

Glitnir hf.

Statement of Assets and Liabilities

Incorporating an estimate of the value of assets as at 30 September 2012 and a computation of liabilities

29 November 2012

Disclaimer



This document includes a Statement of Assets and Liabilities as at 30 September 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 30 September 2012

3. Notes to the Statement of Assets and Liabilities as at 30 September 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 30 September 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 30 September 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 summary balance sheet as at 30 September 2012 is based on the valuation of assets as at 30 June 2012, adjusting for any cash receipts, interest and FX movements in the three month period. For the loans to customers portfolio, the percentage recovery estimated of credit managers on each individual loan undertaken in June 2012 have been used to derive the estimated realisable value as at 30 September 2012. A new valuation exercise has not been performed as at 30 September 2012. This will be undertaken for the Statement of Assets and Liabilities as at 31 December 2012

1. Introduction

2. Statement of Assets and Liabilities as at 30 September 2012

3. Notes to the Statement of Assets and Liabilities as at 30 September 2012

Statement of Assets and Liabilities - Combined



30 September 2012

	Glitnir	GLB Holding	Haf / Holt	Glitnir Lux	Adjustments	ISKm Combined 30 Sept 2012	ISKm Combined 30 June 2012	EURm Combined 30 Sept 2012	EURm Combined 30 June 2012
Assets									
Loans to customers	119.943	0	74.157	67.582	0	261.682	278.896	1.636	1.763
Loans to banks	7.897	0	0	0	0	7.897	9.060	49	57
Derivatives claims	29.529	0	0	0	0	29.529	31.634	185	200
Bonds and debt instruments	5.540	17.455	0	18.072	(10.341)	30.727	29.771	192	188
Shares and equity investments ..	21.214	2.595	3.279	5.044	0	32.131	33.048	201	209
Investments in subsidiaries	381.763	129.964	0	10	(394.997)	116.741	116.732	730	738
Cash and cash equivalents	299.838	1.025	4.809	77.799	0	383.471	352.780	2.397	2.230
Other assets	4.137	143	4.564	1.322	0	10.166	9.899	64	63
Total assets	869.861	151.182	86.809	169.829	(405.338)	872.343	861.821	5.453	5.447
Liabilities									
Claims	2.459.926	0	0		0	2.459.926	2.509.557	15.377	15.860
Other liabilities	2.421	974	86.809	1.508	(86.809)	4.903	4.799	31	30
Total liabilities	2.462.347	974	86.809	1.508	(86.809)	2.464.829	2.514.357	15.408	15.891
Equity	(1.592.486)	150.208		168.321	(318.529)	(1.592.486)	(1.652.535)	(9.955)	(10.444)
	869.861	151.182	86.809	169.829	(405.338)	872.343	861.821	5.453	5.447

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

2. Payments to priority creditors was made on 16 March 2012. The payment amounted to ISK 105.6bn at the exchange rate of 22 April 2009, but ISK 108.4bn at the exchange rate of 16 March 2012 (EUR 650.1m)

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.

Total assets

- Total combined assets have increased by ISK10.5bn from ISK861.8bn as at 30 June 2012 to ISK872.3bn as at 30 September 2012. The key drivers for this were:
 - a positive net impact of ISK4.4bn 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 of ISK6.8bn; and
 - a decrease in the value of derivative claims and loans to banks as a result of set-off settlements of ISK2.1bn.
- Total combined assets in EUR have increased by EUR6.5m from EUR5,447m to EUR5,453m over the period.
- Glitnir's cash balance has increased by ISK 30.7bn from ISK 353bn as at 30 June 2011 to ISK383.5bn as at 30 September 2012. This increase was driven by principal and interest repayments received from the portfolio of loans to customers.

