



# Glitnir hf.

## Financial information as at 30 September 2011

17 November 2011



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# Financial information

## Introduction

- The Statement of Assets and Liabilities as at 30 June 2011 was published on Glitnir's website on 31 August 2011.
- Generally, Glitnir publishes a full Statements of Assets and Liabilities on a six monthly basis and intends to continue to do so going forward. In addition, certain summary financial information is published each intervening quarter (i.e. 31 March and 30 September).
- The financial information in this presentation includes:
  - a cash flow for the nine months ended 30 September 2011;
  - a summary balance sheet as at 30 September 2011;
  - a summary reconciliation as at 30 September 2011;
  - an analysis of the foreign currency split of assets as at 30 September 2011; and
  - an analysis of operating expenses for the nine months ended 30 September 2011.
- The summary balance sheet as at 30 September 2011 is based on the valuation of assets as at 30 June 2011, 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 June 2011 have been used to derive the estimated realisable value as at 30 September 2011. A new valuation exercise has not been performed as at 30 September 2011. This will be undertaken for the Statement of Assets and Liabilities as at 31 December 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 30 June 2011 published on Glitnir's website.



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# Cash flow analysis

	Q1 2011	Q2 2011	Q3 2011	1.1.2011- 30.9.2011
<b>ISKbn</b>				
<b>Cash inflow:</b>				
Loans to customers portfolio				
Principal loans to customers repayments	9.061	14.188	4.283	27.532
Interest loans to customers receipts	1.804	2.283	3.237	7.325
Principal loans to banks repayments	156	26	0	182
Interest loans to banks receipts	55	2	0	56
Derivatives claims repayments	602	1.145	127	1.874
Dividend and bonds maturities	3.523	497	1.924	5.944
Interest income on cash balance	828	1.187	1.076	3.090
Other inflow	0	112	0	112
<b>Total cash inflows</b>	<b>16.029</b>	<b>19.439</b>	<b>10.647</b>	<b>46.115</b>
<b>Cash outflow:</b>				
Operational costs	(1.186)	(1.161)	(1.241)	(3.588)
Set off of debts	(325)	0	0	(325)
Principal loans to customers - new loan	(1.302)	0	0	(1.302)
<b>Total cash outflows</b>	<b>(2.814)</b>	<b>(1.161)</b>	<b>(1.241)</b>	<b>(5.216)</b>
<b>Total cash movement</b>	<b>13.215</b>	<b>18.278</b>	<b>9.406</b>	<b>40.899</b>
Effect of exchange rate fluctuations	8.564	3.012	(5.577)	5.999
Opening cash balance	259.136	280.915	302.205	259.136
<b>Closing cash balance</b>	<b>280.915</b>	<b>302.205</b>	<b>306.034</b>	<b>306.034</b>

- The adjacent table summarises Glitnir's cash flow for the nine months to 30 September 2011. The cash flow is for Glitnir only, and therefore does not take into account cash flows arising in Glitnir Luxembourg or GLB Holding.
- The most significant cash inflows related to the repayment of principal and interest from loans to customers. Other significant cash inflows related to dividends received on the shares and equities portfolio, derivative repayments and interest income.
- The total negative impact of foreign currency movements on the cash and cash equivalents balance in Q3 2011 was ISK 5.6bn.
- The aggregate impact of foreign currency movements on the cash and cash equivalents balance for the nine months to 30 September 2011 was positive ISK 6.0bn.

# Statement of Assets and Liabilities



Estimated value of assets and computation of liabilities								
	ISKbn				EURm			
	30.9.2011	30.6.2011	31.12.2010	Movement 30.6.2011 - 30.9.2011	30.9.2011	30.6.2011	31.12.2009	Movement 30.6.2011 - 30.9.2011
<b>Assets</b>								
Loans to customers .....	116	126	143	(8)%	726	758	1.097	(4)%
Loans to banks .....	3	2	4	1%	16	15	493	5%
Derivatives claims .....	22	21	23	7%	139	126	252	11%
Bonds and debt instruments .....	6	7	7	(18)%	36	43	59	(15)%
Shares and equity investments .....	46	46	46	(0)%	290	280	251	4%
Investment in subsidiaries .....	348	352	332	(1)%	2.183	2.125	1.609	3%
Cash and cash equivalents .....	306	302	259	1%	1.919	1.823	730	5%
Other assets .....	0	0	0	(19)%	2	2	1	(16)%
<b>Total assets<sup>1</sup></b>	<b>847</b>	<b>857</b>	<b>814</b>	<b>(1)%</b>	<b>5.311</b>	<b>5.171</b>	<b>4.493</b>	<b>3%</b>
<b>Liabilities</b>								
Third party assets .....	25	25	22	(3)%	154	152	184	1%
Approval costs .....	2	2	3	(1)%	15	14	137	3%
Secured claims .....	26	27	27	(3)%	165	164	162	1%
Priority claims .....	154	154	154	(0)%	964	928	935	4%
Unsecured claims .....	2.516	2.537	2.542	(1)%	15.778	15.311	14.521	3%
Deferred claims .....	38	37	43	3%	237	221	587	7%
Other liabilities .....	1	1	1	(3)%	5	5		0
<b>Total liabilities</b>	<b>2.761</b>	<b>2.783</b>	<b>2.791</b>	<b>(1)%</b>	<b>17.318</b>	<b>16.795</b>	<b>16.526</b>	<b>3%</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 (EUR4.7bn 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 30.6.2011	Cash movements	FX movements	Changes in valuation	Balance as at 30.9.2011	
<b>Assets</b>						
Loans to customers	126	(8)	(3)	1	116	
Loans to banks	2	-	(0)	0	2	
Derivatives claims	21	(0)	0	2	22	
Bonds and debt instruments	7	(1)	(0)	0	6	
Shares and equity investments	46	(0)	(0)	0	46	
Investment in subsidiaries	352		(5)	1	348	
Cash and cash equivalents	302	9	(6)		306	
Other assets	0			(0)	0	
<b>Total assets</b>	<b>857</b>	<b>(0)</b>	<b>(15)</b>	<b>4</b>	<b>847</b>	

