



Annual Financial Results  
2006

# Agenda

EXISTA

1	Highligts of 2006
2	Financial Accounts
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5	Iceland Telecom
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# Financial Highlights for the Year 2006

- Year of great transformation
  - From investment company to a financial services company
  - Listing on the OMX Nordic Exchange
  - Over 30 thousand new shareholders
- Strong operating performance
  - After-tax profit ISK 37.4 billion (EUR 395 million)
  - Return on equity 27.1%
  - Earnings per share ISK 3.77
- Solid financial fundamentals
  - Total assets ISK 416 billion (EUR 4.4 billion) increased by 157% during the year
  - Shareholders' equity ISK 179 billion (EUR 1.9 billion) increased by 87% in 2006
  - Equity ratio 43.2% at year end

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# Consolidated Financial Statements 2006

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(ISK billion)	2006	2005	Change	Change in %	Highlights
Financial assets designated at fair value	31.3	48.9	-17.6	-35%	<ul style="list-style-type: none"> <li>• Profit for the period ISK 37.4 billion (EUR 395 million)</li> <li>• Earnings per share ISK 3.77</li> <li>• Income derived from financial assets at fair value ISK 31.3 billion (EUR 331 million)</li> <li>• Gains from trading assets ISK 11.3 billion (EUR 120 million)</li> <li>• Interest revenues and expenses increase due to the asset finance business</li> <li>• Insurance premium is a new source of stable revenues</li> </ul>
Financial assets held for trading	11.3	1.0	10.3	-	
Dividend	6.9	0.6	6.2	-	
Interest	4.4	0.1	4.3	-	
Insurance premium	6.4	0.0	6.5	-	
Other revenues	0.7	0.0	0.6	-	
<b>Total revenues</b>	<b>61.1</b>	<b>50.7</b>	<b>10.3</b>	<b>20,5%</b>	
Insurance claims	(5.1)	(0.0)	(5.1)	-	
Operating expenses	(4.5)	(0.2)	(4.2)	-	
<b>Total expenses</b>	<b>(9.6)</b>	<b>(0.2)</b>	<b>(9.4)</b>	<b>-</b>	
<b>Profit before financial expenses</b>	<b>51.4</b>	<b>50.4</b>	<b>1.0</b>	<b>2,0%</b>	
Interest expenses	(9.1)	(3.6)	(6.0)	-	
Foreign exchange difference	(4.1)	(1.0)	(3.0)	-	
<b>Financial expenses</b>	<b>(13.2)</b>	<b>(4.6)</b>	<b>(9.0)</b>	<b>-</b>	
<b>Profit before tax</b>	<b>38.3</b>	<b>45.9</b>	<b>(8.1)</b>	<b>-17,7%</b>	
Income tax	(0.9)	4.4	(5.2)	-	
<b>Profit for the period</b>	<b>37.4</b>	<b>50.3</b>	<b>13.3</b>	<b>-26,5%</b>	

# Income Statement – Quarter by Quarter

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ISK (millions)	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Highlights
Financial assets designated at fair value	2.2	28.2	(8.9)	9.8	22.3	<ul style="list-style-type: none"> <li>• Profit for the fourth quarter ISK 13.1 billion (EUR 139 million)</li> <li>• Earnings per share ISK 1.23</li> <li>• Total revenues for the quarter ISK 21.1 billion (EUR 223 million)</li> <li>• Gains from trading assets ISK 9.2 billion (EUR 98 million)</li> <li>• Profit before financial expenses in Q4 ISK 17.6 billion (EUR 186 million)</li> <li>• Annualised return on equity 28.8%</li> </ul>
Financial assets held for trading	9.2	0.2	0.1	1.7	0.5	
Dividend	5.2	0.0	0.0	1.6	0.0	
Interest	2.0	1.5	0.8	0.0	0.0	
Insurance premium	2.3	3.2	1.0	0.0	0.0	
Other revenues	0.2	0.3	0.1	0.0	0.0	
<b>Total revenues</b>	<b>21.1</b>	<b>33.6</b>	<b>(6.8)</b>	<b>13.2</b>	<b>22.8</b>	
Insurance claims	(1.9)	(2.6)	(0.6)	0.0	(0.0)	
Operating expenses	(1.6)	(2.1)	(0.7)	(0.1)	(0.1)	
<b>Total expenses</b>	<b>(3.5)</b>	<b>(4.7)</b>	<b>(1.3)</b>	<b>(0.1)</b>	<b>(0.1)</b>	
<b>Profit before financial expenses</b>	<b>17.6</b>	<b>28.9</b>	<b>(8.1)</b>	<b>13.1</b>	<b>22.7</b>	
Interest expenses	(3.4)	(2.4)	(2.0)	(1.4)	(1.2)	
Foreign exchange difference	(0.7)	1.8	(2.1)	(3.1)	(1.2)	
<b>Financial expenses</b>	<b>(4.1)</b>	<b>(0.5)</b>	<b>(4.1)</b>	<b>(4.5)</b>	<b>(2.4)</b>	
<b>Profit before tax</b>	<b>13.5</b>	<b>28.3</b>	<b>(12.2)</b>	<b>8.6</b>	<b>20.3</b>	
Income tax	(0.4)	(0.7)	0.6	(0.2)	8.7	
<b>Profit for the period</b>	<b>13.1</b>	<b>27.6</b>	<b>(11.6)</b>	<b>8.4</b>	<b>28.9</b>	

