



Glitnir banki hf.

Financial information as at 31 March 2010

June 2010



1. Introduction

2. Financial information

3. Appendices

Financial information

Introduction

- The Statement of Assets and Liabilities as at 31 December 2009 was published on the Bank's website on 31 March 2010.
- Glitnir intends to prepare and publish full Statements of Assets and Liabilities every six months 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 is extracted from the materials presented to creditors at the open creditors' meeting held in Reykjavik on 19 May 2010 and includes:
 - a cash flow for the three months ended 31 March 2010;
 - a summary balance sheet as at 31 March 2010;
 - detail regarding key events for each asset category since 31 December 2009;
 - an analysis of operating expenses for the three months ended 31 March 2010; and
 - a breakdown of the liabilities as at 31 March 2010.
- All tables in the main body of this presentation are shown in EUR. Equivalent tables in ISK are shown in the appendix.
- The summary balance sheet as at 31 March 2010 is based on the valuation of assets as at 31 December 2009, 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 January 2010 has been used to derive the estimated realisable value as at 31 March 2010. A new valuation exercise has not been performed as at 31 March 2010. This will be undertaken for the Statement of Assets and Liabilities as at 30 June 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 31 December 2009, published on Glitnir's website.



1. Introduction

2. Financial information

3. Appendices

Financial information

Cash flow



EURm	For the three months ended 31.03.2010	For the twelve months ended 31.12.2009
Cash inflows		
Loans to customers portfolio		
Principal repayments	49	
Interest receipts	11	
	<u>60</u>	<u>352</u>
Loans to banks		
Principal repayments	200	
Interest receipts	1	
	<u>201</u>	<u>205</u>
Derivatives repayments	20	35
Bonds maturities and coupon receipts	23	-
Interest income on cash balances	3	21
Proceeds from sale of subsidiaries	0	47
Other cash inflows (including FX)	27	13
Total cash inflows	<u>334</u>	<u>674</u>
Cash outflows		
Loans transferred/ setoff with Islandsbanki	-	(31)
Trapped cash movements	-	(29)
Operational costs	(6)	(30)
Total cash outflows	<u>(6)</u>	<u>(91)</u>
Total cash movement	<u>328</u>	<u>584</u>
Opening cash balance	<u>730</u>	<u>146</u>
Closing cash balance	<u>1,058</u>	<u>730</u>

- The adjacent table shows Glitnir's cash flow for the three months ended 31 March 2010 and the twelve months ended 31 December 2009.
- Total cash has increased by EUR328m in the three months to 31 March 2010, primarily as a result of:
 - the EUR201m received from the former Norwegian subsidiary;
 - EUR60m received in relation to the loans to customers portfolio;
 - EUR27m of other cash inflows, principally relating to movements in FX rates; and
 - EUR23m in relation to the bond portfolio. A significant Icelandic government position matured during the period.
- Cash outflows were lower in the period as no cash was transferred to ISB in relation to loan transfers and setoffs, and no trapped cash movements.

Financial information

Balance sheet



EURm	Estimated value of assets and computation of liabilities as at			Movement
	31.03.2010	31.12.2009	30.06.2009	31.12.2009 - 31.03.2010
Assets				
Loans to customers	1,110	1,097	1,080	1.2%
Loans to banks	298	493	649	-39.4%
Derivatives	242	252	358	-4.2%
Bonds and debt instruments	44	59	108	-26.4%
Shares and equity investments	257	251	198	2.3%
Investment in subsidiaries	1,693	1,609	1,218	5.2%
Cash and balances with central banks	1,058	730	422	44.9%
Other assets	1	-	-	n/a
Total assets ¹	4,703	4,491	4,033	4.7%
Liabilities				
Debt issued and other borrowed funds	(13,463)	(12,990)		3.6%
Deposits from customers	(374)	(359)		4.3%
Derivatives	(1,255)	(1,190)		5.4%
Off balance sheet items	(908)	(871)		4.3%
Other liabilities	(114)	(110)		4.2%
Subordinated loans	(1,065)	(1,008)		5.7%
	(17,179)	(16,527)	(14,478)	3.9%

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 EUR3.7bn to EUR5.2bn. Due to the extent of the uncertainty and other factors that may change, the actual outcome may fall materially outside this range.
2. The source of the liabilities has changed to claims received by the Bank as part of the claims registration process, as opposed to the Bank's own accounting records as previously used. As a result, comparative results for 30 June 2009 have certain limitations and are not meaningful other than in aggregate.

