Glitnir HoldCo ehf.

Consolidated Interim
Financial Statements
1 January to 30 June 2016

Glitnir HoldCo ehf.
Sóltún 26
105 Reykjavík
Iceland

Reg. no. 550500-3530

Contents

Endorsement by the Board of Directors and the CEO

The unaudited Consolidated Interim Financial Statements of Glitnir HoldCo ehf. ("Glitnir" or the "Company") for the period from 1 January to 30 June 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Consolidated Financial Statements comprise Glitnir and its subsidiary, Glitnir Bank Luxembourg S.A.

In January 2016 Glitnir´s subsidiaries, GLB Holding ehf., FL Holding ehf. and Steinvirki ehf. were merged into Glitnir.

In accordance with the composition agreement the board of Glitnir has decided to apply international financial reporting standards (IFRS) from the year 2016 as adopted by the EU. Furthermore its functional currency from that time has been determined to be euro.

Operations during the reporting period

On 12 March 2016 the first payment was made to Glitnir´s noteholders. The first payment was €650.3 million which was 40.1% of the value of the note issued in January. The second payment to Glitnir´s noteholders was made on 12 April 2016 and was €36.3m or 2.3% of the value of the note. The third payment to Glitnir´s noteholders was made on 29 June 2016 and was €26.9m or 1.7% of the value of the note. The note and the assets of the Company have therefore been reduced by 44.1% with the first three payments to noteholders.

The board will continue to make distributions to noteholders, at the earliest relevant opportunity as the Company realises cash from its assets.

Statement by the Board of Directors and the CEO

To the best of our knowledge, these Consolidated Interim Financial Statements for the period from 1 January to 30 June 2016 have been prepared in accordance with IFRS subject to the Board´s decision, as set out in Clause 12.2 of the Terms and Conditions of the Notes, to withhold information relating to the Disputed Claims as disclosure would be commercially prejudicial to the interests of Glitnir.

The Board of Directors and the CEO have today discussed and approved the Consolidated Interim Financial Statements for the period 1 January to 30 June 2016.

Reykjavík, 30 August 2016.

The Board of Directors

Mike Wheeler

Steen Parsholt

Tom Gröndahl

Chief Executive Officer:

Ingólfur Hauksson

Independent Auditors' Review Report

To the Board of Directors of Glitnir HoldCo ehf.

We have reviewed the accompanying consolidated balance sheet of Glitnir HoldCo ehf. as at 30 June 2016, the consolidated statements of income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial information. The Board of Directors and CEO are responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

Reykjavík, 30 August 2016.

KPMG ehf.

Sæmundur Valdimarsson
Helgi F Arnarson

Income Statement for the period 1 January to 30 June 2016

	Notes	Q1 2016	Q2 2016	1.1 - 30.6. 2016	1.1 - 30.6. 2015
Financial income and expenses	5	(6.504)	(240)	(6.743)	63.822
Changes in provisions	6	41.183	1.044	42.227	72.034
Net income from financial instruments at fair value..	7	(1.815)	(10.742)	(12.557)	31.341
Changes in valuation of notes	17	(27.505)	13.057	(14.447)	51.093
		5.359	3.120	8.479	218.290
Administrative expenses	8	(5.402)	(3.120)	(8.522)	(18.895)
(Loss) Profit before taxes		(43)	0	(43)	199.395
Bank tax and Special Financial Tax.........................		0	0	0	(7.016)
(Loss) Profit for the period		(43)	0	(43)	192.379

All amounts in EUR thousand

Consolidated Balance Sheet as at 30 June 2016

	Notes	30.6.2016	31.12.2015	1.1.2015
Assets				
Cash and cash equivalents	9	37.293	722.063	4.281.549
Restricted cash	10	140.014	143.311	0
Íslandsbanki subordinated loan	11	135.344	138.106	68.978
Shares and equity instruments	12	68.890	64.761	204.707
Íslandsbanki term deposit	13	233.944	252.013	0
Loans to customers	14	80.306	116.071	432.959
Other assets	15	5.038	12.983	82.727
Total assets		700.829	1.449.308	6.240.670
Liabilities				
Claims	16	45.512	75.311	14.719.691
Notes	17	628.889	1.328.008	0
Other liabilities	18	26.428	45.990	92.756
Total liabilities		700.829	1.449.308	14.812.448
Equity				
Share capital		46.907	46.864	96.459
Accumulated deficit		(46.907)	(46.864)	(8.668.237)
Total equity	19	0	0	(8.571.778)
Total liabilities and equity		700.829	1.449.308	6.240.670