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 ISK49.6bn since 30 June 2012 to ISK2.460bn as at 30 September 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 30.9.2012
Assets					
Loans to customers	278.896	(27.298)	3.328	6.756	261.682
Loans to banks	9.060	0	(65)	(1.098)	7.897
Derivatives claims	31.634	(839)	(240)	(1.026)	29.529
Bonds and debt instruments	29.771	661	230	65	30.727
Shares and equity investments	33.048	(1.083)	332	(166)	32.131
Investment in subsidiaries	116.732	(3)	3	8	116.741
Cash and cash equivalents	352.780	29.854	838	0	383.471
Other assets	9.899	112	8	146	10.166
Total assets	861.821	1.403	4.433	4.685	872.343

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

Statement of Assets and Liabilities

Reconciliation of Glitnir's Combined assets



ISKm	Balance as at 1.1.2012	Cash movements and other changes	FX movements	Changes in valuation and netting	Balance as at 30.9.2012
Assets					
Loans to customers	311.206	(94.494)	9.322	35.648	261.682
Loans to banks	2.490	(606)	4	6.010	7.897
Derivatives claims	20.313	(23.285)	(240)	32.740	29.529
Bonds and debt instruments	34.385	(6.943)	206	3.078	30.727
Shares and equity investments	58.094	(31.555)	2.218	3.374	32.131
Investment in subsidiaries	111.379	(3)	0	5.364	116.741
Cash and cash equivalents	346.358	32.245	4.868	0	383.471
Other assets	1.291	8.394	7	473	10.166
Total assets	885.517	(116.247)	16.385	86.688	872.343

- The table above provides an analysis of the key factors which affect the movement in the estimated realisable value of Glitnir's consolidated asset portfolio between 31 December 2011 and 30 September 2012.
- Further detail on each of the reconciling items shown in the table above are provided later in the relevant asset class note in the next section.

Statement of Assets and Liabilities

Foreign currency analysis of Combined assets



ISKm	EUR	ISK	NOK	USD	GBP	CAD	DKK	Other	Total
Loans to customers	67.043	29.598	73.611	31.245	25.255	1.774	11.675	21.480	261.682
Loans to banks	6	0	4.199	3.692	0	0	0	0	7.897
Derivatives claims	1.390	14.183	0	13.956	0	0	0	0	29.529
Bonds and debt instruments	4.295	20.364	0	2.265	3.804	0	0	0	30.727
Shares and equity investments	1.420	13.469	4.389	3.359	5.544	3.557	9	384	32.131
Investments in subsidiaries	180	116.561	0	0	0	0	0	0	116.741
Cash and cash equivalents	153.029	28.293	39.394	79.341	48.397	30.692	778	3.546	383.471
Other assets	2.270	4.280	320	1.004	389	13	362	1.527	10.166
Total assets	229.633	226.748	121.914	134.863	83.389	36.036	12.824	26.937	872.343
<i>Percentage of total</i>	<i>26,3%</i>	<i>26,0%</i>	<i>14,0%</i>	<i>15,5%</i>	<i>9,6%</i>	<i>4,1%</i>	<i>1,5%</i>	<i>3,1%</i>	<i>100,0%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>12,7%</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 30 September 2012.
- The investment in Islandsbanki is assumed to be denominated solely in ISK (although the investment may not ultimately be monetised wholly in ISK).
- As previously disclosed, Glitnir's foreign currency strategy is to keep the proceeds of asset monetisation in the currency of the asset pre-monetisation.

1. Introduction

2. Statement of Assets and Liabilities as at 30 September 2012

3. Notes to the Statement of Assets and Liabilities as at 30 September 2012

Asset / liability class analysis

A: Loans to customers – reconciliation



30 September 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	%
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	(13.444)	(13.444)		(2.563)	(2.563)		(5.121)	(5.121)		(21.128)	(21.128)	
Interest repayments	(2.502)	(2.502)		(493)	(493)		(1.576)	(1.576)		(4.571)	(4.571)	
Write off	(9.231)	0		0	0		0	0		(9.231)	0	
Reclass	0	0		(1.257)	(1.257)		(59)	(531)		(1.316)	(1.788)	
New loans	0	0		272	272		0	0		272	272	
Valuation changes	2.845	3.118		0	1.435		1.614	2.118		4.459	6.672	
Fx impact	1.429	2.268		2.122	853		(318)	207		3.233	3.328	
Total Loans to Customers	243.559	119.943	49%	99.244	67.582	69%	121.113	74.157	61%	463.916	261.682	56%

- The above table sets out the changes in the loan portfolio on Q3 2012. Interest income is the main component of the valuation changes of ISK6.6bn.
- 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



