Press Release
Annual Results 2006

30 January 2007

Glitnir Bank full year results for 2006

ISK 38.2 Billion (EUR 435 m) Profit after Tax

39.4% Return on Equity

ISK 9.3 billion (EUR 106 m) profit after tax in Q4

The highlights of Glitnir Bank's financial statements for the full year of 2006 are as follows:

- After-tax profit for the fourth quarter was ISK 9.3 billion, as compared to ISK 8.8 billion in Q3 2006. After-tax profit was ISK 38.2 billion in 2006, as compared to ISK 18.9 billion in 2005, a 102% increase.
- Pre-tax profit for the fourth quarter was ISK 11.6 billion, as compared to ISK 10.4 billion in Q3 06. Pre-tax profit for 2006 was ISK 46.3 billion, as compared to ISK 23.1 billion in 2005.
- During 2006, 45% of the Bank's pre-tax profit was generated outside Iceland, or ISK 20.7 billion of ISK 46.3 billion.
- Net interest income for Q4 was ISK 8.4 billion, up by 37% from ISK 6.1 billion in Q4 2005. Net interest income was ISK 9.3 billion in Q3 06. Net interest income was ISK 37.1 billion in 2006, as compared to ISK 22.4 billion in 2005.
- Fees and commissions for Q4 2006 was ISK 10.3 billion, increasing from ISK 2.9 billion in Q4 2005. Fees and commissions was ISK 5.0 billion in Q3 2006. Fees and commissions increased by 202%, from ISK 8.8 billion in 2005 to ISK 26.5 billion in 2006.
- Earnings per share for Q4 2006 amount to ISK 0.64. EPS for 2006 was ISK 2.68.
- After-tax ROE in 2006 was 39.4%, as compared to 30% in 2005. After-tax ROE for the year, excluding trading gains in equities and capital gains, was 34%.
- Total assets grew by ISK 774 billion, or 53%, to ISK 2,246 billion over the year. Of this figure, loans to borrowers other than credit institutions were ISK 1,583 billion, up by ISK 484 billion, or 44%. This growth in part reflects the devaluation of the ISK. Excluding the impact of the devaluation, the growth was 20% in 2006 and 7% in Q4 06.
- International bond issues amounted to EUR 4.9 billion for the full year compared to EUR 6 billion in 2005.
- Wholesale deposits in the UK started in October, amounted to ISK 45 billion at year-end. Maturities up to 3 years.
- Assets under management grew by 42% over 2006, bringing AUM to ISK 490 billion.
- Additional tax of ISK 589 millions was charged in Q4, resulting from divirgent views of Glitnir and the Icelandic tax authorities on the legal scope of tax mergers. The ruling will be appealed.
- Book equity was ISK 146.1 billion at the end of December, up by 73% from the end of 2005. The CAD ratio was 15.0% with Tier 1 ratio at 10.8%.

Bjarni Ármannsson, CEO: "The year 2006 was the best ever in the Bank´s history with net profit doubling from 2005, which was a record year. All business units returned excellent profit, showing the strength of the Bank's foundations. During the year we continued to grow our business through a balance of organic growth and targeted acquisitions. Our results were highlighted by extraordinary growth in net fees and commissions' income with such income more than tripling between years. In fourth quarter, for the first time, income from fees and commissions exceeded net interest income, demonstrating clearly the revenue mix transformation taking place in 2006. Once again, the Bank's employees have shown outstanding performance, and the Bank's shareholders have been very supportive throughout the year. These results lay the foundations for continued growth with our strategy of combined success via targeted organic growth and acquisitions."

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The accounts of the Bank are available on its website: www.glitnirbank.com.
**Exchange rate as of 31.12 2006: EUR/ISK 87.8 and NOK 10.9*