All amounts in EUR thousand

Consolidated Statement of Changes in Equity 30 June 2016

	Notes	Share capital	Accumulated deficit	Total
Equity as at 1 January 2015		96.459	(8.668.237)	(8.571.778)
Profit for the period 1 January to 30 June 2015			192.379	192.379
Equity as at 1 July 2015		96.459	(8.475.858)	(8.379.399)
Share capital written-off		(96.459)	96.459	0
Issued new share capital		46.864		46.864
Profit for the period 1 July to 31 December 2015			8.332.535	8.332.535
Equity as at 1 January 2016		46.864	(46.864)	0
New share capital issued	19	43		43
Loss for the period 1 January to 30 June 2016			(43)	(43)
Equity as at 30 June 2016		46.907	(46.907)	0

All amounts in EUR thousand

Statement of Cash Flows for the period 1 January to 30 June 2016

	Notes	1.1 - 31.3. 2016	1.4 - 30.6. 2016	1.1 - 30.6. 2016	1.1 - 30.6. 2015
Cash inflow					
Loans to customers - principal and interest repayments		21.654	8.659	30.313	155.820
Íslandsbanki instruments - interest payments		2.337	1.376	3.713	0
Claims from derivative contracts - repayments		0	0	0	17.650
Interest income on bank accounts		24	13	37	18.271
Dividend and sale of equity		1.388	3.452	4.841	186.884
Other inflow		6.167	11.373	17.540	39.379
Total cash inflow		31.571	24.873	56.443	418.004
Cash outflow					
Repayment of priority claims		0	0	0	22.618
Administrative expenses		(17.117)	(4.036)	(21.153)	(23.488)
Payment of note		(650.326)	(63.241)	(713.566)	0
Taxes		0	0	0	(8.284)
Other		0	0	0	(3.008)
Total cash outflow		(667.443)	(67.277)	(734.719)	(12.162)
(Decrease) increase in cash and cash equivalents		(635.872)	(42.404)	(678.276)	405.842
Effect of exchage rate fluctuations on cash		(6.405)	(89)	(6.494)	182.152
Cash and cash equivalents at the beginning of the period		722.063	79.787	722.063	4.281.549
Cash and cash equivalents at the end of the period	9	79.787	37.293	37.293	4.869.543

All amounts in EUR thousand

Notes

1. Reporting entity

Glitnir HoldCo ehf., formerly Glitnir 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.

These consolidated interim financial statements comprise Glitnir HoldCo ehf. and its subsidiary, Glitnir Bank Luxembourg S.A. (collectively the 'Group'). Glitnir Bank Luxembourg S.A. is in a voluntary liquidation.

Glitnir HoldCo will have a limited life, as its purpose is to realize its remaining assets and pay all considerations received to its noteholders, net of cash needed for its daily operations. When all recoverable assets have been realized the Company is to cease operations.

The board of Glitnir has decided to apply International Financial Reporting Standards (IFRS) for the year 2016 as adopted by the EU. Furthermore its functional currency from that time has been determined to be euro.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with IFRS as adopted by the EU. They were authorised for issue by the Board of Directors and the CEO on 30 August 2016.

b. Relevance and importance of notes to the reader

In order to enhance the informational value of the Financial Statements, the notes are evaluated based on relevance and importance for the reader. This can result in information that has been evaluated as neither important nor relevant for the reader, not being presented in the notes.

c. Basis of measurement

The majority of the Company´s assets and liabilities are measured at fair value with fair value changes recognised in profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Company measures the fair value of an instrument using a quoted price in an active market for that instrument. If there is no quoted price in an active market, the Company uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Following is a description of the Company´s classes of assets and liabilities and their valuation basis.

Balance sheet item	Valuation methodology
Cash, cash equivalents and restricted cash	Recognised at amortised cost, applying the effective interest rate method.
Íslandsbanki subordinated loan	Recognised at fair value using pricing guidelines provided by external advisors. For further information on the instrument see note 11.
Shares and equity	Recognised at fair value. Valuation of listed assets is based on markets information. Unlisted equity is based on estimated fair value.
Íslandsbanki term deposit	Recognised at fair value using pricing guidelines provided by external advisors. For further information on the instrument see note 13.
Loans to customers	Recognised at fair value based on the instruments terms, such as interest rate and estimated recoverability and maturity.
Other assets	Recognised at cost except for claims on bankrupt companies which are recognised based on best estimate of recoverability.

