of the development and performance of the Company´s operations during the year ended 31 December 2013 and its financial position at year end and describe the principal risks and uncertainties faced by the Company. As a result of the Winding-Up Board´s continuing work on the claims and court rulings, the claims register will change in the nearest future.

The Winding-Up Board and the CEO have today discussed the Financial Statements of Glitnir hf. for the year 2013 and confirm them by means of their signatures.

Reykjavík, 12 March 2014.

The Winding-Up Board

Steinunn Guðbjartsdóttir
Páll Eiríksson

Chief Executive Officer:

Kristján Óskarsson

Independent Auditors' Report

To the Winding-Up Board and Shareholders of Glitnir hf.

We have audited certain parts of the accompanying financial statements of Glitnir hf., which comprise the balance sheet as at 31 December 2013, and the income statement and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. Our audit was limited to the assets in the balance sheet and administrative expenses in the income statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Icelandic Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors´ Responsibility

Our responsibility is to express an opinion on certain parts of these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the certain amounts and disclosures in the financial statements. The procedures selected depend on the auditor´s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the assets of Glitnir hf. as at 31 December 2013, and of its administrative expenses included in the financial performance for the year then ended in accordance with the Icelandic Financial Statements Act.

Emphasis of matter

Without qualifying our opinion, we draw attention to the Endorsement by the Winding-Up Board and the CEO, which describes that Glitnir hf. is formally in winding-up procedure. Furthermore, we draw attention to note 2 to the financial statements, which describes that the financial statements have been prepared on the basis that Glitnir hf. is able to manage the realisation of its assets and transact its ongoing business having appropriate regard to the interests of all its creditors.

Report on Endorsement by the Winding-Up Board and Managing Director

Pursuant to the legal requirement under Article 104, Paragraph 2, of the Icelandic Financial Statement Act No. 3/2006, we confirm that, to the best of our knowledge, the Endorsement by the Winding-Up Board and the CEO includes the information required by the Icelandic Financial Statement Act if not disclosed elsewhere in the Financial Statements.

Reykjavík, 12 March 2014.

KPMG ehf.

Sæmundur Valdimarsson
Helgi F Arnarson

Income Statement for the year ended 31 December 2013

	Notes	2013	2012
Interest income	3	8.352	16.885
Net reversal of impairment losses	4	59.604	106.695
Changes in claims	5	34.450	135.754
Net interest income less impairment losses and write-offs		102.406	259.333
Fee and commission income		247	1.244
Fee and commission expenses		(3)	(8)
Net fee and commission income		245	1.236
Net financial income and expenses	6	(66.438)	48.259
Net operating income		36.213	308.829
Administrative expenses	7-9	(4.978)	(7.623)
Profit for the year		31.235	301.206

Financial Statements of Glitnir hf. 2013 6 All amounts are in ISK million

Balance Sheet as at 31 December 2013

	Notes	2013	2012
Assets			
Cash and cash equivalents	11	538.121	440.219
Claims from derivative contracts	12	24.355	32.387
Bonds and debt instruments	13	88.420	169.112
Shares and equity instruments	14	30.970	23.645
Loans to customers	15	59.048	115.539
Investments in subsidiaries	16	184.083	148.965
Other assets	17	1.353	4.142
Total assets		926.350	934.009
Liabilities			
Claims	19	2.389.735	2.428.494
Other liabilities	20	2.593	2.727
Total liabilities		2.392.327	2.431.221
Equity			
Share capital		14.881	14.881
Accumulated deficit		(1.480.858)	(1.512.093)
Total negative equity	21	(1.465.977)	(1.497.212)
Total liabilities and equity		926.350	934.009