1. Consolidated performance

1.1. Highlights from the profit and loss account

ISK m	Q4 06	Q3 06	Q2 06	Q1 06	2006	2005
Net interest income	8,422	9,310	11,526	7,826	37,084	22,351
Net insurance premium	0	0	0	0	0	229
Net fees and commissions income	10,343	4,955	5,534	5,626	26,459	8,773
Dividend income	0	0	11	0	11	0
Net trading gains	2,224	223	203	3,348	5,998	3,994
Net gains/(losses) from other financial assets at fair value	500	393	573	632	2,097	491
Realised gains on financial assets available for sale	0	2	-2	0	0	181
Fair value adjustments in hedge accounting	-97	4	-87	-4	-185	-59
Net foreign exchange (losses) gains	239	278	249	-185	581	-179
Other operating income	232	107	170	47	556	631
Net operating income	**21,863**	**15,271**	**18,176**	**17,290**	**72,601**	**36,411**
Salaries and salary-related expenses	-5,097	-3,670	-3,626	-3,354	-15,747	-8,848
Depreciation of fixed assets	-192	-176	-154	-139	-662	-481
Other operating expenses	-3,416	-2,585	-2,513	-2,379	-10,892	-6,401
Administrative expenses	**-8,705**	**-6,431**	**-6,293**	**-5,872**	**-27,301**	**-15,731**
Impairments	-1,653	-328	-1,354	-1,424	-4,759	-2,205
Share of profit of associates	75	69	140	1,187	1,470	1,263
Net gains on non-current assets held for sale	15	1,785	2,444	0	4,245	3,323
Profit before income tax	**11,596**	**10,366**	**13,114**	**11,180**	**46,256**	**23,060**
Income tax expense	-2,279	-1,563	-2,101	-2,082	-8,025	-4,175
Profit for the period	**9,317**	**8,803**	**11,013**	**9,097**	**38,230**	**18,886**

Profit

Glitnir's pre-tax profit was ISK 46,256 million in 2006 and ISK 11,596 million in Q4. Pre-tax profit grew by 101% from ISK 23,060 million in the corresponding period 2005.

After-tax profit in 2006 was ISK 38,230 million, with ISK 9,317 million in Q4 2006, as compared to ISK 3,527 million in Q4 of 2005.

Earnings per share came to ISK 0.64 in the fourth quarter and were ISK 2.68 for the whole year. This is an increase of 81% from ISK 1.48 per share in 2005.

Performance and economic value added

Return on equity (ROE) after taxes amounted to 39.4% for the full year 2006, as compared to 30% in 2005. After-tax ROE for the year for the period, excluding trading gains in equities and net gains on non-current assets held for sale, was 34% on an annualized basis.

Consolidated EVA was ISK 26,029 million, as compared to ISK 11,435 million in 2005. EVA (Economic Value Added) represents the adjusted earnings net of taxes and the opportunity cost of invested capital. The Bank estimates the required rate of return on the Bank's shares in the market to be 12.5%.

Income

Net interest income grew by 66%, to ISK 37,084 million, over the year. Net interest income for the fourth quarter amounted to ISK 8,422 million, as compared to ISK 6,140 million in Q4 2005. Inflation in Q4 was only 0.8% annualised compared with 7.3% for full year 2006.

The net interest rate margin was 2.0% in 2006 and 1.7% in the fourth quarter, compared to 1.7% in Q4 2005. Net interest margin is affected by the inflation rate in Iceland.

Net fees and commissions were ISK 26,459 million, an increase of 202% from ISK 8,774 million in 2005. Net fees and commissions totalled ISK 10,343 million in Q4 2006, as compared to ISK 2,908 million in Q4 2005.

Dividend income from assets available for sale was ISK 11 million in the year 2006. Dividends from equity trading and assets held at fair value are now part of net trading gains and net gains from other financial assets at fair value.

Net revenue from financial assets held for trading and trading financial liabilities were ISK 5,999 million over the year, as compared to ISK 3,994 million in 2005. The net effect of derivatives was ISK 4,688 million, gains on equities were ISK 2,334 million and losses on bonds ISK 1,024 million. The Q4 result represents net revenue of ISK 2,224 million, as compared to loss in Q4 2005 of ISK 186 million.

Net revenue from financial assets, designated at fair value through profit and loss, was ISK 2,097 million in 2006. The effect of hedge accounting was negative by ISK 185 million, and the net result of currency items was positive by ISK 581 million.

Other operating income was ISK 232 million in the fourth quarter and ISK 556 over the year, as compared to ISK 631 million in 2005.

Expenses

Salaries and salary-related expenses were ISK 15,747 million in 2006 and ISK 5,097 million in Q4. Salaries and salary-related expenses were ISK 8,848 million in 2005. The average number of full-time employees was 1,500 in Q4, as compared to 1,483 in the preceding quarter and 1,136 in Q4 2005.