Notes, contd.:

2. Basis of preparation, contd.

c. Basis of measurement, contd.

Balance sheet item	Valuation methodology
Claims	Provisions are recognised due to disputed claims. They consist of priority claims, for which amounts in dispute have been reserved for in full, and unsecured claims, for which provisions are recognised based on management´s best estimate. For further information see note 16.
Notes	Recognised at fair value. Their fair value is measured by reference to the value of the Company´s assets since the value of the notes (i.e. ultimate payments made to noteholders) are directly linked to the recoverability of the Company´s assets.
Other liabilities	Recognised at cost. Unpaid stability contribution and a liability in relation to the indemnity fund are based on management´s best estimate.

3. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company´s functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

From the year 2016 the Company´s functional currency has been determined to be euro. Upon change in functional currency all comparative amounts were translated to euro at the prevailing ISK / euro exchange rate as at 1 January 2016.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group´s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5. Financial income and expenses

	1.1 - 31.3 2016	1.4 - 30.6 2016	1.1 - 30.6 2016
Cash and cash equivalents, interest	24	13	37
Cash and cash equivalents, FX changes	(6.405)	(89)	(6.494)
Other liabilities, FX changes	(123)	(163)	(286)
Total financial income and expenses	(6.504)	(240)	(6.743)

6. Changes in provisions

	1.1 - 31.3 2016	1.4 - 30.6 2016	1.1 - 30.6 2016
Changes in reserve of indemnity fund	7.000	0	7.000
Disputed claims, reserve changes	34.226	1.044	35.270
Other changes	(43)	0	(43)
Total changes in provisions	41.183	1.044	42.227

All amounts in EUR thousand

Notes, contd.:

7. Net income from financial instruments at fair value

	1.1 - 31.3 2016	1.4 - 30.6 2016	1.1 - 30.6 2016
Loans to customers, fair value changes	2.411	(6.615)	(4.204)
Loans to customers, interest income	987	765	1.752
Term deposit at ISB, fair value changes	(6.983)	(11.191)	(18.174)
Term deposit at ISB, interest income	734	652	1.386
ISB subordinated loan, fair value changes	(2.475)	(287)	(2.762)
ISB subordinated loan, interest income	1.700	1.660	3.360
Shares and equity investments, fair value changes	1.604	4.366	5.970
Other assets, fair value changes	206	(90)	116
Total net income from financial instruments at fair value	(1.815)	(10.742)	(12.557)

8. Administrative expenses

	1.1 - 31.3 2016	1.4 - 30.6 2016	1.1 - 30.6 2016
Salaries and salary related expenses	859	911	1.770
Services from Íslandsbanki hf.	211	192	402
Domestic legal services	645	415	1.060
International legal services	1.132	274	1.406
Other domestic advisors	226	76	302
Other international advisors	771	461	1.232
IT cost and other operational cost	1.559	790	2.350
Total administrative expenses	5.402	3.120	8.522

9. Cash and cash equivalents

	30.6.2016	31.12.2015
Cash and balances with banks (other than ISK)	7.929	148.521
ISK cash for operation	29.364	40.001
Deposits and Icelandic treasury bills in ISK	0	533.541
Total cash and cash equivalents	37.293	722.063

The ISK cash for operation consists of the remaining balance of ISK 5.0 billion cash (€36.5m) held by Glitnir for operational expenses for the years 2016 and 2017 following the Assignment Agreement between Glitnir and the Central Bank of Iceland (CBI). To the extent that the ISK 5.0 billion fund is not used for the Company´s daily operations over the two years the balance of the amount is to be paid to the CBI as an additional Stability Contribution. The estimated operational cost for 2016 and 2017 in ISK is 3.0 billion (€21.9m). Therefore it is estimated that ultimately ISK 2.0 billion (€14.6m) will be paid to the CBI as a Stability Contribution at the beginning of 2018. That estimated amount has been recognized as a provision in the balance sheet.