Financial Statements of Glitnir hf. 2013 7 All amounts are in ISK million

Statement of Cash Flows for the year ended 31 December 2013

	Notes	2013	2012
Cash inflow			
Loans to customers - principal and interest repayments		46.929	41.690
Loans to banks - principal and interest repayments		0	10.114
Claims from derivative contracts - repayments		8.201	6.058
Interest income on bank accounts		3.393	2.402
Dividend, equity and bond maturities and coupon receipts		24.219	33.625
Distribution from subsidiaries		59.124	89.387
Other inflow		4.270	4.712
Total cash inflow		146.136	187.989
Cash outflow			
Administrative expenses		(5.321)	(5.584)
Payment of claims		2.512	(94.541)
Other		(48)	(1.049)
Total cash outflow		(2.857)	(101.174)
Increase in cash and cash equivalents		143.279	86.815
Effect of exchage rate fluctuations on cash and cash equivalents		(45.378)	19.982
Cash and cash equivalents at the beginning of the year		440.219	333.422
Cash and cash equivalents at the end of the year	11	538.121	440.219

Financial Statements of Glitnir hf. 2013 8 All amounts are in ISK million

Notes

1. Reporting entity

Glitnir hf., formerly Glitnir Bank hf., ("Glitnir" or the "Company") is a company domiciled in Iceland. The address of the Company´s registered office is Sóltún 26, 105 Reykjavík, Iceland. Glitnir is in winding-up procedure. The purpose of it´s operations during the winding-up procedure is to obtain the highest possible value for the Company's assets and to ensure equality with respect to creditors´ interest in accordance with law.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with the Icelandic Financial Statements Act.

The financial statements were authorised for issue by the Winding-Up Board and the CEO on 12 March 2014.

b. Basis of measurement

The financial statements have 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 statements are not necessarily intended to represent prices at which an orderly transaction could take place between market participants as at the reporting date. Rather, such values are intended to represent the value of assets based on a longer term estimate of recoverable values.

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. For further information regarding valuation of asset classes see note 2c.

The Balance Sheet is shown on an unconsolidated basis. The estimated values attributable to investment in subsidiaries are based upon an estimate of the value of the underlying net assets of the subsidiaries and not the carrying value of the investment in the stand-alone company accounts.

In note 18 a combined Balance Sheet is shown where assets of all subsidiaries, except for Íslandsbanki hf., have been reclassified to the underlying asset classes of which the estimated value of investments in subsidiaries is based on.

The reported liabilities as at 31 December 2013 and 2012 are based on the claim register. Claims in foreign currencies have been translated into ISK at foreign exchange mid rates published by the Icelandic Central Bank for 22 April 2009, which is the lodge date of claims. Other liabilities at year end 2013 and 2012 in currencies other than ISK are translated at year end rates 2013 and 2012, respectively. According to law creditors´ claims do not bear any interest or indexation from the lodge date. The process for agreeing claims is ongoing and so the liabilities included in the Balance Sheet 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 statements 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 different to those reported in the financial statements presented here and that the categorisation of liabilities by priority will change.

2. Basis of preparation, contd.:

c. Valuation principles

The valuation principles underlying the estimated value for each major asset category are as follows:

Asset class	Valuation methodology
Cash and cash equivalents	The value of cash and cash equivalents is nominal value of deposits and market value of sovereign bonds.
Claims from derivative contracts	For international ISDA counterparties estimated realisable value is based on assumed close-out on 7 October 2008. Realisable value includes valuation adjustment for credit, valuation and legal uncertainties. For Icelandic counterparties estimated realisable value is based on 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 is based on directly or indirectly observable valuation inputs.
Shares and equity instruments ...	Realisable value for listed equities is based on quoted market price at year end. Realisable value for unlisted equities is based on valuation inputs that are not quoted in markets that are active or for which significant inputs are not directly observable.
Loans to customers	Credit adjusted valuation based on a ‘available for sale’ or ‘hold to maturity’ strategy.
Investments in subsidiaries	The estimated value of the 95% share in Íslandsbanki hf. and the 51% share in Reviva Capital SA is based on equity value of the investments.

d. Functional and presentation currency

The financial statements are presented in Icelandic Krona (ISK), which is the functional currency of Glitnir hf. All amounts are in ISK million unless otherwise stated. Throughout the financial statements, unless otherwise stated, foreign currency values are translated at the mid rates published by the Icelandic Central Bank for 31 December 2013 and 2012, except for claims which have been translated into ISK at foreign exchage mid rates published by the Central Bank for 22 April 2009. A significant proportion of the assets of Glitnir are denominated in foreign currencies. As a result, the estimated values presented herein may be materially impacted by movements in foreign exchange rates. Foreign currency transactions have been translated at the spot exchange rate at the date of transaction.

e. Creditor set-off

For assets and liabilities held with the same counterparty, Glitnir has used the claims register as the known source of liabilities and set them off against corresponding identifiable asset positions with the same counterparty. Amounts subject to set-off included in the Balance Sheet represent an estimate of the effect of both legal netting and creditor set-off based on an interpretation of the potential rights of Glitnir and its counterparties. If the rights of Glitnir and its counterparties were ultimately to prove different to that assumed, the estimated value of Glitnir´s assets and the computation of its liabilities may be materially impacted.