Depreciation of property and equipment amounted to ISK 662 million in 2006, a 38% increase compared to 2005.

Other operating expenses came to ISK 10,643 million in 2006 and ISK 3,191 million in Q4, increasing by ISK 1,425 million, or 81%, from Q4 2005. Expenses from non-current assets were ISK 249 million over the year.

In all, operating expenses amounted to ISK 27,301 million in 2006, as compared to ISK 15,731 million for the same period in 2005. Operating expenses were ISK 8,705 million in Q4 06, as compared to ISK 6,431 million in the Q3 06.

Other items

Impairments on loans and receivables were ISK 4,759 million in 2006 compared to ISK 2,205 million in 2005. Of this figure, general provisions were ISK 1,536 million and specific provisions ISK 3,223 million.

The Bank's share in the profit of associates was ISK 1,470 million, as compared to ISK 1,263 million in 2005, which is explained by the fact that Sjóvá counted as an associate the first 4 months of 2006.

Net gains on non-current assets held for sale was ISK 4,245 million, as compared to ISK 3,323 million in 2005.

The cost-income ratio in 2006 was 38%, as compared to 36% in 2005. The Group’s target is to maintain the cost income ratio below 45% on an annualized basis.

Projected income tax is ISK 8,025 million for 2006, as compared to ISK 4,175 million in 2005. Income tax in Q4 amounted to ISK 2,279 million compared to ISK 1,563 million in the previous quarter. In

December, Icelandic tax authorities ruled that the Bank shall pay additional tax of ISK 589 millions. This results from divergent views of Glitnir and the Icelandic tax autorities on the legal scope of tax mergers. The ruling will be appealed but the entire amount is charged to P&L in December.

1.2. Highlights from the balance sheet

Assets

Total assets were ISK 2,246 billion at the end of December, up by 53%, or ISK 774 billion, from year-end 2005. Of the total figure, Commercial Banking Norway's total assets account for ISK 672 billion.

Cash and balances with the Central Bank were ISK 20 billion at the end of Q4, compared to ISK 21 billion at year-end 2005.

Total lending grew by 50% over the year, to ISK 1,760 billion. Approximately 61% of lending at the end of December was to customers outside Iceland. Loans to parties other than credit institutions were ISK 1,583 billion, growing by ISK 484 billion, or 44% in 2006. Excluding the effect of the devaluation of the ISK and inflation effect, the growth was 20% over the year and 7% in Q4 06.

Financial assets held for trading were ISK 227 billion, up by 50% in 2006. Total bond assets were ISK 81 billion, of which ISK 77 billion were used in hedging against derivatives, leaving the net bond position at ISK 4 billion. Equities were ISK 79 billion, of which ISK 67 billion were used in hedging against derivatives, leaving the net position of trading equities at ISK 12 billion. Net positive derivatives were ISK 67 billion.

Financial assets designated at fair value through P&L were ISK 201 billion. Interest rate risk is hedged with interest rate derivatives, which are also designated at fair value.

Financial assets available for sale were valued at ISK 3.7 billion, as compared to ISK 3.6 billion at the beginning of the year. Derivatives used for hedging amounted to ISK 5.7 billion, up from ISK 2.4 billion at year-end 2005.

Investments in associates were ISK 4.4 billion, down by ISK 3.7 billion in 2006, mainly due to the sale of remaining shares of Sjóvá in Q2 and the Bank's investment in Máttur.

Property and equipment was ISK 3.3 billion, up by 66% over 2006. Intangible assets increased by 69%, to ISK 18.3 billion.

Deferred tax assets decreased from ISK 268 million at year-end 2005 to ISK 264 million at the end of December 2006.

Non-current assets held for sale totalled ISK 409 million at the end of Q4, a decrease of 26% over the year.

Other assets at the end of Q4 came to ISK 1,313 million, up from ISK 647 million at the beginning of the year.

Liabilities and equity

Deposits were ISK 517 billion on 1 January 2007, including ISK 79 billion in deposits from credit institutions. In Q4 Glitnir Bank started to accept deposits through its London branch, new deposits in the UK account for ISK 45 billion. Maturities are up to 3 years.