10. Restricted cash

	30.6.2016	31.12.2015
Restricted cash due to indemnity fund	68.000	68.000
Restricted cash in escrow accounts due to disputed claims at composition	72.014	75.311
Total restricted cash	140.014	143.311

a. Disputed claims at composition

	30.6.2016	31.12.2015
Restricted cash in escrow accounts due to disputed claims 1 January	75.311	48.423
Disputed claims resolved/paid out	(12.244)	(23.702)
FX changes	(1.214)	3.142
Notes payments / paid into escrow accounts	9.933	47.448
Other changes	228	0
Total restricted cash due to disputed claims	72.014	75.311

All amounts in EUR thousand

Notes, contd.:

10. Restricted cash, contd.

a. Disputed claims at composition, contd.

Currencies in escrow accounts:	Priority	Unsecured	Total
EUR	10.411	18.044	28.455
GBP	3.025	5.523	8.548
ISK	6.945	0	6.945
NOK	3.590	5.532	9.122
USD	5.229	13.715	18.944
Total restricted cash due to disputed claims	29.200	42.814	72.014

Restricted cash due to disputed claims at composition will be paid to the claimants if their claims are accepted by a ruling from the courts. To the extent that any court rulings are in favor of Glitnir the cash will be released from the escrow accounts and subsequently paid to the Company´s noteholders. For further information on disputed claims see note 16.

b. Indemnity fund

Restricted cash due to the indemnity fund initially consisted of an amount equal to approximately 1 per cent of the Company´s assets as at 30 June 2015. Its purpose is to support a deed of indemnity in favor of the Winding-up Board and certain other potential beneficiaries. The indemnity fund will be used if claims are brought against the beneficiaries due to their work for Glitnir and could be restricted for up to ten years. However, if no qualifying claims have been made, threatened or alleged on or before the second anniversary of the date on which the composition was concluded then an amount will be released to Glitnir, and subsequently paid to noteholders, so as to leave the balance remaining in the indemnity fund equal to 75% of the original balance. If no qualifying claims have been made, threatened or alleged on or before the fourth anniversary of the date on which the composition was concluded, then a further amount will be released to Glitnir so as to leave the balance remaining in the indemnity fund equal to 50% of the original balance.

Although it is impossible currently to estimate how much of the fund will ultimately be paid to the noteholders of the Company, management believes it is prudent to reserve part of the indemnity fund to reflect the prospect that claims might be brought successfully against the Winding-up Board. The reserve has been reduced by €7.0 million in the first half of 2016 to €10.0 million as at 30 June 2016, since the board is not aware that any claims have been filed since composition was approved at a creditors meeting in November 2015.

11. Íslandsbanki subordinated loan

	30.6.2016	31.12.2015
Subordinated loan issued by Íslandsbanki hf., balance 1 January	138.106	0
Investments in subordinated loan	0	139.552
Fair value changes	(2.762)	(1.446)
Total	135.344	138.106

As part of the composition agreement Glitnir purchased from the Icelandic Government a subordinated loan issued by Íslandsbanki hf. to the Icelandic Treasury in 2008. The subordinated loan is denominated in euro and bears a floating rate of interest. Its maturity date is 31 December 2019. The loan is subordinated so that in the case of Íslandsbanki´s voluntary or compulsory winding-up, it would not be repaid until after the claims of ordinary creditors have been met. The subordinated loan has an issued nominal value of €138.1 million.

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Notes, contd.:

12. Shares and equity instruments

	30.6.2016	31.12.2015
Balance 1 January	64.761	204.707
Dividend income and sale of shares	(4.841)	(144.394)
Fair value changes	6.093	71.110
Conversion from loans	3.000	0
FX changes	(123)	15.395
Other changes (stability contribution)	0	(82.057)
Total shares and equity instruments	68.890	64.761

13. Term deposit at Íslandsbanki hf.

	30.6.2016	31.12.2015
Balance 1 January	252.013	0
Term deposit agreement at Íslandsbanki hf.	0	252.013
Fair value changes	(18.069)	0
Balance at the end of period	233.944	252.013

The term deposit has an issued nominal value of €252.0 million. It bears a floating rate of interest of EURIBOR + 1%. Interest is reset every three months. The deposit date was 15 December 2015. The maturity date is on the second anniversary of the deposit date. According to the deposit agreement neither the deposit nor Glitnir´s rights, title and interest to or in the deposit will be capable of being withdrawn, assigned, transferred or otherwise disposed of by Glitnir, unless otherwise agreed by Íslandsbanki.