Financial information

Key events in asset portfolio

Balance	Key events
All asset balances	<ul style="list-style-type: none"> • There have been certain significant movements in foreign currencies in the three months to 31 March 2010, most significantly the ISK has strengthened against the EUR and GBP by 4.1% and 3.7% respectively. • In ISK terms, total assets have increased from ISK808bn as at 31 December 2009 to ISK811bn as at 31 March 2010, representing an increase of 0.4%.
Loans to customers	<ul style="list-style-type: none"> • The percentage recovery estimates of credit managers on each individual loan undertaken in January 2010 has been used to derive the estimated realisable value as at 31 March 2010. • A new valuation exercise has not been performed as at 31 March 2010. This will be undertaken for the Statement of Assets and Liabilities as at 30 June 2010. • There have been no significant restructuring events in the period. In addition, the Resolution Committee is not aware of any material deterioration in loan recovery estimates during the period.
Loans to banks	<ul style="list-style-type: none"> • The second of three repayments from Glitnir's former Norwegian subsidiary was received in Q1, totalling EUR201m. The final repayment is expected to be received in June 2010.
Derivatives	<ul style="list-style-type: none"> • Certain derivative positions were settled during period, most significantly a position which was settled EUR20m.
Bonds and debt instruments	<ul style="list-style-type: none"> • A bond position with the Icelandic government matured within the quarter, resulting in maturity proceeds of EUR23m.
Shares and equity investments	<ul style="list-style-type: none"> • No significant events during the quarter.
Investment in subsidiaries	<ul style="list-style-type: none"> • The principal driver for the increase in value in investment in subsidiaries relates to the potential value from Glitnir Luxembourg. This has increased from EUR916m to EUR968m. • The ISB valuation remained the same (other than for a movement due to FX).
Cash balances	<ul style="list-style-type: none"> • Cash balances have increased during the period, principally as a result of the EUR201m receipt from the former Norwegian subsidiary (referred to above) and receipts from the loans to customers portfolio during the period.

Financial information

Operating expenses



EUR'000s	January 2010	February 2010	March 2010	Actual Q1 2010	Q1 2010 budget	Variance to budget
Salaries and salary related costs	256	226	226	708	886	179
Resolution Committee and Winding-Up Board costs	190	204	189	583	750	167
ISB service agreement	210	341	199	750	937	188
External advisors	345	2,098	1,172	3,615	2,593	(1,022)
Other expenses	68	75	80	224	236	13
Total expenses	1,069	2,944	1,866	5,879	5,403	(476)

- The above table shows Glitnir's operating costs for each of the three months ended 31 March 2010.
- Key trends in relation to the operating expenses for the period are:
 - **salaries and related costs** – amounts are under budget as headcount is currently below the full year budgeted level;
 - **Resolution Committee and Winding-Up Board costs** – these costs are incurred based upon the number of hours charged by members of the Resolution Committee and Winding-Up Board. Total hours charged in the quarter were lower than expected resulting in lower costs;
 - **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** – significant external advisor costs were incurred in relation to chasing recoveries in relation to Glitnir's pre-collapse operations and legal and other advisors in respect of the claims registration process.

Financial information

Liabilities

- The methodology adopted for estimating Glitnir's liabilities as at 31 March 2010 is the same as for the Statement of Assets and Liabilities as at 31 December 2009, whereby certain adjustments have been made to the initial registered claims.
- There have been limited changes to the adjustments made and the increase in the estimated liabilities balance after set-off is primarily due to the strengthening of the ISK against the EUR.
- The Winding-Up Board's work regarding the claims registration process is continuing. As a result, there are certain material claims included in the liabilities below that the Winding-Up Board does not expect to be ultimately accepted. As a result, the ultimate liabilities of the Bank are likely to be lower than, and creditor ranking may be materially different to, that set out below.

EURm	Claimed amounts	Adjustments	Adjusted claimed amounts	Estimated set-off	Estimated liabilities after set-off as at 31.03.2010	Estimated liabilities after set-off as at 31.12.2009
Debt issued and other borrowed funds	14,934	(848)	14,086	(623)	13,463	12,990
Deposits from customers	752	(378)	374	-	374	359
Derivatives	1,428	(173)	1,255	-	1,255	1,190
Off balance sheet items	912	(4)	908	-	908	871
Other liabilities	848	(734)	114	-	114	110
Subordinated loans	1,046	19	1,065	-	1,065	1,008
Total	19,919	(2,117)	17,803	(623)	17,179	16,527