# Financial Statements 2006 by Segments

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(ISK billion)	Operating	Investments	Total 2006
Investment income	14.8	34.8	49.5
Insurance premium	6.5	0.0	6.5
Interest	4.1	0.3	4.4
Other revenues	0.6	0.1	0.7
<b>Total revenues</b>	<b>25.9</b>	<b>35.2</b>	<b>61.1</b>
Insurance claims	(5.1)	(0.0)	(5.1)
Operating expenses	(3.5)	(0.9)	(4.4)
<b>Total expenses</b>	<b>(8.7)</b>	<b>(0.9)</b>	<b>(9.6)</b>
<b>Profit before financial expenses</b>	<b>17.3</b>	<b>34.2</b>	<b>51.5</b>
<b>Financial expenses</b>	<b>(2.7)</b>	<b>(10.5)</b>	<b>(13.2)</b>
<b>Profit before tax</b>	<b>14.5</b>	<b>23.8</b>	<b>38.3</b>
Income tax	(0.6)	(0.3)	(0.9)
<b>Profit for the year</b>	<b>13.9</b>	<b>23.5</b>	<b>37.4</b>

## Highlights

- Investment income for the year 2006 ISK 49.5 billion (EUR 524 million)
- Profit before financial expenses for investment businesses ISK 34.2 billion (EUR 362 million)
- Profit before financial expenses for operating businesses ISK 17.3 billion (EUR 182 million)
- Profit for the year for investment businesses ISK 23.5 billion (EUR 248 million)
- Profit for the year for operating businesses ISK 13.9 billion (EUR 147 million)

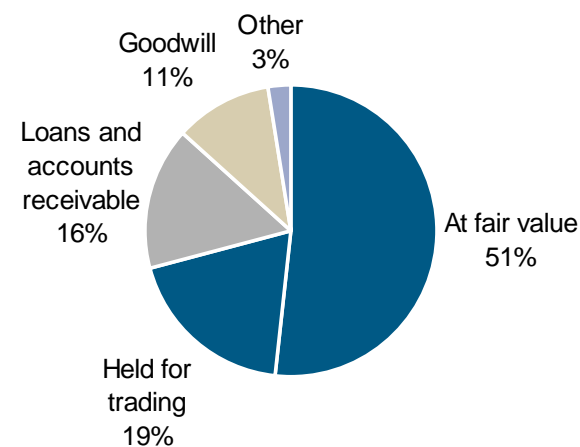
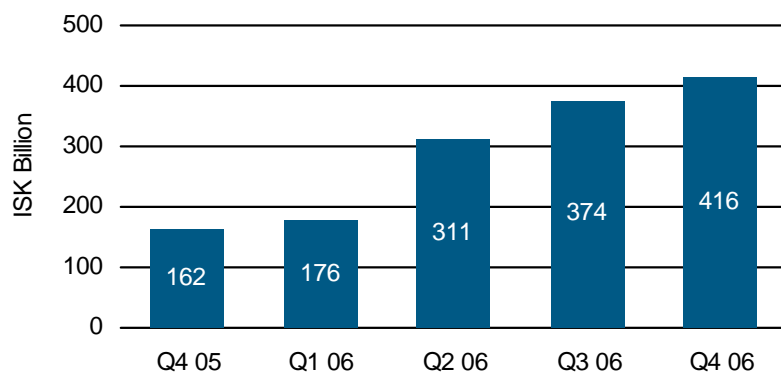
# Consolidated Balance Sheet - Assets

(ISK billion)	31.12.2006	31.12.2005	Change
Financial assets measured at fair value	215.0	148.7	45%
Financial assets held for trading	79.2	7.5	956%
Loans and accounts receivable	66.6	0.0	
Goodwill	43.9	0.0	
Reinsurance assets	1.5	0.0	
Property, plant and equipment	1.2	0.1	
Cash and equivalents	7.2	5.0	44%
Other assets	1.2	0.5	140%
<b>Total Assets</b>	<b>415.8</b>	<b>161.8</b>	<b>157%</b>