2. Basis of preparation, contd.:

f. Use of estimates and judgement

The methodology used to estimate the values of assets within each class has been based on the application of Glitnir´s present asset realisation strategy. The assumptions used to estimate the value of assets are sensitive to changes in market conditions such as interest rates, foreign exchange rates, equity prices, market indices and counterparty credit worthiness.

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 are based on inputs that are less observable or unobservable in the market, the estimation of value requires more judgement. 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, complex derivative products and set-offs.

3. Interest income are specified as follows:

	2013	2012
Cash and cash equivalents	3.393	2.402
Claims from derivative contracts	1.211	6.748
Loans to customers	3.748	7.734
Total	8.352	16.885

4. Net reversal of impairment losses

Impairment losses are specified as follows:

2012	**Claims from derivative contracts**	**Bonds**	**Loans**	**Subsidiaries**	**Loans to banks and other**	**Total**
Balance at the beginning of the year	310.945	134.700	526.579	203.442	350.686	1.526.353
Reversal of impairment	(66.575)	5.662	14.636	(35.346)	(25.072)	(106.695)
Write-offs	(107.182)	122	(39.106)	0	(120.219)	(266.385)
Foreign exchange difference on impairment	1.260	1.294	11.148	1.573	165	15.440
Other changes	0	0	0	5.954	0	5.954
Provision at year end	138.449	141.777	513.258	175.623	205.560	1.174.667
2013						
Balance at the beginning of the year	138.449	141.777	513.258	175.623	205.560	1.174.667
Reversal of impairment	10.782	5.239	(8.088)	(42.642)	(24.896)	(59.604)
Write-offs	(20.326)	2.645	(37.573)	0	(78.862)	(134.115)
Foreign exchange difference on impairment	(966)	(1.121)	(6.991)	3.978	(129)	(5.228)
Other changes	0	0	0	3.092	0	3.092
Provision at year end	127.940	148.540	460.607	140.051	101.673	978.811

Financial Statements of Glitnir hf. 2013 11 All amounts are in ISK million

Notes, contd.:

5. Claims register

The change in Claims register is recorded in the Income Statement as follows:

	2013	2012
Claim liabilities at the beginning of the year	2.428.494	2.680.743
Claim liabilities at the end of the year	2.389.735	2.428.494
Changes during the year	38.759	252.249
Estimated netting changes	10.527	37.240
Payment of claims	1.984	(92.375)
Final set off	(7.279)	(55.959)
Other adjustments and changes	(9.542)	(5.401)
Total Income Statement effect	34.450	135.754

6. Net financial income and expenses

Net financial income and expenses are specified as follows:

Dividend income	2.000	5.332
Net gain on financial assets	3.511	1.940
Net foreign exchange (loss) gain	(71.949)	40.987
Total	(66.438)	48.259

7. Administrative expenses

Administrative expenses is specified as follows:

Salaries and salary related expenses	573	616
Services from Íslandsbanki hf.	341	326
Winding-Up Board	231	236
Domestic legal services	479	580
International legal services	494	1.329
Other domestic advisors	357	476
Other international advisors	1.741	3.253
Other operational cost	762	807
Total administrative expenses	4.978	7.623

8. Salaries and salary-related expenses are analysed as follows:

Salaries and related expenses are analysed as follows:

Salaries	441	481
Contribution to defined contribution plan	67	64
Other salary-related expenses	66	71
Total salaries and salary-related expenses	573	616
Average number of employees	31	37

In addition three (2012: five) people worked for Glitnir outside of Iceland as contractors.