Total borrowings grew by 51%, to ISK 1,487 billion at the end of Q4, including subordinated loans of ISK 114 billion.

Trading financial liabilities were ISK 52 billion, up from ISK 29 billion since 1 January 2006.

Derivatives used for hedging were ISK 14 billion, up from ISK 7 billion over the year 2006.

Other liabilities decreased from ISK 26 billion at the beginning of the year, to ISK 20 billion in Q4.

Book equity was ISK 146 billion at the end of December, an increase of ISK 62 billion over the year. This includes the equity increase resulting from one billion new shares issued in January and 130 million new shares issued as a dividend payment in March, both at ISK 18.60 per share. Unhedged position in foreign subsidiaries resulted in a 5.7 billion gain, recognised directly in equity during the year.

Due to the adoption of IFRS, the Bank's own shares, which used to pertain to the trading book, are now deducted from book equity. This change has no impact on the calculation of the CAD ratio.

The Bank's CAD ratio at the end of December was 15.0%, of which Tier 1 was 10.8%. A 10% depreciation of the ISK would result in an approximately 0.3 lower CAD ratio and 0.4 lower Tier 1.

Assets under management amounted to ISK 490 billion at the end of the year, growing by 42% 2006.

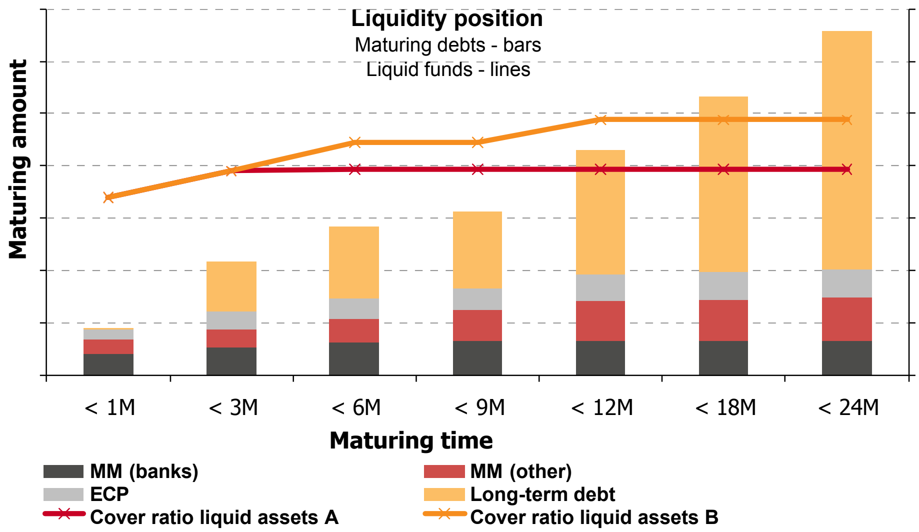
Assets in custody amounted to ISK 698 billion at year-end, growing by 68% in 2006.

2. Liquidity and funding

Glitnir was active on the funding side in the fourth quarter and new funding sources were introduced. The Bank raised a € 550 million syndicated term loan, which is the largest syndicated facility signed by Glitnir to date. The Bank also revisited the public senior bond markets with US$ 500 million Floating Rate Notes in the US market. The offering was the first issue of a new US MTN Programme. In December the Bank signed an ISK 100 billion Covered Bond Programme and also signed an agreement with Citigroup under which Citigroup undertakes to buy Glitnir's covered bonds for up to € 550 million over the next five years. That contract strengthens the liquidity position of Glitnir even further. In the quarter, the Bank also started to accept deposits through its London branch and to date, that part of the deposits base amount to more than € 600 million.

In spite of volatile market conditions for much of the year, 2006 was a successful year for Glitnir's funding operations. The parent company's international long-term funding amounted to € 4.9 billion. BNbank's long-term funding amounted to € 1.3 billion. The year of 2007 has got off to a good start from the Bank's funding point of view as in the beginning of January, Glitnir successfully launched its most ambitious bond issue to date, US$ 1.25 billion 5 year Global Floating Rate Notes. The transaction was placed among European, US and Asian investors. Last week, the Bank closed a € 500 million fixed rate issue which was entirely placed among European investors. These issues further strengthen the liquidity position of the Bank.