## Highlights

- Total assets 416 billion at year end (EUR 4.4 billion) and increased by 157%
- Loans due to Lýsing asset finance
- Assets measured at fair value increase by ISK 66 billion (EUR 701 million)
- Assets held for trading increased by ISK 72 billion (EUR 757 million)

Total Assets





# Consolidated Balance Sheet – Equity and Liabilities

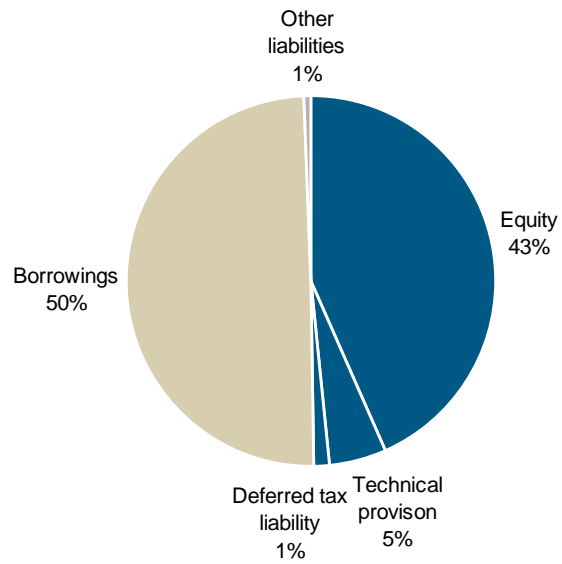
(ISK billion)	31.12.2006	31.12.2005	Change
<b>Equity</b>			
Share capital	10.6	8.7	22%
Statutory reserves	2.2	2.2	0%
Capital reserves	66.0	17.4	279%
Translation reserves	0.0	(0.1)	
Retained earnings	100.4	68.0	48%
<b>Shareholders' equity</b>	<b>179.2</b>	<b>96.1</b>	<b>86%</b>
Minority interest	0.6	0	
<b>Total Equity</b>	<b>179.8</b>	<b>96.1</b>	<b>87%</b>
<b>Liabilities</b>			
Borrowings	206.5	65.5	215%
Technical provision	21.2	0.0	
Deferred income tax liability	5.7	0.0	
Other liabilities	2.6	0.1	
<b>Total liabilities</b>	<b>236.0</b>	<b>65.7</b>	<b>259%</b>
<b>Total equity and liabilities</b>	<b>415.8</b>	<b>161.8</b>	<b>157%</b>

## Highlights

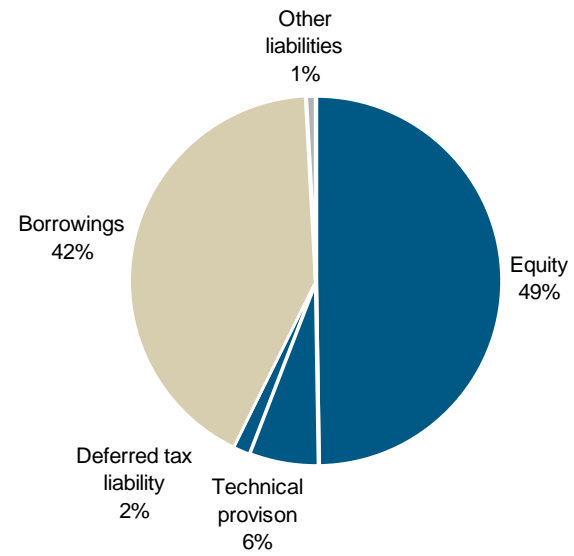
- Total equity 180 billion (EUR 1.9 billion) and increased by 87%
- Borrowings increased by 215%, partly due to the asset finance business
- Technical provisions amount to ISK 21 billion at year end (EUR 224 million)