30 September 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	%
Holding Companies	98.243	4.438	5%	0	0	0%	42.652	7.706	18%	140.895	12.145	9%
Seafood	9.498	7.554	80%	0	0	0%	19.507	18.999	97%	29.005	26.552	92%
Offshore-& Transport service	53.750	49.841	93%	0	0	0%	0	0	0%	53.750	49.841	93%
Manufacturing	28.603	21.789	76%	0	0	0%	10.580	9.470	90%	39.183	31.259	80%
Property & Real Estate	6.346	1.530	24%	90.776	66.997	74%	33.547	26.399	79%	130.669	94.926	73%
Financial Institutions	3.467	931	27%	0	0	0%	2.249	2.248	100%	5.716	3.179	56%
Retail	9.672	9.648	100%	8.468	585	7%	7.520	4.309	57%	25.661	14.541	57%
Utilities	235	223	95%	0	0	0%	0	0	0%	235	223	95%
Other	33.746	23.990	71%	0	0	0%	5.057	5.026	99%	38.803	29.015	75%
Total Loans to Customers	243.559	119.943	49%	99.244	67.582	68%	121.113	74.157	61%	463.916	261.682	56%

- Whilst loans to holding companies represents the largest element of the portfolio by carrying value (30%), it has the lowest estimated realisable value when compared to carrying value (5%)
- Property & real estate loans represents the largest element of the portfolio by estimated realisable value (36%). The majority of property & real estate loans relate to the Luxembourg property portfolio.

Asset / liability class analysis

A: Loans to customers – geographical analysis



30 September 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	%
Iceland	119.712	24.598	21%	5.358	425	8%	96.375	49.972	52%	221.445	74.995	34%
Norway	71.622	58.135	81%	26.559	25.879	97%	0	0	0%	98.180	84.014	86%
United States	10.925	2.736	25%	0	0	0%	4.427	3.869	87%	15.351	6.606	43%
UK	20.727	20.063	97%	9.113	7.393	81%	5.605	5.403	96%	35.445	32.859	93%
Germany	6.650	5.111	77%	33.815	21.584	64%	4.244	3.920	92%	44.710	30.615	68%
Canada	1.823	1.817	100%	0	0	0%	0	0	0%	1.823	1.817	100%
Luxembourg	4.844	4.844	100%	0	0	0%	0	0	#DIV/0!	4.844	4.844	100%
Denmark	4.924	929	19%	10.577	3.376	32%	0	0	0%	15.502	4.305	28%
Sweden	236	193	82%	8.217	6.042	74%	0	0	0%	8.454	6.234	74%
Nederland	496	106	21%	0	0	0%	0	0	#DIV/0!	496	106	21%
Other	1.599	1.411	88%	5.604	2.884	51%	10.462	10.992	105%	17.665	15.287	87%
Total Loans to Customers	243.559	119.943	49%	99.244	67.582	68%	121.113	74.157	61%	463.916	261.682	56%

- Norway and Iceland represents the most significant element of the loans to customers portfolio by estimated realisable value, Norway 32% and Iceland 29%.

Asset / liability class analysis

A: Loans to customers – currency analysis



30 September 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	%
ISK	78.821	21.463	27%	0	0	0%	21.722	8.135	37%	100.542	29.598	29%
EUR	45.757	15.654	34%	40.357	24.643	61%	40.570	26.746	66%	126.683	67.043	53%
NOK	54.992	47.749	87%	27.827	25.503	92%	488	358	73%	83.308	73.611	88%
USD	19.420	10.834	56%	117	0	0%	27.088	20.411	75%	46.624	31.245	67%
GBP	25.361	19.843	78%	0	0	0%	11.055	5.412	49%	36.415	25.255	69%
DKK	4.925	929	19%	15.803	10.642	67%	109	104	95%	20.837	11.675	56%
SEK	8	7	97%	8.482	6.457	76%	569	456	80%	9.059	6.920	76%
CHF	8.562	1.156	14%	3.378	337	10%	11.826	6.194	52%	23.766	7.687	32%
CAD	1.431	1.429	100%	0	0	0%	431	345	80%	1.863	1.774	95%
JPY	3.405	0	0%	3.280	0	0%	7.254	5.995	83%	13.939	5.995	43%
Other	879	879	100%	0	0	0%	0	0	0%	879	879	100%
Total Loans to Customers	243.559	119.943	49%	99.244	67.582	68%	121.113	74.157	61%	463.916	261.682	56%

- NOK and EUR represents the most significant element of the loans to customers portfolio by estimated realisable value, NOK 28% and EUR 26%.
- 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 87% of the loans to customers portfolio by estimated realisable value.

