



Glitnir banki hf.

Financial information as at 30 September 2010

November 2010



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Financial information

Introduction

- The Statement of Assets and Liabilities as at 30 June 2010 was published on the Bank's website on 14 September 2010.
- Glitnir has published full Statements of Assets and Liabilities on a six monthly basis and intends to continue this 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 includes:
 - a cash flow for the three months ended 30 September 2010;
 - a summary balance sheet as at 30 September 2010;
 - a summary reconciliation as at 30 September 2010;
 - an analysis of the foreign currency split of assets as at 30 September 2010; and
 - an analysis of operating expenses for the nine months ended 30 September 2010.
- The summary balance sheet as at 30 September 2010 is based on the valuation of assets as at 30 June 2010, adjusting for any 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 July 2010 has been used to derive the estimated realisable value as at 30 September 2010. A new valuation exercise has not been performed as at 30 September 2010. This will be undertaken for the Statement of Assets and Liabilities as at 31 December 2010.
- 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 effect future value, valuation methodologies applied and limitations can be found in the Statement of Assets and Liabilities as at 30 June 2010 and 31 December 2009, published on Glitnir's website.



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Cash flow analysis

ISKm	For the three months ended 30.09.2010	For the nine months ended 31.09.2010
Cash inflows		
Loans to customers portfolio		
Principal repayments	4,178	40,288
Interest receipts	1,969	6,972
	<u>6,147</u>	<u>47,260</u>
Loans to banks		
Principal repayments	-	70,852
Interest receipts	-	298
	<u>-</u>	<u>71,150</u>
Derivatives repayments	1,466	5,258
Bonds maturities and coupon receipts	-	7,529
Interest income on cash balances	525	1,452
Proceeds from sale of subsidiaries		1
Total cash inflows	<u>8,139</u>	<u>132,649</u>
Cash outflows		
Operational costs	(1,135)	(3,374)
Other cash outflows (including FX)	(11,368)	(19,339)
	<u>(12,503)</u>	<u>(22,713)</u>
Total cash outflows	<u>(12,503)</u>	<u>(22,713)</u>
Total cash movement	<u>(4,363)</u>	<u>109,937</u>
Opening cash balance	<u>245,484</u>	<u>131,185</u>
Closing cash balance	<u>241,121</u>	<u>241,121</u>

- The adjacent analysis sets out the summary cash flow for the nine months ended 30 September 2010. The cash flow is for Glitnir only, and so does not take account of cash flows arising in Glitnir Luxembourg or GLB Holding.
- Total cash has decreased by ISK4,363m in the three months to 30 September 2010, primarily as a result of ISK11,368m of other cash outflows. This balance is predominantly comprised of negative FX movements. The impact of FX on Glitnir's portfolio is discussed in more detail later in this presentation.
- Other trends in the three month period include:
 - total receipts from the loans to customers portfolio are lower than in the preceding two quarters due to the repayment profile of the portfolio; and
 - there were no principal or interest repayments from the loans to banks portfolio. The most significant loan in this portfolio was fully repaid in June 2010.