Liquidity position of the parent company at 26 January 2007



It is Glitnir Bank's policy to cover all maturing debt of the parent company over a period of 6 months with immediately available funds. After taking liquid assets into account, the Bank's policy is to cover all maturing debt over a period of 12 months. The chart above shows the liquidity position of the parent company at year end 2006.

Capitalisation remains strong, with Tier 1 and CAD ratios standing at 10.8% and 15.0% respectively at the end of 2006. The Bank will continue to maintain capitalisation well above its prudential long-term targets for the foreseeable future.

3. Key figures

	2006	2005	2004
Average total assets (ISK million)	1,845,648	1,162,177	529,096
Equity at the end of the period (ISK million)	146,118	84,537	48,474
CAD ratio (end of period)	15.0%	12.6%	12.4%
Tier 1 capital (end of period)	10.8%	9.9%	9.4%
Pre-tax profit (ISK million)	46,256	23,060	14,093
Profit after taxes (ISK million)	38,230	18,886	11,958
Return on equity after taxes	39.4%	30.3%	43.8%
Earnings per share (ISK)	2.68	1.48	1.18
Average number of full-time employees	1,392	1,216	1,126
Net interest margin	2.0%	1.9%	2.4%
Cost as a proportion of average total assets	1.5%	1.4%	2.7%
Cost/income ratio	37.6%	36.2%	47.7%
Impairment losses			
- as a proportion of average total assets	0.3%	0.2%	0.6%
- as a proport. of loans and quarantees	0.3%	0.2%	0.6%

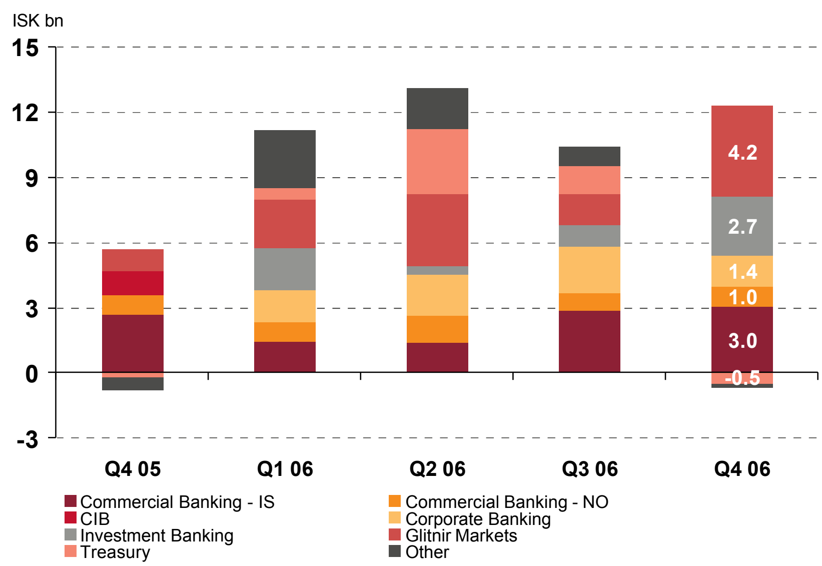
4. Performance of business units

ISK m	Commercial Banking - Iceland	Commercial Banking - Norway	Corporate Banking	Investment Banking	Glitnir Markets	Treasury	Eliminations and other activities	Total
Net interest income	16,778	7,196	9,736	-374	3,098	2,028	-1,379	37,082
Net fees and commissions	5,365	435	2,481	5,854	13,211	-296	-483	26,568
Net financial income	89	-483	222	2,336	1,339	2,665	3,804	9,972
Other operating income	200	95	39	0	209	0	14	557
Net operating income	**22,432**	**7,243**	**12,479**	**7,815**	**17,857**	**4,398**	**1,955**	**74,178**
Operating expenses	-11,057	-3,231	-3,805	-1,686	-6,735	-109	-785	-27,409
Impairments	-2,781	-68	-1,846	-25	-7	0	-32	-4,759
Other income	82	0	0	0	0	0	4,164	4,245
Profit before income tax	**8,675**	**3,944**	**6,828**	**6,105**	**11,114**	**4,288**	**5,301**	**46,256**
EVA	3,321	675	4,223	4,591	8,250	2,706	2,263	26,028

Profit from Elimination and other activities was ISK 5,301 million, which is explained by the share of associates' profits and other items not allocated to profit units.

