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**To the bondholders in:**

**ISIN: NO 001024866.9 - FRN Islandsbanki hf Open Bond Issue 2004/2009**

Oslo, 19 May 2016

**Sale of Shares and Notes – Summons to Bondholders meeting**

Nordic Trustee ASA is loan trustee (the "Trustee") for the bondholders (The "Bondholders") in the above-mentioned bond issue (the "Bond Issue") where Glitnir banki hf (named Islandsbanki hf at the time of issue) was the issuer ("Glitnir" or the "Issuer").

All capitalised terms used herein, and not otherwise defined, shall have the meanings assigned to them in the Loan Agreement for the Bond Issue.

The Issuer was taken into administration by the government of Iceland in the beginning of October 2008. Furthermore, the Issuer was granted a moratorium on 24 November 2008. The moratorium was later extended several times. By a ruling of the District Court of Reykjavik of 22 November 2010, the Issuer formally entered into a winding up procedure. The Trustee declared the Bond Issue to be in default and registered the claim with the Winding-Up Board. The claim was accepted.

**The Composition**

During 2015, a completion of the winding-up proceedings were negotiated. As a result, a Composition proposal for the Issuer was put forward a creditors meeting on 20 November 2015. The Composition proposal was approved by the creditors, and has later received required approvals from the District Court of Reykjavik, and from the Central Bank of Iceland.

In accordance with the approved Composition, the Trustee has received the initial cash distribution on behalf of the Bondholders. In addition, the Trustee has received shares in Glitnir HoldCo ehf. with a face value of EUR 36,936,27 (the "Shares") and notes issued by Glitnir HoldCo ehf. with an initial denomination of EUR 1,231,209 (the "Notes") (the Shares and Notes together – the "Securities"). The Notes has since the issuance been subject to two optional redemptions. The present remaining balance of the Notes after the redemptions is EUR698,099.

The major part of the initial cash distribution was paid to the Bondholders on 13 January 2016. The amounts received in connection with the optional redemptions has so far been retained by the Trustee.

## **Sale of Securities**

The cash retained by the Trustee and the Securities are the only remaining assets held by the Trustee on behalf of the Bondholders in the Bond Issue. There will not be any further distribution from the Issuer to the creditors, except from further redemptions related to the Notes and possible dividends on the Shares. The time frame for further distributions on the Securities is uncertain, but the payments will probably extend over several years.

Given the relatively modest amounts represented by the remaining assets, the most appropriate path going forward will - in the opinion of the Trustee - be to sell the Securities at the best obtainable market price, and distribute the cash received from the sale to the bondholders, together with the retained funds.

The Trustee has since the Composition was approved received several bids on the Securities. It appears to be a functioning market for the Securities, and that market prices, which could form a good basis for being able to sell the securities at the right price, has been established.

Based on the above are the Bondholders invited to give the Trustee a power of attorney to sell the securities at the best possible price. Please see the proposed resolution below for further details.

### **Summons for Bondholders' meeting.**

Bondholders are hereby summoned to a Bondholders' meeting:

**Time:** 27 May 2016 at 10:00 (Oslo time).

**Place:** The premises of Nordic Trustee ASA, Haakon VII's gate 1, Oslo, Norway – 6<sup>th</sup> floor.

#### **Agenda:**

- 1. Approval of the summons**
- 2. Approval of the agenda**
- 3. Election of two Bondholders to sign the minutes together with the chairperson**
- 4. Sale of Securities**

It is proposed that the Bondholders' meeting resolve the following:

*The Bondholders irrevocably grants the Trustee a power of attorney, on the Bondholders' behalf, to sell all Shares and Notes received by the Trustee in accordance with the Glitnir Composition, at the best obtainable market price, and further based on the assumptions set out in this summons.*

*The power of attorney expires at the end 30 June 2016.*

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*The Bondholders meeting further irrevocably grants the Bond Trustee the authority, on behalf of the Bondholders to approve any minor adjustment to the resolutions needed to facilitate the implementation of the Proposal.*

For a valid resolution, a minimum presence of 2/10 of the Outstanding Loan in the Bond Issue is required. Further, consent from at least 2/3 of the votes cast is required in order for the proposal to be formally approved.

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Please find enclosed a print-out from the Norwegian Central Security Depository ("VPS"), indicating your bondholding at the date of the print-out. This print-out will serve as proof of ownership<sup>1</sup> of the bonds and of the voting rights of the individual Bondholder at the Bondholders' meeting in accordance with the provisions of the Bond Agreement. The individual Bondholder may authorise Nordic Trustee ASA as trustee to vote on its behalf. A duly signed power of attorney, enclosing a copy of the complete print-out from VPS, authorising Nordic Trustee ASA to vote must then be sent to Nordic Trustee ASA by post (P.O. Box 1470 Vika, N-0116 Oslo, Norway) or via telefax (+47 22 87 94 10) or scanned email ([mail@nordictrustee.com](mailto:mail@nordictrustee.com)) in due time before the meeting is scheduled.

In the event that bonds have been transferred after the print-out was made, the new Bondholder must present to the meeting or enclose to the power of attorney, as the case may be, the original summons and the print-out, endorsed so as to document the transfer. Please refer to the Bond Agreement for details.

For practical purposes, we request those who intend to attend the Bondholders' meeting, either in person or by proxy, to notify Nordic Trustee ASA by telephone no. +47 22 87 94 00 or by e-mail ([mail@nordictrustee.com](mailto:mail@nordictrustee.com)) within 16:00 hours the business days before the Bondholders' meeting.

Kind regards

**Nordic Trustee ASA**



Hans Bernhard Lind

Enclosure:

- VPS Statement / Power of attorney form

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<sup>1</sup> If the bonds are held in custody other than in the Norwegian Central Securities Depository ("Verdipapirsentralen" – "VPS"), an evidence provided from the custodian – confirming that you are the beneficial owner of the bonds, in which account number the bonds are held and the amount of bonds owned – have to be obtained and brought along to the Bondholder's meeting or enclosed to the power of attorney, as the case may be.