9. Compensation of the Winding-Up Board and Managing Director

Compensation of the Winding-Up Board and the CEO is specified as follows:

The CEO	39	45
Winding-Up board (excluding VAT)	184	188
Total	223	233

10. Income tax

Due to uncertainty regarding utilisation of tax losses, Glitnir does not recognise deferred tax assets in the Balance Sheet or recognise the income tax effect of losses in the Income Statement.

Financial Statements of Glitnir hf. 2013 12 All amounts are in ISK million

Notes, contd.:

11. Cash and cash equivalents

Cash and equivalents are specified as follows:

	2013	2012
Cash and balances with banks	26.208	77.724
Term deposits	117.518	21.175
International sovereign bonds	365.168	326.345
Icelandic sovereign bonds	24.815	10.587
Restricted cash	4.411	4.389
Total	538.121	440.219

International sovereign bonds are specified as follows:

USA	128.467	83.667
Norway	57.364	44.978
France	48.248	51.280
UK	46.591	38.817
Germany	43.416	44.991
Canada	26.362	29.745
Netherlands	11.728	26.431
Denmark	2.991	0
Sweden	0	3.218
Other:		
Government guaranteed - Germany	0	3.218
Total	365.168	326.345

Maturity profile as at 31 December are as follows:

2013	**Deposits**	**Bonds**	**Total**
0-3 months	59.720	159.018	218.738
3-6 months	67.823	137.913	205.737
6-9 months	20.595	68.884	89.479
9-12 months	0	24.167	24.167
Total	148.138	389.982	538.121

2012			
0-3 months	86.146	205.541	291.687
3-6 months	6.002	78.671	84.673
6-9 months	11.131	50.239	61.369
Over 12 months	9	2.481	2.490
Total	103.287	336.932	440.219

Financial Statements of Glitnir hf. 2013 13 All amounts are in ISK million

Notes, contd.:

12. Claims from derivative contracts

Claims from derivative contracts are specified as follows:

	International counter-parties	Domestic counter-parties	Total
2013			
Total net claims from derivative contracts, before set off against liabilities	14.610	25.366	39.976
Balance subject to set-off	(1.033)	(14.587)	(15.620)
Total 31.12.2013	13.577	10.778	24.355
2012			
Total net claims from derivative contracts, before set off against liabilities	28.605	28.174	56.780
Balance subject to set-off	(8.654)	(15.739)	(24.393)
Total 31.12.2012	19.951	12.435	32.387

International counterparties:

In accordance with ISDA documentation, Glitnir received 'event of default notices' soon after its collapse. Counterparties have designated a range of 'Early Termination Dates', the validity of which is being examined by Glitnir and which may have impact on the value of the derivative assets and liabilities. The estimated realisable value ascribed to the derivative portfolio is based upon these close-out dates or 7 October 2008, where that applies under the relevant terms. Glitnir has been working with legal advisors to support the assessment of claims and recovery of value on derivative assets.

Counterparties, as the non-defaulting party under ISDA terminology, have provided close out statements and details of their valuation methodology. Glitnir has entered into dialogue with counterparties to follow–up where inadequate detail has been provided to enable a complete reconciliation to be performed against Glitnir´s own records.

Given the volatility at the time of collapse the timing of the valuation and differences in key valuation inputs can have a significant impact on the value of the claims from derivative contracts. Glitnir has engaged a calculation agent to help understand the drivers of the difference and will continue its dialogue with counterparties.

Domestic counterparties:

Principally the contracts were entered into under Glitnir's general terms and conditions (i.e. Non-ISDA agreements).

