



# Glitnir banki hf.

Financial information as at 31 March 2011

12 May 2011



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# Financial information

## Introduction

- The Statement of Assets and Liabilities as at 31 December 2010 was published on the Bank's website on 13 March 2011.
- Glitnir has published full Statements of Assets and Liabilities on a six monthly basis and intends to continue to do so going forward. However, certain summary financial information will be prepared and published for each intervening quarter (i.e. 31 March and 30 September).
- The financial information in this presentation includes:
  - a cash flow for the three months ended 31 March 2011;
  - a summary balance sheet as at 31 March 2011;
  - a summary reconciliation as at 31 March 2011;
  - an analysis of the foreign currency split of assets as at 31 March 2011; and
  - an analysis of operating expenses for the three months ended 31 March 2011.
- The summary balance sheet as at 31 March 2011 is based on the valuation of assets as at 31 December 2010, adjusting for any cash receipts and FX movements in the three month period. For the loans to customers portfolio, the percentage recovery estimates of credit managers on each individual loan undertaken in December 2010 have been used to derive the estimated realisable value as at 31 March 2011. A new valuation exercise has not been performed as at 31 March 2011. This will be undertaken for the Statement of Assets and Liabilities as at 30 June 2011.
- It should be noted that the estimated value of assets is subject to considerable uncertainty and there are various internal and external economic factors which could affect their future value.
- Further detail in respect of the factors that may affect future value, valuation methodologies applied and limitations can be found in the Statement of Assets and Liabilities as at 31 December 2010 published on Glitnir's website.



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# Cash flow analysis

ISKm	For Q1 2011
<b>Cash inflow:</b>	
Loans to customers portfolio	
Loans to customers - principal repayments	9,061
Loans to customers - Interest receipts	1,804
	<hr/>
	10,866
Loans to banks	
Loans to banks - principal repayments	156
Loans to banks receipts - Interest receipts	55
	<hr/>
	210
Derivative repayments received	602
Dividend and bonds maturities	3,507
Interest income on cash balance	828
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<b>Total cash inflows</b>	<b>16,012</b>
<b>Cash outflow:</b>	
Operational costs	(1,186)
Set off of debts	(325)
Principal loans to customers - new loan	(1,302)
	<hr/>
<b>Total cash outflows</b>	<b>(2,814)</b>
<b>Total cash movement</b>	<b>13,199</b>
Effect of exchange rate fluctuations	8,580
Opening cash balance	259,136
	<hr/>
<b>Closing cash balance</b>	<b>280,915</b>

- The adjacent analysis sets out the summary cash flow for the three months ended 31 March 2011. The cash flow is for Glitnir only, and so does not take account of cash flows arising in Glitnir Luxembourg or GLB Holding.
- The most significant cash inflows related to the repayment of principal and receipt of interest from the loans to customers portfolio, together with dividend income from Glitnir's shares and equities portfolio.
- The most significant decrease in cash related to new loans issued.
- Glitnir's cash balance benefited from ISK 8,580m of positive FX movements principally as a result of the weakening of the ISK against certain currencies (including USD, NOK and GBP).

# Statement of Assets and Liabilities



Estimated value of assets and computation of liabilities								
	ISKbn				EURm			
	31/03/2011	31/12/2010	30/06/2010	Movement 31/12/2010 - 31/3/2011	31/03/2011	31/12/2010	30/06/2010	Movement 31/12/2010 - 31/3/2011
<b>Assets</b>								
Loans to customers	139	143	157	(3)%	856	927	1,000	(8)%
Loans to banks	4	4	6	(1)%	24	25	37	(6)%
Derivatives	23	23	25	(2)%	141	152	162	(7)%
Bonds and debt instruments	7	7	7	2%	43	44	44	(3)%
Shares and equity investments	41	46	52	(12)%	250	298	331	(16)%
Investment in subsidiaries	342	332	320	3%	2,108	2,161	2,038	(2)%
Cash and cash equivalents	281	259	245	8%	1,733	1,685	1,566	3%
Other assets	0	0	0	30%	3	2	1	23%
<b>Total assets<sup>1</sup></b>	<b>836</b>	<b>814</b>	<b>812</b>	<b>3%</b>	<b>5,157</b>	<b>5,295</b>	<b>5,179</b>	<b>(3)%</b>
<b>Liabilities</b>								
Third party assets	21	22	23	(1)%	132	140	149	(6)%
Approval costs	2	3	25	(7)%	15	17	157	(12)%
Secured claims	27	27	27	(0)%	165	173	170	(5)%
Priority claims	154	154	165	(0)%	952	1,004	1,053	(5)%
Unsecured claims	2,534	2,542	2,555	(0)%	15,638	16,531	16,298	(5)%
Deferred claims	37	43	42	(14)%	225	277	271	(19)%
Other liabilities	1	1		(1)%	5	5		0
<b>Total liabilities</b>	<b>2,776</b>	<b>2,791</b>	<b>2,837</b>	<b>(1)%</b>	<b>17,131</b>	<b>18,148</b>	<b>18,098</b>	<b>(6)%</b>

1. There is considerable uncertainty regarding the ultimate realisable value of the Bank's assets. In order to illustrate this uncertainty, the Resolution Committee has made an estimate of the range of likely outcomes for asset realisation of 'Total assets' being ISK750bn to ISK900bn (EUR4.6bn to EUR5.6bn). Due to the extent of the uncertainty and other factors that may change, the actual outcome may fall materially outside this range.