Asset / liability class analysis

B: Loans to banks analysis

ISKm	2012	2011
	Estimated realisable value	Estimated realisable value
Opening balance 1.7.2012	9.060	3.905
Capital repayments	0	(320)
Interest repayments	0	(86)
Changes in netting	(1.098)	
Valuation changes	0	(924)
Fx impact	(65)	(85)
Total Loans to Banks 30.9.2012	7.897	2.490
Loans to Banks		
USD	3.692	888
NOK	4.199	1.601
EUR	6	0
Total Loans to Banks 30.9.2012	7.897	2.490

- The estimated realisable value of loans to banks is shown after eliminating balances included in derivative claims by international counterparties (representing collateral on derivative transactions under ISDA CSA contracts).
- The main changes in valuation is related to changes in estimated netting against claims and recognition of bank deposits and cash collateral.

Asset / liability class analysis

C: Derivative claims analysis



ISKm	1.7.-30.9.2012	1.1.-30.6.2012
	Derivative claims - changes in balance	Derivative claims - changes in value
Opening balance 1.7.2012 / 1.1.2012	31.634	20.313
Cash payments	(339)	(2.274)
Equity conversion	0	0
Valuation changes	187	54.427
Claims paid with loans	(500)	(20.171)
Changes in netting assumptions	(1.213)	(20.661)
Fx impact	(240)	0
Total derivative claims at the end of period	29.529	31.634

ISKm	Estimated value of derivative claim as at 30.9.2012	Estimated value of derivative claim as at 31.12.2011
Domestic counterparties		
Total domestic counterparties	14.158	18.669
International counterparties		
Total international counterparties	15.371	1.644
Total derivative assets	29.529	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 in Q3 2012.
- Domestic claims that are were settled before end of October 2012 have been be referred to courts.
- International derivatives that will not be settled before end of 2012 will be referred to courts.

Asset / liability class analysis

D: Bonds and debt instruments analysis



ISKm	GLB			
	Glitnir Estimated realisable value as at 30.9.2012	Glitnir Lux Estimated realisable value as at 30.9.2012	Holding Estimated realisable value as at 30.9.2012	Total Estimated realisable value as at 30.9.2012
Combined balance 1.7.2012	5.412	7.996	16.363	29.771
Repayments / investments	(35)	(485)	1.181	661
Valuation changes	117	37	(89)	65
Fx impact	46	183	0	230
				0
Net bond position	5.540	7.731	17.455	30.727
Bond positions				
Icelandic sovereign	2.980	0	15.854	18.834
Other Icelandic	137	0	1.393	1.530
International	2.423	7.731	209	10.363
Net bond position	5.540	7.731	17.455	30.727

- The table shows the movements in the bond assets from 1 July 2012 to 30 September 2012.

Asset / liability class analysis

E: Shares and equity investments analysis



	Glitnir	GLB Holding	Haf / Holt	Glitnir Lux	Total
	Estimated realisable value	Estimated realisable value	Estimated realisable value	Estimated realisable value	Estimated realisable value
ISKm	30.9.2012	30.9.2012	30.9.2012	30.9.2012	30.9.2012
Opening balance 1.7.2012	22.090	2.690	3.279	4.989	33.048
Dividend/Buy/Sale	(983)	(95)	0	0	(1.079)
Equity conversion	0	0	0	(4)	(4)
Valuation changes	(44)	(0)	0	(122)	(166)
Fx impact	151	0	0	181	332
Total equities 30.9.2012	21.214	2.595	3.279	5.044	32.131
Listed equities	68	0	0	0	68
Investment funds	9.417	107	0	0	9.525
Other unlisted equities	11.728	2.488	3.279	5.044	22.538
Total equities 30.9.2012	21.214	2.595	3.279	5.044	32.131
UK	9.746	0	0	294	10.040
Iceland	7.878	2.595	2.996	0	13.469
Norway	23	0	0	4.366	4.389
Canada	3.557	0	0	0	3.557
Other	10	0	283	384	676
Total equities 30.9.2012	21.214	2.595	3.279	5.044	32.131