Operating expenses of support functions and head office expenses are fully allocated to the profit units.

Pre-tax profit of business units by quarters



4.1. Commercial Banking Iceland

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Net interest income	16,778	4,860	4,326	4,001	3,591	3,526
Net fees and commissions	5,365	1,684	1,223	1,181	1,277	1,188
Net financial income	89	34	9	22	25	61
Other operating income	200	150	14	17	19	23
Net operating income	**22,432**	**6,727**	**5,573**	**5,220**	**4,912**	**4,799**
Operating expenses	-11,057	-3,419	-2,315	-2,756	-2,568	-2,199
Impairments	-2,781	-293	-402	-1,158	-928	60
Other income	82	-3	0	85	0	-12
Profit before income tax	**8,675**	**3,013**	**2,856**	**1,392**	**1,416**	**2,647**
EVA	3,321	1,046	1,408	389	478	1,180

The year 2006 was an outstanding year for all units of the Commercial Bank in Iceland. Profit before tax in the fourth quarter was over ISK 3 billion and overall in the year it was ISK 8,675 billion before tax. These results are partly explained by the reversing entry of general provisions due to the transfer of a part of the loan book of Corporate Banking Iceland and Private Banking onto the books of Corporate Banking. Overall, the year was characterised by steady demand for credit which the Bank was largely able to provide despite some restrains on the financing side. Demand in the fourth quarter was good and steady but, at the same time, the supply of credit was clearly growing and the market seemed to have reached equilibrium. Mortgage lending contracted considerably in the year and amounted to ISK 3 billion in fourth quarter, which is about a third of the growth in Q1. The sale of other specific services in the quarter was in line with expectations and the year as a whole exceeded the most optimistic projections.

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Corporate Banking	3,138	1,276	825	571	466	1,124
Asset based financing	1,208	356	336	281	235	233
Asset Management & Private Banking	1,148	400	195	266	286	194
Retail banking	3,005	870	1,433	274	429	1,096
Kreditkort	176	110	66	0	0	0
Profit before income tax	**8,675**	**3,013**	**2,856**	**1,392**	**1,416**	**2,647**

Loans and receivables in Commercial Banking in Iceland were ISK 601 billion at the end of 2006. Loans in Retail Banking were ISK 265 billion, in Corporate Banking ISK 265 billion, in Asset-Based Financing ISK 44 billion and in Asset Management and Private Banking loans amounted to ISK 18 billion, and in Kreditkort ISK 10 billion.

Domestic deposits in Commercial Banking at the end of December were ISK 147 billion, increasing by 16% from ISK 127 billion over the year.

Total EVA for Commercial Banking was ISK 1,046 million in Q4 2006, bringing EVA in the year to ISK 3,321 million. The total number of full-time employees was 628 at the end of the fourth quarter.

Retail Banking

Pre-tax profit in the fourth quarter was ISK 870 million. The net operating income of Retail Banking amounted to ISK 3,381 million, while operating costs amounted to ISK 1,993 million and impairments to ISK 518 million. The pre-tax profit was ISK 3,005 million in 2006, as compared to ISK 3,775 million in the preceding year.

The demand for new mortgage lending was at similar levels in the fourth quarter of 2006 as in the previous quarter but the demand in the last two quarters was considerably lower than in the first two quarters of the year.

The branch at Laugavegur merged with the branch in Lækjargata in the fourth quarter of 2006. The number of retail branches is 23 at the end of 2006 compared to 29 at the beginning of 2005.

The total number of full-time employees was 425 at the end of December.

Asset-Based Financing

Pre-tax profit in the fourth quarter was ISK 356 million. The net operating income of Asset-Based Financing amounted to ISK 517 million in the fourth quarter, while operating costs amounted to ISK 181 million and impairments reversal to ISK 21 million. The total pre-tax profit was ISK 1,208 million in 2006, as compared to ISK 806 million in the preceding year.

Demand for car financing remained strong in 2006 despite earlier indications and expectations of a decrease in sales of new cars. Industry experts are, however, expecting a sharp decrease in demand for new cars in Q1 2007. Considerable growth in equipment and professional vehicle leasing in the second half of 2006 resulted in a 17% increase from 2005. Total new lending in 2006 was 17.9 billion, a 10% increase from 2005.