- 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 2011 and 30 September 2011.

# FX analysis of assets as at 30 September 2011

Foreign Currency Analysis as at 30 September 2011										
ISKbn	EUR	ISK	NOK	USD	GBP	CAD	DKK	CHF	Other	Total
Loans to customers .....	14	5	51	17	14	9	2	4	1	116
Loans to banks .....	0	0	2	1					0	2
Derivatives claims .....	0	22		0						22
Bonds and debt instruments .....	1	3			2					6
Shares and equity instruments .....	3	7	1	3	30	3	0		0	46
Investment in subsidiaries .....	97	147	19	28	8	7	13	9	20	348
Cash and cash equivalents .....	125	36	37	68	25	10	4	0	1	306
Other assets .....		0								0
<b>Total assets</b>	<b>240</b>	<b>220</b>	<b>109</b>	<b>117</b>	<b>79</b>	<b>28</b>	<b>19</b>	<b>13</b>	<b>23</b>	<b>847</b>
<i>Percentage of total</i>	<i>28,3%</i>	<i>26,0%</i>	<i>12,9%</i>	<i>13,8%</i>	<i>9,3%</i>	<i>3,3%</i>	<i>2,2%</i>	<i>1,5%</i>	<i>2,7%</i>	<i>100%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>12,8%</i>								
<b>Total assets as at 30 June 2011</b>	<b>238</b>	<b>219</b>	<b>119</b>	<b>117</b>	<b>78</b>	<b>29</b>	<b>17</b>	<b>14</b>	<b>24</b>	<b>857</b>
<i>Percentage of total 31.12.2010</i>	<i>27,8%</i>	<i>25,5%</i>	<i>13,9%</i>	<i>13,7%</i>	<i>9,1%</i>	<i>3,4%</i>	<i>2,0%</i>	<i>1,7%</i>	<i>2,9%</i>	<i>100%</i>
<i>Percentage of total (ISK without ISB)</i>		<i>12,5%</i>								

- The above table sets out the estimated split of Glitnir's asset by currency as at 30 September 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

- The table below sets out Glitnir's operating expenses for the nine months ended 30 September 2011.

ISKm	Q1 2011	Q2 2011	Q3 2011	Jan-Sept 2011	Budget	Variance
					Jan-Sept 2011	
Salaries and salary related costs	142	166	138	446	404	42
RC and WUB fee	112	89	86	287	262	25
Islandsbanki service agreement	86	71	88	245	302 (	56)
External legal services	428	455	405	1.288	1.477 (	189)
Other external advisors	401	344	453	1.198	992	207
Other expenses	142	101	123	366	309	58
<b>Total expenses</b>	<b>1.311</b>	<b>1.227</b>	<b>1.292</b>	<b>3.831</b>	<b>3.745</b>	<b>86</b>



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## Foreign exchange rates

Currency	22.4.2009	31.12.2009	31.12.2010	30.6.2011	30.9.2011	Changes	Changes
						from 31.12.2010	from 30.6.2011
						to 30.9 2011	to 30.9 2011
EUR	168,76	179,88	153,8	165,72	159,45	3,7%	-3,8%
USD	130,4	124,9	115,05	114,49	118,11	2,7%	3,2%
GBP	190,62	201,6	178,47	183,12	184,15	3,2%	0,6%
NOK	19,258	21,672	19,674	21,322	20,198	2,7%	-5,3%
CAD	105,16	119,04	115,26	118,46	113,01	-2,0%	-4,6%
DKK	22,656	24,172	20,635	22,218	21,428	3,8%	-3,6%
CHF	111,68	121,26	122,91	137,21	131,00	6,6%	-4,5%