# Balance Sheet - Equity and Liabilities

Equity and Liabilities 2006



2006 Excluding Asset Finance Liabilities

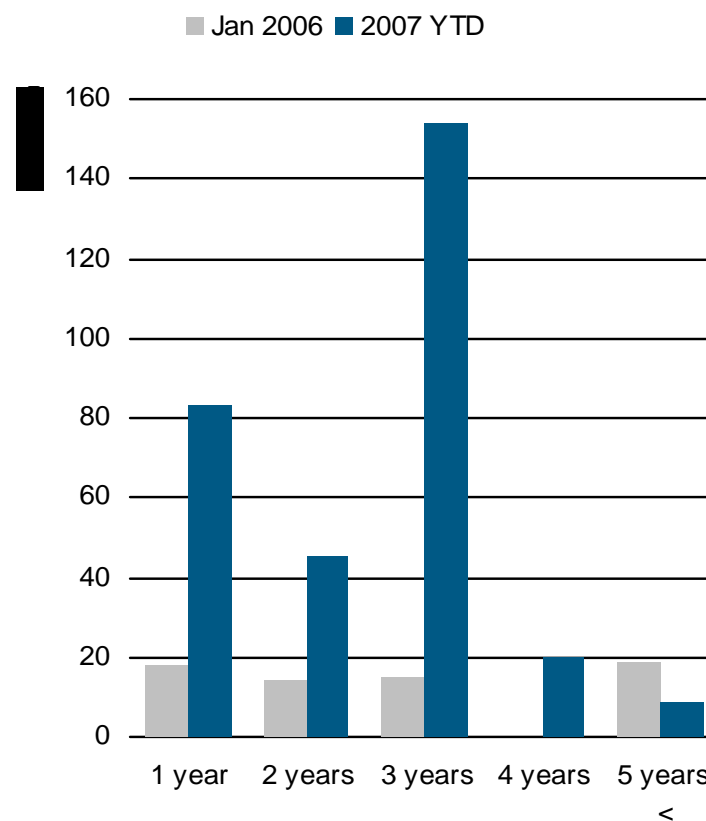


# Strong access to funding

## Funding overview

- Exista has raised funds amounting to ISK 237 billion (€2.5 billion) in 2006 and 2007 year-to-date
- Approximately 62% was drawn from the international capital markets and 38% from domestic funding sources
- This was done in cooperation with major banks with global presence
- Asset financing of Lýsing is to a large extent funded with a committed long term debt facility
- Exista benefits from strong relationships with international banks, advisors and investors:
  - Substantial unsecured credit lines have been allocated to Exista
  - Secured facilities in place (Repo facilities, equity finance facilities etc.)
  - Extensive marketing efforts have been undertaken in order to diversify funding sources further
  - Near term focus on Europe and North America
- Access to external financing healthier than ever, both domestically and in the international capital markets.

## Maturity profile year-on-year



# Performance of VÍS and Lýsing in 2006

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## VÍS performance in 2006

- Measures taken to streamline operations, both on the cost side and on the income side
- After-tax profit ISK 5.1 billion (EUR 54 million)
- Premium growth 14.8% (yearly premium)
- Growth in insurance policies 8.8%
- Combined ratio 115.4%
- Goal to get combined ratio below 100% in 2007
- Equity ISK 20.3 billion (EUR 215 million)
- Total assets ISK 45.6 billion (EUR 482 million)



## Lýsing performance in 2006

- Strong operating performance and high asset quality
- After-tax profit ISK 1.0 billion (EUR 11 million)
- Income increased by 43%
- Total assets increased by 60%
- Cost income ratio 30%, as opposed to 35% in 2005
- Return on equity 28%, was 22.3% in 2005
- Equity ISK 5 billion (EUR 53 million)
- Total assets ISK 61.3 billion (EUR 648 million)

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# Key Ratios

Ratio	2006
Earnings per share (EPS)	3.77
Price earnings – P/E	6.52
Price to book – P/B	1.36
Price per share	22.5
Return on equity	27.1%
Equity ratio	43.2%
Internal value of shares	16.59
<b>Insurance operation</b>	
Combined ratio	115%
<b>Leasing operation</b>	
Ration of provision to lending position at year end	0.82%

## Share Price Development



## Shareholders list estimated after completion of Sampo transaction

Bakkabraedur Holding B.V.	45.19%
SPRON (Reykjavík Savings Bank)	6.04%
Samvinnutryggingar Holding	5.42%
Tchenquiz Family Trust	4.92%
Hesteyri Holding	3.65%
Icebank	3.30%
Kista (Savings Banks)	2.54%
Keflavík Savings Bank	2.21%
AB 47 (holding company)	1.91%
Gildi Pension Fund	1.61%
<b>Ten largest shareholders</b>	<b>76.78%</b>
Other shareholders	23.22%
Arion (nominee accounts)	7.11%