- The table shows the movements in the equities from 1 July 2012 to 30 September 2012
- Investments in three investment funds in the UK is 30% of the total value of the equity investments

Asset / liability class analysis

F: Investment in subsidiaries analysis (unconsolidated)



ISKm	Value 30.9.2012
Íslandsbanki (95%)	115.836
Steinvirki (100%)	725
	116.561
Reviva Capital SA (51%)	180
	180
Total investments in subsidiaries	116.741

- 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	178	1.322	31	143	1.674
Claims on bankruptcy companies	3.959	0	0	0	3.959
Escrow accounts	0	0	4.533	0	4.533
Total other assets	4.137	1.322	4.564	143	10.166

- The claims on 14 bankruptcy companies have been reclassified from loans to customers. The carrying value of the claims is ISK 165.3bn. The estimated recovery on the bankrupt companies is 2.4%.

Asset / liability class analysis

H: Cash flow analysis



ISKm	Q1 2012	Q2 2012	Q3 2012	1.1.2012- 30.9 2012 Total
Cash inflow:				
Principal loans to customers repayments	59.932	4.973	21.128	86.033
Interest loans to customers receipts	7.760	3.821	4.571	16.152
Principal loans to banks repayments	0	551	0	551
Interest loans to banks receipts	0	56	0	56
Derivatives claims repayments	1.884	390	339	2.614
Bonds maturities	4.233	3.370	(661)	6.943
Sale of shares and dividend	30.818	178	1.079	32.075
Interest income on cash balance	847	567	593	2.007
Other inflow	545	304	275	1.123
Total cash inflows	106.020	14.209	27.324	147.553
Cash outflow:				
Operational costs	(1.846)	(1.909)	(1.639)	(5.394)
New loans to customers	0	(73)	(254)	(328)
Other	(1.222)	(19)	(1.060)	(2.301)
Payment of Claims	(108.423)	(269)	1.407	(107.285)
Total cash outflows	(111.491)	(2.270)	(1.547)	(115.308)
Total cash movement	(5.472)	11.939	25.777	32.245
Effect of exchange rate fluctuations	14.155	(14.201)	4.914	4.868
Opening cash balance	346.358	355.041	352.780	346.358
Closing cash balance	355.041	352.780	383.471	383.471

- The adjacent table summarises Glitnir's cash flow for the first three quarters of 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 and sale of shares.
- 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 is ISK 1,4bn in Q3.
- The yield on the total cash balance for the period from 1 January 2012 to 30 September 2012 was 0.8%, on average 1.4% on deposits and 0.5% on bonds.
- The total positive impact of foreign currency movements on the cash and cash equivalents balances was ISK4.9bn.

Asset / liability class analysis

H: Cash and cash equivalents analysis



30 September 2012 ISKm	Glitnir	%	Glitnir Lux	%	GLB Holding	%	Haf / Holt	%	Total	%
Cash balance held with:										
Icelandic bank	28.902	10%	4.464	6%	1.025	100%	4.687	97%	39.078	10%
Skandinavian banks	6.416	2%	-	0%	-	-	-	-	6.416	2%
European banks	13.418	4%	26.557	34%	-	-	123	3%	40.097	10%
Canadian bank	16.992	6%	7.134	9%	-	-	-	-	24.125	6%
US- bank	12.848	4%	3.304	4%	-	-	-	-	16.153	4%
Icelandic Gov bonds	5.219	2%	-	0%	-	-	-	-	5.219	1%
International Gov bonds	216.042	72%	36.340	47%	-	-	-	-	252.382	66%
Total	299.838	100%	77.799	100%	1.025	100%	4.809	100%	383.471	100%
Liquid asset deposited in Iceland	34.122	11%	4.464	6%	1.025	100%	4.687	97%	44.298	12%
Liquid asset deposited in other jurisdictions	265.717	89%	73.334	94%	-	-	123	3%	339.173	88%
	299.838	100%	77.799	100%	1.025	100%	4.809	100%	383.471	100%
Total deposits	78.576	26%	41.459	53%	1.025	100%	4.809	100%	125.870	33%
International bonds	216.042	72%	36.340	47%	-	-	-	-	252.382	66%
Icelandic Gov bonds	5.219	2%	-	-	-	-	-	-	5.219	1%
	299.838	100%	77.799	100%	1.025	100%	4.809	100%	383.471	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