EURm	Article no.	Declared claim amounts	Adjustments	Adjusted declared claim amounts	Rejected claim amounts	Accepted claim amounts
Third party assets	109	192	(0)	192	5	-
Approval Costs	110	147	(4)	143	130	-
Secured	111	236	(67)	169	0	-
Priority	112	1,496	(519)	978	87	<1
Unsecured	113	17,235	(1,547)	15,687	644	-
Defered	114	613	21	634	350	-
Total		19,919	(2,117)	17,803	1,217	<1



1. Introduction

2. Financial information

3. Appendices

Appendices

ISK equivalent cash flow

ISKbn	For the three months ended 31.03.2010	For the twelve months ended 31.12.2009
Cash inflows		
Loans to customers portfolio		
Principal repayments	8	
Interest receipts	2	
	10	61
Loans to banks		
Principal repayments	35	
Interest receipts	0	
	35	35
Derivatives repayments	3	6
Bonds maturities and coupon receipts	4	-
Interest income on cash balances	0	4
Proceeds from sale of subsidiaries	0	8
Total cash inflows	53	114
Cash outflows		
Loans transferred/ setoff with Islandsbanki	-	-
Trapped cash movements	-	(5)
Operational costs	(1)	(5)
Other cash flows (including FX)	(1)	2
Total cash outflows	(2)	(9)
Total cash movement	51	105
Opening cash balance	131	26
Closing cash balance	182	131

Appendices

ISK equivalent balance sheet

ISKbn	Estimated value of assets and computation of liabilities as at			Movement
	31.03.2010	31.12.2009	30.06.2009	31.12.2009 - 31.03.2010
Assets				
Loans to customers	192	197	194	-3.0%
Loans to banks	51	89	116	-41.9%
Derivatives	42	45	64	-8.1%
Bonds and debt instruments	8	11	19	-29.4%
Shares and equity investments	44	45	36	-1.9%
Investment in subsidiaries	292	289	219	0.9%
Cash and balances with central banks	182	131	76	39.0%
Other assets	0	-	-	n/a
Total assets ¹	811	808	724	0.4%
Liabilities				
Debt issued and other borrowed funds	(2,322)	(2,337)		-0.6%
Deposits from customers	(65)	(65)		0.0%
Derivatives	(216)	(214)		1.1%
Off balance sheet items	(157)	(157)		0.0%
Other liabilities	(20)	(20)		0.0%
Subordinated loans	(184)	(181)		1.4%
	(2,964)	(2,973)	(2,597)	-0.3%

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 ISK638bn to ISK897bn. Due to the extent of the uncertainty and other factors that may change, the actual outcome may fall materially outside this range.
2. The source of the liabilities has changed to claims received by the Bank as part of the claims registration process, as opposed to the Bank's own accounting records as previously used. As a result, comparative results for 30 June 2009 have certain limitations and are not meaningful other than in aggregate.

Appendices

ISK equivalent operating expenses



ISKm	January 2010	February 2010	March 2010	Actual Q1 2010	Q1 2010 budget	Variance to budget
Salaries and salary related costs	46	40	39	125	156	31
Resolution Committee and Winding-Up Board costs	34	36	33	103	132	29
ISB service agreement	38	60	34	132	165	33
External advisors	62	368	203	633	457	(177)
Other expenses	12	13	14	39	42	2
Total expenses	192	517	323	1,032	951	(81)

Appendices

ISK equivalent liabilities



ISKbn	Claimed amounts	Adjustments	Adjusted claimed amounts	Estimated set-off	Estimated liabilities after set-off as at 31.03.2010	Estimated liabilities after set-off as at 31.12.2009
Debt issued and other borrowed funds	2,576	(146)	2,430	(108)	2,322	2,337
Deposits from customers	130	(65)	65	-	65	65
Derivatives	246	(30)	216	-	216	214
Off balance sheet items	157	(1)	157	-	157	157
Other liabilities	146	(127)	20	-	20	20
Subordinated loans	180	3	184	-	184	181
Total	3,436	(365)	3,071	(108)	2,964	2,973

ISKbn	Article no.	Declared claim amounts	Adjustments	Adjusted declared claim amounts	Rejected claim amounts	Accepted claim amounts
Third party assets	109	33	(0)	33	1	-
Approval Costs	110	25	(1)	25	22	-
Secured	111	41	(12)	29	0	-
Priority	112	258	(89)	169	15	<1
Unsecured	113	2,973	(267)	2,706	111	-
Defered	114	106	4	109	60	-
Total		3,436	(365)	3,071	210	<1