# Market predictions 2006

ISK billion	Q4 2006				12M 2006			
	Glitnir	LÍ	Average	EXISTA	Glitnir	LÍ	Average	EXISTA
Total revenues	15.2	15.7	15.5	21.1	55.1	55.6	55.4	61.1
Total expenses	-	(4.7)	(4.7)	(3.5)	-	(10.8)	(10.8)	(9.6)
Profit before financial expenses	10.7	-	10.7	17.6	44.6	-	44.6	51.5
<b>Profit for the period</b>	<b>6.7</b>	<b>6.0</b>	<b>6.35</b>	<b>13.1</b>	<b>31.0</b>	<b>30.3</b>	<b>30.7</b>	<b>37.4</b>
<b>Key ratios</b>								
Earnings per share (EPS)	-	0.56	0.53	1.23	-	2.80	2.80	3.77
Price earnings – P/E	-	-	-	-	8.30	7.90	8.10	6.52
Price to book – P/B	-	-	-	-	1.50	1.30	1.40	1.36
Return on equity	-	14.1%	14.1%	28.8%	22.9%	24.5%	23.7%	27.1%
Equity ratio	-	-	-	-	-	46.6%	46.6%	43.2%

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- Changes in accounting methods as of 2007
  - Strategic holdings in financial companies in which Exista has influence, with a shareholding of more than 15%, will be accounted for using the equity method in the Group's accounts
  - Underlines commitment to financial services as the Group's core business
  - Reporting long-term core holdings by the equity method reduces income fluctuations and increase stability in the Group's net earnings
  - Equity method reflects more clearly the foreign currency income of the core holdings
  
- Two companies classified as Strategic Holdings in Financial Companies
  - Kaupthing Bank (23.0%)
  - Sampo Group (15.5%)
  
- Other Businesses
  - Bakkavör Group (38.9%)
  - Flaga Group (22.0%)
  - Iceland Telecom (43.6%)

- Reverse tax charge
  - In the Q1 2007, the Group expects to have a reverse tax charge of up to ISK 4.5 billion
  - Part of the Group's ongoing tax planning
  
- Application for euro accounting
  - Exista has applied for permission to report financial accounts in euros as of 1 January 2007
  - Application filed before 1 November 2006
  - Final decision regarding the reporting currency made when permission has been granted
  
- Proposal to quote shares in euros
  - The Board will propose to the AGM to be granted the authority to request that Exista's shares be quoted in euros
  - No decision made to exercise that authority this year

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Income Statement (ISK m)	2H 2006	2006	2005	2004
Total revenues	13,397	25,295	22,041	20,419
Operating profit	2,639	4,606	3,606	3,439
Financial income (expenses)	835	-8,936	693	511
Income tax	-632	-777	236	769
Profit for the period	2,848	-3,581	4,020	3,079
<b>EBITDA</b>	<b>4,473</b>	<b>8,442</b>	<b>7,453</b>	<b>7,523</b>
<b>EBITDA ratio</b>	<b>33,4%</b>	<b>33,4%</b>	<b>33,8%</b>	<b>36,8%</b>

## Highlights

- Cash generated by operation ISK 8.7 billion - increased by 15.1%
- Second half profit ISK 2.8 billion
- Exchange-rate fluctuations had a great impact on profits - exchange-rate loss was ISK 5.8 billion
- Performance for all of 2006 negative by ISK 3.6 billion

Cash Flow Statement (ISK m)	2006	2005	2004
Cash generated by operation	8,654	7,519	6,876
Paid interest and taxes	-1,948	-1,329	-0,357
Financing activities	-1,092	-5,803	-3,305
<b>Cash and cash equivalents at the end of the period</b>	<b>1,053</b>	<b>0,465</b>	<b>2,826</b>

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- Sampo Group - the leading Nordic insurer with market cap over EUR 12 billion
- If is the leading P&C insurance company in the Nordic and the Baltic countries
  - Annual premium income of EUR 3.5 billion in P&C insurance
- Sampo Life is a life and pension insurer
  - Annual premium income of EUR 600 million in life insurance
- Sampo Group is a significant investor on the Nordic scale
  - Investment assets in excess of EUR 20 billion



- On 8 February was announced that Exista had gained control of 90,118,408 A-shares in Sampo Group in Finland, representing 15.48% of total share capital
- The transaction is financed with a combination of debt facilities, issuance of new shares, own shares and cash
- The Board of Directors made a commitment to exercise its authority to issue 526,652,209 new shares in Exista
- New shares used as a payment in the transaction
- Following the payment the Tchenguiz Family Trust will become the beneficial owner of close to 5% of shares

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- The fundamentals of Exista's operations are sound and have strengthened further in recent months
- The Group's measures aimed at streamlining and enhancing the profitability of its insurance business are going according to plans
- Operations of the asset finance business are healthy and the outlook is positive
- The Group's largest strategic holdings have continued to demonstrate outstanding financial performance
- Exista's holding in Sampo further diversifies its asset base and should increase income stability for the long term.