# Reconciliation of movements in assets

Reconciliation of movement in assets					
ISKbn	Balance as at 31/12/2010	Cash movements	FX movements	Changes in valuation	Balance as at 31/3/2011
<b>Assets</b>					
Loans to customers	143	(10)	5	1	139
Loans to banks	4	(0)	0	(0)	4
Derivatives	23	(1)	0	0	23
Bonds and debt instruments	7	(0)	0	0	7
Shares and equity investments	46	(4)	1	(2)	41
Investment in subsidiaries	332	-	6	3	342
Cash and cash equivalents	259	13	9	-	281
Other assets	0	0	-	-	0
<b>Total assets</b>	<b>814</b>	<b>(1)</b>	<b>21</b>	<b>2</b>	<b>836</b>

- The above table shows an estimate of the key factors affecting the movement in estimated realisable value of Glitnir's asset portfolio between 31 December 2010 and 31 March 2011.

# FX analysis of assets as at 31 March 2011

## FX analysis of assets as at 31 March 2011

ISKbn	EUR	ISK	NOK	USD	GBP	CAD	DKK	CHF	Other	Total
<b>Assets</b>										
Loans to customers	18	7	58	21	19	9	2	4	1	139
Loans to banks	-	0	3	1	-	-	-	-	0	4
Derivatives claims	2	22	-	0	-	-	-	-	-	23
Bonds and debt instruments	1	3	-	-	3	-	-	-	-	7
Shares and equity instruments	0	6	1	2	27	2	0	-	3	41
Investment in subsidiaries	66	143	25	35	18	10	11	11	22	342
Cash and cash equivalents	125	31	31	60	20	10	4	0	1	281
Other assets	-	0	-	-	-	-	-	-	-	0
<b>Total assets</b>	<b>212</b>	<b>212</b>	<b>118</b>	<b>118</b>	<b>87</b>	<b>31</b>	<b>17</b>	<b>16</b>	<b>27</b>	<b>836</b>
Percentage of total	25.3%	25.3%	14.1%	14.2%	10.4%	3.7%	2.0%	1.9%	3.3%	100%
Percentage of total (ISK without ISB)		12.0%								
<b>Total assets as at 31 December 2010</b>	<b>189</b>	<b>210</b>	<b>115</b>	<b>127</b>	<b>85</b>	<b>29</b>	<b>17</b>	<b>16</b>	<b>26</b>	<b>814</b>
Percentage of total 31.12.2010	23.2%	25.8%	14.2%	15.6%	10.4%	3.6%	2.0%	1.9%	3.3%	100%
Percentage of total (ISK without ISB)		11.3%								

- The above table sets out the estimated split of Glitnir's asset by currency as at 31 March 2011.
- The investment in Islandsbanki is assumed to be denominated solely in ISK. The estimated realisable value arising from Glitnir Luxembourg is denominated in the currencies of the underlying assets and liabilities.



# Operating expenses analysis

ISKm	Actual Q1 2011	Budget Q1 2011	Variance to budget	Actual Q1 2010
<b>Expenses</b>				
Salaries and salary related costs	142	122	20	93
RC and WUB fee	112	90	22	81
Islandsbanki service agreement	86	105	(19)	112
External legal services	428	561	(132)	355
Other external advisors	401	409	(8)	331
Other expenses	142	121	21	60
<b>Total expenses</b>	<b>1,311</b>	<b>1,407</b>	<b>(96)</b>	<b>1,032</b>

- The above table shows Glitnir s operating costs for the three months ended 31 March 2011.
- Key trends include:
  - costs associated with the Resolution Committee and Winding-Up Board are ISK 22m above budget which is likely to be reversed in Q2 2011. As a result, Glitnir anticipates these costs being broadly on budget for HY 2011; and
  - legal advisor costs are ISK 132m under budget. Glitnir anticipates that this will be reversed in Q2 2011 resulting in these costs being broadly on budget for HY 2011.



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## Foreign exchange rates

Currency	22/04/2009	31/12/2009	30/06/2010	31/12/2010	31/03/2011	Changes from 31/12/2010 to 31/3/2011
EUR	168.76	179.88	156.75	153.8	162.07	5.1%
USD	130.4	124.9	127.62	115.05	114.07	-0.9%
GBP	190.62	201.6	191.87	178.47	183.64	2.8%
NOK	19.258	21.672	19.721	19.674	20.641	4.7%
CAD	105.16	119.04	121.58	115.26	117.6	2.0%
DKK	22.656	24.172	21.042	20.635	21.735	5.1%
CHF	111.68	121.26	118.15	122.91	124.66	1.4%