30 September 2012		Glitnir		Glitnir Lux		GLB Holding		Haf / Holt		Total	
ISKm			%		%		%		%		%
Liquid assets in currencies											
ISK	24.889	8%	2.107	3%	1.024	100%	273	6%	28.293	7%	
USD	70.883	24%	8.325	11%	0	0%	133	3%	79.341	21%	
GBP	47.129	16%	1.239	2%	-	0%	29	1%	48.397	13%	
CAD	23.558	8%	7.134	9%	-	0%	0	0%	30.692	8%	
DKK	541	0%	237	0%	-	0%	0	0%	778	0%	
NOK	37.369	12%	2.026	3%	-	0%	0	0%	39.394	10%	
EUR	95.269	32%	53.552	69%	1	0%	4.206	87%	153.029	40%	
Other	200	0%	3.178	4%	-	0%	169	4%	3.546	1%	
Total	299.838	100%	77.799	100%	1.025	100%	4.809	100%	383.471	100%	

Liquid assets - Maturity profile

ISKm

	Deposits	Bonds	Total	
Maturity:				
0-3 months	107.489	129.745	237.234	62%
3-6 months	3.211	97.717	100.928	26%
6-9 months	15.160	8.308	23.469	6%
9-12 months	0	0	0	0%
+ 12 Months	9	21.831	21.840	6%
	125.870	257.601	383.471	100%

- The above table sets out the currency analysis of Glitnir's cash and cash equivalents portfolio as at 30 September 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



Liquid assets - Bonds portfolio				
	30.9.2012		31.12.2011	
ISKm				
USA	67.672	26%	50.056	23%
Germany	42.702	17%	28.488	13%
Norway	36.757	14%	29.300	13%
UK	33.927	13%	10.872	5%
France	48.648	19%	20.486	9%
Finland	0	0%	4.866	2%
Netherland	9.336	4%	32.180	14%
Canada	6.497	3%	7.912	4%
Iceland	5.791	2%	11.642	5%
Denmark	3.606	1%	6.322	3%
Sweden	0	0%	3.154	1%
Government guaranteed	0	0%	13.055	6%
Austria	0	0%	1.905	1%
Other bonds	2.666	1%	1.845	1%
Total liquid Bonds	257.601	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. and Glitnir Bank Luxembourg SA
- 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 29 November 2012.
- 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.	Claimed amounts	Changes to		Adjusted claimed amounts	Estimated set-off	Estimated liabilities after set-off as at 30.9.2012	Estimated liabilities after set-off as at 31.12.2011	
			claims registration	Claims registration					Adjustments
Third party assets	109	33.146	514	33.660	(9.356)	24.304	(4.710)	19.594	23.954
Approval Costs	110	25.316	(3)	25.313	(25.251)	62	0	62	392
Secured	111	40.725	(3.398)	37.327	(13.788)	23.539	0	23.539	12.583
Priority	112	258.129	(101.884)	156.245	(156.132)	113	0	113	102.106
Unsecured	113	2.973.195	(92.534)	2.880.661	(424.686)	2.455.975	(51.039)	2.404.935	2.505.790
Defered	114	105.722	290	106.012	(94.016)	11.996	(313)	11.683	35.917
Total		3.436.233	(197.015)	3.239.218	(723.229)	2.515.988	(56.062)	2.459.926	2.680.743

Changes in net claims

Net claims as at 31.12.2011	2.680.743
Payments of 112 and 111 claims	(106.703)
Repaid disputed 112 claims	659
Changes in set-off	(744)
Decisions	(64.398)
Net claims as at 30.6.2012	2.509.557
Payments	0
Repaid disputed 112 claims	1.178
Changes in set-off	(2.195)
Decisions	(48.614)
Net claims as at 30.9.2012	2.459.926

- 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 30 September 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 1.10-28.11.2012	(217)
Rejected/withdrawn 1.10.-28.11.2012	(12,212)
Disputed 112 claims 28.11.2012	38,713

- 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.