Statement of Assets and Liabilities



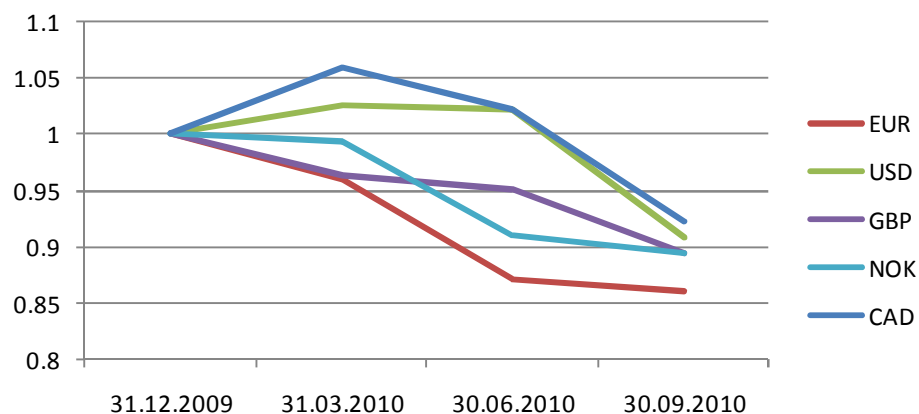
Estimated value of assets and computation of liabilities								
	ISKbn				EURm			
				Movement				Movement
ISKbn	30.09.2010	30.06.2010	31.12.2009	31.12.2009 - 30.9.2010	30.09.2010	30.06.2010	31.12.2009	31.12.2009 - 30.9.2010
Assets								
Loans to customers	148	157	197	(25.0)%	955	1,000	1,097	(12.9)%
Loans to banks	6	6	89	(93.6)%	36	37	493	(92.6)%
Derivatives	24	25	45	(46.9)%	156	162	252	(38.3)%
Bonds and debt instruments	7	7	11	(37.0)%	44	44	59	(26.8)%
Shares and equity investments	49	52	45	7.7%	314	331	251	25.1%
Investment in subsidiaries	309	320	289	6.8%	1,995	2,038	1,609	24.0%
Cash and cash equivalents	241	245	131	83.7%	1,557	1,566	730	113.3%
Other assets	0	0	0	(24.4)%	1	1	1	(12.2)%
Total assets¹	783	812	808	(3.1)%	5,059	5,179	4,493	12.6%
Liabilities								
Third party assets	23	23	33	(29.4)%	151	149	184	(17.9)%
Approval costs	25	25	25	(0.0)%	159	157	137	16.1%
Secured claims	27	27	29	(7.2)%	174	170	162	7.7%
Priority claims	165	165	168	(1.9)%	1,065	1,053	935	13.9%
Unsecured claims	2,554	2,555	2,612	(2.2)%	16,492	16,298	14,521	13.6%
Deferred claims	44	42	106	(58.0)%	286	271	587	(51.2)%
Total liabilities	2,838	2,837	2,973	(4.5)%	18,328	18,098	16,526	10.9%

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 ISK700bn to ISK900bn (EUR4.5bn to EUR5.8bn). Due to the extent of the uncertainty and other factors that may change, the actual outcome may fall materially outside this range.

Foreign exchange rate movements



FX movements against the ISK (rebased)

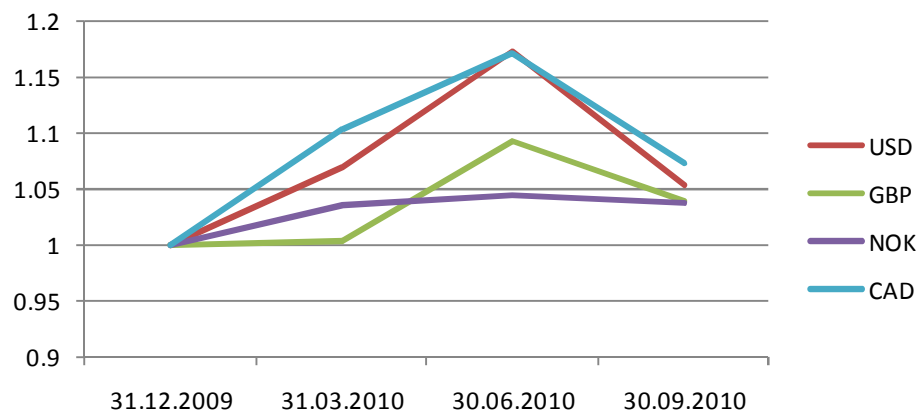


- During the nine months ended 30 September 2010, Glitnir’s asset portfolio has been significantly impacted by movements in foreign exchange rates. Details regarding these FX movements are shown in the Appendix. However, a summary of the key trends is shown below.

ISK movements

- The ISK has strengthened against the majority of currencies within Glitnir’s asset portfolio in the three months ended 30 September 2010. This has had a negative impact on Glitnir's asset portfolio when presented in ISK.
- The strengthening of the ISK was also experienced across the first six months of 2010 resulting in a similar negative impact.