13. Bonds and debt instruments

Bonds and debt instruments are specified as follows:

	Estimated realisable value	Estimated off	Net position
2013			
Governments	215	0	215
Financial institutions	23	0	23
Bond claims on subsidiaries	88.182	0	88.182
Total	88.420	0	88.420
2012			
Governments	3.053	0	3.053
Financial institutions	4.376	(4.342)	34
Corporates	10.424	0	10.424
Bond claims on subsidiaries	155.601	0	155.601
Total	173.454	(4.342)	169.112

Financial Statements of Glitnir hf. 2013 14 All amounts are in ISK million

Notes, contd.:

14. Shares and equity instruments

Shares and equity instruments held at year end are specified as follows:

	2013	2012
Listed shares	37	56
Unlisted shares	30.933	23.589
Total	30.970	23.645

Concentration by location of issuers of shares and equity instruments		
UK	3.992	11.069
Iceland	9.570	8.903
Canada	3.480	3.648
Norway	7.640	25
Other	6.288	1
Total	30.970	23.645

15. Loans to customers

Glitnir monitors concentration of credit risk by industry sector and by geographical location. The following tables break down Glitnir´s credit exposure at year end as categorised by the industry sectors and geograpical location of Glitnir´s counterparties.

	Loans to customers 2013		Loans to customers 2012	
	Gross amount	Estimated realisable value	Gross amount	Estimated realisable value
Concentration by sector				
Financial Institutions	878	455	3.453	816
Seafood	5.504	4.041	9.501	7.466
Offshore & transport service	24.021	21.718	55.092	51.243
Holding Companies	71.199	6.175	78.344	3.909
Manufacturing	8.859	6.074	24.529	17.438
Property and Real Estate	6.343	654	6.683	1.610
Retail	7.013	7.013	9.254	9.253
Utilities	0	0	251	238
Other	22.612	12.917	33.737	23.567
Total	146.429	59.048	220.843	115.539
Concentration by location				
Norway	38.784	29.763	73.770	59.912
United States	7.630	1.136	10.784	2.553
Iceland	78.181	12.185	99.768	23.883
UK	15.417	13.830	20.585	19.802
Canada	0	0	1.831	1.827
Germany	1.359	1.359	7.134	5.532
Denmark	3.860	320	5.226	982
Other	1.198	455	1.746	1.048
Total	146.429	59.048	220.843	115.539

Financial Statements of Glitnir hf. 2013 15 All amounts are in ISK million

16. Investments in subsidiaries

Investments in subsidiaries are specified as follows:	Country of incorporation	Ownership interest	Carrying amount 2013	Carrying amount 2012
GLB Holding ehf.	Iceland	100%	182.788	137.851
Glitnir Bank Luxembourg S.A.	Luxembourg	100%	1.294	11.114
Investments in subsidiaries total			184.083	148.965

GLB Holding ehf.:
Net assets of GLB Holding ehf. consist of following:

ISB Holding ehf. (95% share in Íslandsbanki hf.)	157.832	115.887
Other subsidiaries	4.197	3.091
Icelandic government bonds	17.226	15.721
Other assets	3.534	3.153
Total	182.788	137.851

Glitnir Bank Luxembourg S.A.
The value attributed to Glitnir Bank Luxembourg S.A. is the equity value of the subsidiary.

Total equity of Glitnir Bank Luxembourg S.A. 31 December 2012	11.114
Net loss in 2013	(9.303)
Foreign exchange loss	(517)
Value of Glitnir Bank Luxembourg S.A. equity 31 December 2013	1.294

17. Other assets

Other assets are specified as follows:	2013	2012
Claims on bankrupt companies	810	3.507
Accounts receivable	538	627
Other assets	5	8
Total	1.353	4.142

Financial Statements of Glitnir hf. 2013 16 All amounts are in ISK million

Notes, contd.:

18. Combined Balance Sheet

The Combined Balance Sheet of the Glitnir Group (excluding Íslandsbanki hf.) is specified as follows at year end:

2013	Glitnir hf.	GLB Holding	Glitnir Luxembourg S.A	Haf / Holt	Elimination entries	Combined
Assets						
Cash and cash equivalents	538.121	8.465	6.046	4.104	0	556.736
Claims from derivative contracts	24.355	0	0	0	0	24.355
Bonds and debt instruments	88.420	11.656	0	0	(88.182)	11.894
Shares and equity instruments	30.970	4.467	266	4.608	0	40.312
Loans to customers	59.048	0	41.686	29.433	0	130.166
Investments in subsidiaries	184.083	157.718	256	0	(184.083)	157.974
Other assets	1.353	483	300	4.063	0	6.199
Total assets	926.350	182.790	48.555	42.207	(272.265)	927.637
Liabilities						
Claims	2.389.735	0	0	0	0	2.389.735
Other liabilities	2.593	1	47.260	42.207	(88.182)	3.880
Total liabilities	2.392.327	1	47.260	42.207	(88.182)	2.393.615
Equity						
Equity	(1.465.977)	182.788	1.294	0	(184.083)	(1.465.977)
Total liabilities and equity	926.350	182.790	48.555	42.207	(272.265)	927.637