Currencies in escrow accounts	Amounts paid to escrow on 16 March 2012	Repaid to Glitnir 1.4-30.9.2012	Balance of disputed 112 claims - 30.9.2012	Repaid to Glitnir 1.10.-28.11.2012	Balance of disputed 112 claims - 28.11.2012
	ISKm	ISKm	ISKm	ISKm	ISKm
ISK	10.108	350	9.758	2.371	7.386
GBP	6.183	214	5.968	1.450	4.518
EUR	18.892	655	18.237	4.432	13.805
NOK	8.583	298	8.285	2.013	6.271
USD	9.213	319	8.894	2.161	6.732
	52.979	1.837	51.142	12.429	38.713

Asset / liability class analysis

J: Operating expenses analysis

ISKm	Q1 2012	Q2 2012	Q3 2012	Total 1.1.- 30.9.2012	Budget	Variance to budget	
Salaries and Salary- related costs	153	145	143	441	442	(2)	0%
Islandsbanki Service Agreement	83	86	83	252	252	0	0%
External Legal Services	585	563	531	1.679	1.731	(53)	-3%
<i>Domestic</i>	233	203	179	615	746	(131)	-18%
<i>International</i>	352	360	352	1.064	986	79	8%
Other External Advisors	979	914	951	2.843	2.476	367	15%
<i>Domestic</i>	154	148	82	385	141	243	172%
<i>International</i>	825	765	869	2.458	2.335	123	5%
Other Expenses	209	204	185	597	578	19	3%
Total Expenses	2.008	1.911	1.893	5.812	5.480	332	6%

- The table above sets out the operating costs of for the 9 months ended 30 September 2012 for Glitnir hf.



Appendices

A wide-angle landscape photograph of a mountain range with colorful, layered rock formations in shades of brown, orange, and red. The foreground is a flat, light-colored plain. The sky is blue with some light clouds. A solid red horizontal bar is positioned at the bottom of the image area.

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



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
Resolution Committee	The Resolution Committee of Glitnir hf.
TRS	Total return swap
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 30 September 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 30 September 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 30 September 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 30 September 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
Loans to banks	Credit adjusted valuation based on a '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 and banks

- 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 September 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

2. Derivatives (continued)

Realisable Value

- The determination and complexity of realisable value is driven by the underlying product and the terms of each transaction. A significant proportion of the OTC derivative products have been valued using a series of transparent techniques, including closed-form analytic models.
- Other derivative products, typically the newest and most complex products or those where pricing inputs may not be observable now, require more judgment in the implementation of the valuation techniques applied due to the complexity of the valuation assumptions and the reduced observability of inputs. Accordingly, many of these have been valued using simulation techniques or other recognised modelling approaches.
- A significant valuation adjustment has been applied on a counterparty basis for net derivative asset positions to reflect Glitnir's present estimate of credit, valuation and legal uncertainties with each counterparty and position respectively. This assessment is based on current and historical counterparty performance, information related to the quality of collateral associated with each counterparty and on initial negotiations with counterparties and representative sector bodies with derivative exposures with Glitnir.

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 September 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 30 September 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.

Appendix 3

Valuation methodology

The logo for GLITNIR, featuring the word "GLITNIR" in white, uppercase, sans-serif font, positioned above a white, stylized wave graphic. The entire logo is set against a solid red rectangular background.

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	30.sep.12	Changes from 31. December 2011 to 30 Sept 2012
EUR	168,76	158,84	158,23	159,97	0,7%
USD	130,4	122,71	125,74	123,66	0,8%
GBP	190,62	189,43	196,17	200,39	5,8%
CAD	105,16	120,21	122,74	126,12	4,9%
DKK	22,656	21,367	21,287	21,459	0,4%
NOK	19,258	20,403	20,998	21,785	6,8%
SEK	15,284	17,791	18,027	18,966	6,6%
CHF	111,68	130,66	131,7	132,25	1,2%
JPY	1,3319	1,5853	1,5816	1,5927	0,5%

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

Appendix 5

Consolidated Income Statement for the period from 1 January to 30 September 2012

	ISKm Consolidated
Net interest income	23.165
Valuation adjustments and provisions	163.216
Net financial income and expenses	24.922
Net interest income less impairment losses and write-offs	211.303
Net fee and commission income	275
Administrative expenses	(5.940)
Profit before tax	205.638
Net wealth tax	(501)
Profit for the period	205.137