Glitnir shall, if and to the extent requested to do so by Íslandsbanki, apply the relevant principal amount of the deposit to subscribe and pay for medium term notes (MTNs) issued by Íslandsbanki on or before the maturity date of the term deposit. The MTNs are to be denominated in euro and, unless otherwise agreed between Glitnir and Íslandsbanki, with tenors of three to five years from the date of issue. The MTNs are to be issued on the prevailing market terms on the date of issue, including as to pricing, confirmed as such by an internationally-recognized investment bank jointly engaged by Glitnir and Íslandsbanki.

14. Loans to customers

Changes in loans during the first six months of 2016:	Gross amount	Estimated realisable value
Total loans as of 1 January 2016	183.308	116.071
Repayments	(30.313)	(30.313)
Fair value changes and interest income	(23.998)	(2.811)
Conversion to equity	(20.287)	(3.000)
FX changes	(828)	359
Total loans as of 30 June 2016	107.883	80.306

15. Other assets

	30.6.2016	31.12.2015
Claims on bankrupt companies	1.873	5.392
Accounts receivables	333	4.709
Other assets	2.833	2.882
Total other assets	5.038	12.983

All amounts in EUR thousand

16. Claims

Balance 31 January 2015	75.311
Claim paid to creditor	(3.247)
Note payments in 2016	9.933
FX changes	(1.214)
Fair value changes	(35.270)
Total estimated value of disputed claims 30 June 2016	45.512

The Disputed Claims have been stated in the Balance Sheet on a basis that reflects management's best estimate of the most likely outcome. These estimates have been supported by reviews conducted by external legal advisors. The major claims against Glitnir are currently being determined by the Icelandic courts and involve inherent uncertainty. Management realise the range of potential outcomes and have been realistic in their evaluation of the most likely outcome. However, they are hopeful that they will be able to secure outcomes that are more favorable than those shown in the financial statements.

In January 2016 the Supreme Court of Iceland ruled in favor of Williams Grand Prix Engineering Ltd. and accepted their claim. The funds in escrow related to that particular claim, €3.3 million, were paid to Williams in February 2016.

In April 2016 the District court of Reykjavík ruled in favor of Glitnir in the LSS dispute. LSS appealed the case to the Supreme Court which ruled in favor of Glitnir in June 2016. The funds in escrow related to that particular claim, €8.9m, have been distributed to Glitnir´s noteholders.

17. Notes

The notes are directly linked to the Company´s assets according to its provisions. Therefore the payments to be made on the notes will be determined by the cash realised from the Company´s assets.

a. Key terms of the notes and payment to noteholders

The initial aggregate principal amount of the notes on their issue date is €1,586 million. They are zero-coupon and convertible (see b). The final maturity date of the notes is 31 December 2030. In accordance with the provisions of the notes Glitnir is to make quarterly payments on the notes. Payments to noteholders at each quarterly redemption date shall consist of all cash and cash equivalents held by the Company at that date, that its Board of Directors believe is prudent to distribute to the noteholders on that date. Payments to noteholders will reduce the nominal value of the notes. When all the recoverable assets of the Company have been realised and paid to noteholders the balance of the notes will be converted into equity. That is expected to happen well before the final maturity date of notes. The Company will then subsequently be liquidated. In accordance with the Company´s articles of association the notes are stapled to its share capital so one of the instruments (notes or shares) will not be transferred without simultaneous transfer of the other.

Restricted notes to the nominal value of €15.9 million are held in a specific note custody account due to disputed claims, see note 16.

b. Conversion

On the final maturity date of the notes or the relevant optional redemption date or the conversion date, both specified in the notes contract, Glitnir shall issue redemption shares or conversion shares (as applicable) to the noteholders.

The notes may be converted to equity by the issue of A-shares at a rate of "P/N", where "P" equals the aggregate outstanding principal amount of the notes being converted an "N" equals the nominal value of one A-share multiplied by 100. Alternatively the notes can be converted into A-shares by a resolution of the holders of the notes, as set out in the notes contract, which resolution cannot be passed any later than the date falling 50 days before the final maturity of the notes.