2012	Glitnir hf.	GLB Holding	Glitnir Luxembourg S.A	Haf / Holt	Elimination entries	Combined
Assets						
Cash and cash equivalents	440.219	291	7.207	14.362	0	462.079
Claims from derivative contracts	32.387	0	0	0	0	32.387
Bonds and debt instruments	169.112	17.628	0	0	(155.601)	31.139
Shares and equity instruments	23.645	2.925	9.442	3.131	0	39.142
Loans to customers	115.539	0	62.433	65.958	0	243.930
Investments in subsidiaries	148.965	134.311	191	0	(166.440)	117.027
Other assets	4.142	172	488	5.080	0	9.881
Total assets	934.009	155.327	79.760	88.530	(322.042)	935.585
Liabilities						
Claims	2.428.494	0	0	0	0	2.428.494
Other liabilities	2.727	1	68.646	88.530	(155.601)	4.303
Total liabilities	2.431.221	1	68.646	88.530	(155.601)	2.432.797
Equity						
Equity	(1.497.212)	155.326	11.114	0	(166.440)	(1.497.212)
Total liabilities and equity	934.009	155.327	79.760	88.530	(322.042)	935.585

Financial Statements of Glitnir hf. 2013 17 All amounts are in ISK million

Notes, contd.:

19. Claims

The time limit for lodging claims in Glitnir's winding-up proceedings expired on 26 November 2009 and at open creditors' meetings in December 2009, May 2010, December 2010, April 2011, August 2011, January 2012, May 2012, September 2012, November 2012, February 2013, May 2013 and October 2013 the Winding-Up Board presented the list of claims and explained the decisions which had been made. Creditors also had an opportunity to object to decisions made by the Winding-Up Board on individual claims.

December 2013	**Originally claimed amounts**	**Changes to claims register**	**Corrected claims register**	**Adjusted claimed amounts**	**Balance Sheet**
Third party assets	33.146	514	33.660	(27.232)	6.428
Approval costs	25.316	(3)	25.313	(25.313)	0
Secured	40.725	(3.398)	37.327	(35.195)	2.133
Priority	258.129	(101.884)	156.245	(155.589)	656
Unsecured	2.973.195	(92.364)	2.880.832	(507.660)	2.373.171
Deferred	105.722	290	106.012	(98.664)	7.348
Total claims	3.436.233	(196.845)	3.239.388	(849.654)	2.389.735
December 2012					
Third party assets	33.146	514	33.660	(27.147)	6.513
Approval costs	25.316	(3)	25.313	(25.313)	0
Secured	40.725	(3.398)	37.327	(25.785)	11.542
Priority	258.129	(101.884)	156.245	(156.143)	101
Unsecured	2.973.195	(92.364)	2.880.832	(483.447)	2.397.384
Deferred	105.722	290	106.012	(93.059)	12.953
Total claims	3.436.233	(196.845)	3.239.388	(810.894)	2.428.494
Changes in Claim liabilities in 2013	0	0	0	(38.759)	(38.759)

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.

As a result of the Winding-Up Board´s continuing work on registered claims, certain adjustments have been made to the initial registered claims. These adjustments relate to:

	2013	**2012**
Where claims have been rejected, withdrawn or closed with set-off or settlement	(707.062)	(607.627)
Where accepted priority claims have been paid	(79.661)	(53.752)
Where disputed priority claims have been paid (escrow)	(10.756)	(38.650)
Where there were errors or duplications in the claims registration list	(3.498)	(32.952)
Claims from Haf and Holt	(22.767)	(41.477)
Estimation of set-off	(25.909)	(36.436)
Total	(849.654)	(810.894)

Financial Statements of Glitnir hf. 2013 18 All amounts are in ISK million

19. Claims, contd.

Decisions made by the Winding-Up board are specified as follows:

	Decisions made	Accepted claims	Reclass of accepted claims	Total accepted by WUB	Rejected claims
Third party assets	33.660	14.290	(11.633)	2.657	31.003
Approval costs	25.313	245	(223)	22	25.291
Secured	37.327	20.024	(20.024)	0	37.327
Priority	156.245	109.056	(30.516)	78.541	77.704
Unsecured	2.880.832	2.225.898	62.395	2.288.294	592.538
Deferred	106.012	0	0	0	106.012
Total	3.239.388	2.369.513	0	2.369.513	869.875

	Claims register	Unconditi-onally accepted / unsettled	Unconditi-onally rejected / settled	Unconditi-onally subord-inated	Currently under conciliation
Third party assets	33.660	0	22.353	170	11.137
Approval costs	25.313	0	25.308	5	0
Secured	37.327	0	35.183	11	2.133
Priority	156.245	0	145.490	0	10.755
Unsecured	2.880.832	2.196.208	355.197	104.154	225.273
Deferred	106.012	0	34.270	64.437	7.304
Total	3.239.388	2.196.208	617.802	168.777	256.601

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. In the year 2013 ISK 25.8bn was accepted as priority claim. At year end, the balance of disputed priority claims in escrow accounts is ISK 10.8bn.

Currencies in escrow accounts	Balance of disputed claims 31.12.2012	Repaid in 2013	Balance of disputed claims	Total as per rate on 31.12.2013
EUR	13.782	9.947	3.836	3.613
GBP	4.510	3.255	1.255	1.265
ISK	7.374	5.322	2.052	2.213
NOK	6.261	4.519	1.743	1.786
USD	6.721	4.851	1.871	1.660
Total	38.650	27.893	10.756	10.537

Currencies in escrow accounts	Amount paid in March 2012	Repaid in 2012	Balance of disputed 112 claims	Total as per rate on 31.12.2012
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
Total	52.979	14.329	38.650	40.708

Financial Statements of Glitnir hf. 2013 19 All amounts are in ISK million

Notes, contd.:

19. Claims, contd.

	2013	2012
Priority claims in dispute at 1 January (at the exchange rate of 22 April 2009)	38.650	52.979
Accepted as a priority claim	(25.846)	(569)
Accepted as an unsecured claim	(12)	0
Claims rejected / withdrawn	(2.035)	(13.759)
Priority claims in dispute at 31 December (at the exchange rate of 22 April 2009)	10.756	38.650

At the end of December 2013 the Winding-Up Board has referred 272 cases relating to 351 claims to Reykjavík District Court when it was not possible to settle such disputes at a meeting. This includes cases that will create precedent for a large number of other disputed claims. Cases that have also been referred to the courts are those concerning employees' claims for salaries and those of the Company´s former senior management.

20. Other liabilities

Other liabilities in the Balance Sheet consist of accounts payable, unpaid salaries at year end and provisions for expenses during the Winding-Up procedure.

21. Equity

Changes in equity are specified as follows:

	Share capital	Accumulated deficit	Total
Equity as at 1 January 2012	14.881	(1.813.299)	(1.798.418)
Profit for the year		301.206	301.206
Equity as at 1 January 2013	14.881	(1.512.093)	(1.497.212)
Profit for the year		31.235	31.235
Equity as at 31 December 2013	14.881	(1.480.858)	(1.465.977)

According to a decision of FME on 7 October 2008 the Resolution Committee took over all the authority of shareholders meetings, including voting rights. The Winding-Up Board took over the authority at the end 2011. Formal decision to write off the share capital has not been taken, but is expected to be taken in the winding-up process. Until formal decision has been taken the share capital will be presented as shown above.

22. Market risk

a. Interest rate risk

The types of interest rate risk faced by Glitnir is twofold. Glitnir is subject to cash flow interest rate risk relating to those loans and other financial assets with floating rate of interest. Due to the significant uncertainty relating to timing of cash flows, impact of future restructuring of loans and recoverability, it is not possible to determine with any precision the impact of changes in interest rate on profit or loss. For instance an increase of interest on an impaired variable rate instrument will in many instances have no effect on the future recoverability of that asset.