FX movements against the EUR (rebased)



EUR movements

- The EUR has strengthened against the majority of currencies within Glitnir’s asset portfolio (with the exception of ISK) in the three months ended 30 September 2010. This has had a negative impact on Glitnir’s asset portfolio when presented in EUR.
- However, for the first six months of 2010 the EUR weakened against the majority of major currencies within Glitnir’s asset portfolio. This had a significant positive impact on Glitnir’s asset portfolio when presented in EUR.

Reconciliation of movement in assets



Reconciliation of movement in assets					
ISKbn	Balance as at 30.06.2010	Cash movements	FX movements	Changes in valuation plus interest	Balance as at 30.09.2010
Assets					
Loans to customers	157	(6)	(4)	2	148
Loans to banks	6	-	-	-	6
Derivatives	25	(1)	(0)	0	24
Bonds and debt instruments	7	-	(0)	(0)	7
Shares and equity investments	52	-	(3)	(0)	49
Investment in subsidiaries	320	-	(10)	-	309
Cash and cash equivalents	245	6	(11)	-	241
Other assets	0	-	-	-	0
Total assets	812	(1)	(29)	2	783

- The above table shows an estimate of the key factors affecting the movement in estimated realisable value of Glitnir's asset portfolio between 30 June 2010 and 30 September 2010.
- The principal driver for movements in the asset portfolio relate to negative FX movements, as discussed on the previous page.

FX analysis of assets as at 30 September 2010



FX analysis of assets as at 30 September 2010										
ISKbn	EUR	ISK	NOK	USD	GBP	CAD	DKK	CHF	Other	Total
Loans to customers	20	6	65	25	15	8	2	5	2	148
Loans to banks	0	0	5	1						6
Derivatives	1	21		1						24
Bonds and debt instruments	0	4			3					7
Shares and equity instruments	0	4	1	2	37	2	0		2	49
Investment in subsidiaries	33	136	13	38	21	10	13	19	26	309
Cash and cash equivalents	112	27	18	57	15	8	3	0	1	241
Other assets		0								0
Total assets	168	198	101	124	91	28	19	24	31	783
<i>Percentage of total</i>	<i>21.4%</i>	<i>25.2%</i>	<i>12.9%</i>	<i>15.9%</i>	<i>11.7%</i>	<i>3.6%</i>	<i>2.4%</i>	<i>3.0%</i>	<i>3.9%</i>	<i>100%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>11.9%</i>								

- The above table sets out the estimated split of Glitnir's asset by currency as at 30 September 2010.
- 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	Q1 2010	Q2 2010	Q3 2010	Jan-Sept 2010	Budget	
					Jan-Sept 2010	Variance to budget
Salaries and salary related costs	93	102	93	288	421	133
RC and WUB fee	103	89	67	258	312	54
Islandsbanki service agreement	112	92	87	291	465	174
External legal services	355	521	400	1,276	803	(474)
Other external advisors	310	380	375	1,065	771	(294)
Other expenses	60	56	100	215	120	(95)
Total expenses	1,032	1,240	1,121	3,393	2,892	(501)

- The above table shows Glitnir’s quarterly operating costs for the nine months ended 30 September 2010
- Key trends in relation to the operating expenses for the period are;
 - **salaries and related costs** – amounts are under budget as headcount is below the budgeted level;
 - **Resolution Committee and Winding-Up Board costs** – costs associated with the Resolution Committee and Winding-Up Board are 17% below budget as one member of each has left during the period;
 - **ISB service agreement** – following the take over of 95% of the share capital of ISB by Glitnir, VAT is no longer charged on these costs. This saving had not been included in the budget; and
 - **external advisors** – legal advisor costs are significantly over budget due to the costs related to the litigation recoveries and claims registration processes.

Appendix

Foreign exchange rates



Currency	22 April 2009	31 December 2009	30 June 2010	30 September 2010	Movement 31/12/2009 to 30/09/2010
EUR	168.76	179.88	156.75	154.87	(13.9)%
USD	130.4	124.9	127.62	113.36	(9.2)%
GBP	190.62	201.6	191.87	180.28	(10.6)%
CAD	105.16	119.04	121.58	109.91	(7.7)%
NOK	19.258	21.672	19.721	19.371	(10.6)%