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17. Notes, contd.:

c. Balance of the notes

Balance of the notes 1 January 2016	1.328.008
Payment to noteholders	(713.566)
Fair value changes	14.447
Balance of the notes 30 June 2016	628.889

18. Other liabilities

	2016	2015
Accounts payable	440	12.952
Estimated unpaid Stability Contribution	14.625	14.152
Estimated liability in relation to the Indemnity fund (see note 10 b)	10.000	17.000
Other current liabilities	1.363	1.886
Total other liabilities	26.428	45.990

19. Equity

On 8 January 2016 the Company issued new notes and shares to its creditors pursuant to the composition. The existing ordinary shares and creditor´s claims were cancelled and new articles of association adopted. The number of shares issued was 1,562 million. The shares are denominated in euro and each share is in the nominal amount of €0.03.Therefore the nominal value of shares issued is €46.9 million. Even though the formal issuance of new shares according to the composition agreement was not finalized until 2016 the new share capital was recognised in the balance sheet at year-end 2015. It is the view of the Board of Directors and CEO that this presentation better reflects the economic reality of the Company at year-end 2015.

20. Breakdown by currencies

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

At 30 June 2016

	EUR	ISK	NOK	USD	GBP	Other	Total
Cash and cash equivalents	6.466	29.364	555	893	6	8	37.293
Restriced cash	96.455	6.945	9.122	18.944	8.548		140.014
Subordinated loan	135.344						135.344
Shares	51.205		16.000	1.686			68.890
Term deposit	233.944						233.944
Loans to customers	30.548		40.279	3.767	5.712		80.306
Other assets	3.165				1.873		5.038
	557.126	36.310	65.956	25.290	16.138	8	700.829
Total in %	79,5%	5,2%	9,4%	3,6%	2,3%	0,0%	100,0%

All amounts in EUR thousand

20. Breakdown by currencies, contd.:

At 31 December 2015

	EUR	ISK	NOK	USD	GBP	Other	Total
Cash and cash equivalents	99.591	573.542	8.703	8.872	29.033	2.323	722.063
Restriced cash	91.250	6.564	10.475	23.545	11.476		143.311
Subordinated loan	138.106						138.106
Shares	61.818			2.943			64.761
Term deposit	252.013						252.013
Loans to customers	47.033		54.467	7.938	6.632		116.071
Other assets	7.498				2.803	2.682	12.983
Total Assets	697.311	580.106	73.645	43.297	49.944	5.005	1.449.308
Reclass *	533.541	(533.541)					0
Total Assets	1.230.851	46.565	73.645	43.297	49.944	5.005	1.449.308
Total in %	84,9%	3,2%	5,1%	3,0%	3,4%	0,3%	100,0%

*In accordance with the provisions of the Stability Contribution agreement and the Company´s composition ISK 75.4 billion was converted to Euro in January and February 2016 and then paid to the Company´s creditors.

21. Risk management

The Company´s holding of financial assets give rise to market risk, being interest rate risk, foreign currency risk and other price risk. Interest rate changes affect interest bearing assets on a floating rate of interest, the most significant one being the term deposit at Íslandsbanki (see note 13) and Íslandsbanki subordinated loan (see note 11). Foreign currency risk arises from changes in the exchange rate between the functional currency of euro and other currencies. Approximately 20.1% of Glitnir´s assets are denominated in currencies other than euro (see note 20) and therefore exposed to currency risk. Most of Glitnir´s assets are carried at fair value and fair value changes recognised in profit or loss. Interest rate is among the variables commonly used to determine fair value (discounted cash-flow analysis). Therefore changes in interest rates affect the fair value of such instruments. Finally shareholding is subject to other price risk.

It should be noted that the notes issued by the Company are directly linked to the Company´s assets (see note 2.c). Therefore any adverse (or favorable) changes to valuation of assets due to the aforementioned risk variables will have a direct effect on the carrying amount of the notes, i.e. their fair value. Therefore the profit or loss impact of changes in market risk is minimal to Glitnir. However, the Company´s noteholders are affected by those risk factors since changes in market risk affect the recoverability of Glitnir´s assets.

A weakening of 1.0% of the euro against foreign currencies at the reporting date would increase the carrying amount of the Company´s foreign currency assets recognised at fair value by euro 0.68 million. A strengthening of the euro would have the same effect but in the opposite direction. Both the term deposit and subordinated loan are denominated in euro and therefore not exposed to foreign currency risk. They bear a fixed interest rate margin and therefore a change in the base rate of EURIBOR would have a limited effect on the instruments´ value since the changes would affect both interest revenue and the discount rate used in determination of fair value.

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