Glitnir is also subject to fair value interest rate relating to assets, mainly government bonds, that are recognised at fair value through profit or loss. A change in interest rates will affect the fair value of those assets.

Financial Statements of Glitnir hf. 2013 20 All amounts are in ISK million

Notes, contd.:

b. Breakdown by currencies

The table below summarises Glitnir´s assets by currency of denomination.

At 31 December 2013

	EUR	ISK	NOK	USD	GBP	Other	Total
Cash and cash equivalents	190.149	54.062	57.914	122.740	78.810	34.447	538.121
Bonds & shares ..	89.113	9.808	7.640	879	2.182	9.767	119.390
Loans to customers	11.306	12.075	21.798	4.297	8.469	1.103	59.048
Investments in subsidiaries	1.294	182.788	0	0	0	0	184.083
Claims from derivative contracts and other assets	3.249	12.132	0	10.328	0	0	25.709
Total financial assets	295.112	270.865	87.352	138.244	89.461	45.317	926.350
Total in %	31,9%	29,2%	9,4%	14,9%	9,7%	4,9%	100,0%

b. Breakdown by currencies

At 31 December 2012

	EUR	ISK	NOK	USD	GBP	Other	Total
Cash and cash equivalents	171.131	32.486	50.776	93.192	54.799	37.836	440.219
Bonds & shares ..	159.978	12.102	25	7.238	9.766	3.648	192.757
Loans to customers	11.119	22.077	43.306	9.689	26.364	2.984	115.539
Investments in subsidiaries	11.114	137.851	0	0	0	0	148.965
Claims from derivative contracts and other assets	5.949	16.577	0	14.002	0	0	36.528
Total financial assets	359.291	221.093	94.106	124.121	90.929	44.469	934.009
Total in %	38,5%	23,7%	10,1%	13,3%	9,7%	4,8%	100,0%

c. Breakdown by Icelandic assets vs. non-Icelandic assets

As of 31 December 2013 the split of combined assets of Glitnir (see note 18) between Icelandic assets and non-Icelandic assets are as follows:

	ISK assets	Fx from Icelandic counter-parties	Total Icelandic assets	Non - Icelandic assets	Total combined assets
Cash and cash equivalents	62.884	27.987	90.870	465.865	556.736
Claims from derivative contracts	10.778	0	10.778	13.577	24.355
Bonds and debt instruments	11.894	0	11.894	0	11.894
Shares and equity instruments	18.645	0	18.645	21.667	40.312
Loans to customers	32.610	5.752	38.362	91.804	130.166
Investments in subsidiaries	157.718	0	157.718	256	157.974
Other assets	5.900	0	5.900	300	6.199
Total assets	300.429	33.739	334.168	593.469	927.637
Total in %			36,0%	64,0%	100,0%

Financial Statements of Glitnir hf. 2013 21 All amounts are in ISK million

Notes, contd.:

31 December 2012:	ISK assets	Fx from Icelandic counter-parties	Total Icelandic assets	Non - Icelandic assets	Total combined assets
Cash and cash equivalents	33.111	8.702	41.814	420.265	462.079
Claims from derivative contracts	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 instruments	14.958	0	14.958	24.184	39.142
Loans to customers	54.397	23.374	77.771	166.159	243.930
Investments in subsidiaries	116.836	0	116.836	191	117.027
Other assets	2.174	5.080	7.254	2.627	9.881
Total assets	254.528	37.156	291.685	643.900	935.585
Total in %			31,2%	68,8%	100,0%

22. Other matters

In December 2013 an amendment to the law of taxation of Financial Institutions was passed by the Parliament to extend the taxation to the former banks in winding up proceedings. The tax rate was also increased from 0.041% to 0.376%. According to the law the tax base is the total debt at the end of each year as submitted in tax returns. The Winding-up Board of Glitnir is of the opinion that this taxation of the former banks in winding up proceedings is questionable from legal perspective and expects to challenge the taxation in court. The tax is not accounted for in the financial statements. The tax payable in 2014 according to the law will be ISK 9.0bn for Glitnir.

Financial Statements of Glitnir hf. 2013 22 All amounts are in ISK million