The total number of full-time employees was 35 at the end of December.

Asset Management and Private Banking

Profit before taxes in the fourth quarter amounted to ISK 400 million. The net operating income of Asset Management and Private Banking amounted to ISK 946 million in the fourth quarter, while operating costs amounted to ISK 638 million and impairments reversal amounted to ISK 92 million. The total profit was ISK 1,148 million in 2006, as compared to ISK 704 million in the previous year.

Assets under management in Asset Management and Private Banking amounted to ISK 423.5 billion at the end of the fourth quarter, as compared to ISK 345 billion at the beginning of the year. Assets under management have increased by 23% since the beginning of the year.

2006 brought considerable fluctuations to domestic markets, with sharp decreases in the value of the ISK and Icelandic equities in the first half of the year. The fourth quarter was characterised by fluctuations in the domestic fixed income market and high money market yields. Client portfolios performed very well in the year, despite lower returns in the Icelandic equity market than in previous years. The returns of all portfolios of Almenni Pension Funds were very good and higher than those of most peers. All domestic mutual and investment funds performed well and outperformed most peers. Private & retail investors were active in the year and the inflow of funds remained strong.

The total number of full-time employees was 63 at the end of December.

Corporate Banking Iceland

Pre-tax profit in the fourth quarter was 1,276 million. The net operating income of Corporate Banking amounted to ISK 1,498 million in the fourth quarter, while operating costs amounted to ISK 347 million and impairment reversal to of ISK 124 million. The total pre-tax profit was ISK 3,138 million in 2006, as compared to ISK 1,892 million in the previous year.

Despite a turbulent period in the spring months for the main market players, the Icelandic corporate banking market remained active throughout the year, although competition hardened towards the end of the year. The loan portfolio of Corporate Banking Iceland maintained of good quality and grew significantly over the year. As a result of hard work in securing profitable operation in changing market conditions the year-end result is good. As a part of the strategy of sharpening the focus of Corporate Banking Icelandic and international units a significant part of the loan portfolio was transferred to International Corporate at the end of the year, along with responsibility for business with investment companies investing in foreign markets.

In 2007 increased competition is expected with narrowing margins and necessity for vigilance in the marketplace.

The total number of full-time employees was 18 at the end of December.

4.2. Commercial Banking Norway

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Net interest income	7,196	1,894	1,824	2,023	1,454	1,491
Net fees and commissions	435	247	189	-25	25	70
Net financial income	-483	-268	-244	-38	68	125
Other operating income	95	36	2	51	7	13
Net operating income	**7,243**	**1,908**	**1,770**	**2,011**	**1,554**	**1,699**
Operating expenses	-3,231	-951	-906	-720	-655	-686
Impairments	-68	21	-28	-51	-10	-71
Other income	0	0	0	-12	12	0
Profit before income tax	**3,944**	**978**	**837**	**1,228**	**901**	**942**
EVA	675	427	-570	498	320	157

Commercial Banking in Norway has developed favourably since its entry into the Norwegian market in 2004. Over the past year, the commercial banking balance sheet in Norway grew from approximately ISK 492 billion to ISK 672 billion at year-end 2006. Both Norwegian subsidiaries showed a positive development with regards to deposits from customers, which increased by 23%, or NOK 3.7 billion in 2006.

Although interest rates are expected to increase in Norway over the coming year, the good macro environment makes for a positive general outlook for the Norwegian banking business in 2007. It is expected that covered bond legislation will be approved by the government during first half of 2007, and utilizing covered bonds for the funding of BNbank will strengthen the bank's funding capabilities. Continued pressure on the interest margin will also present a challenge in the upcoming year.

The loan portfolio was NOK 51.7 billion at the end of December, up from NOK 43.8 billion at year-end 2005.

Total EVA for Commercial Banking Norway was ISK 427 million in Q4, bringing EVA for the year to ISK 675 million. The total number of full-time employees was 178 at the end of December.

BNbank

BNbank's pre-tax profit amounted to ISK 576 million in the fourth quarter. Net operating income for the period was ISK 1,082 million, while operating expenses were ISK 567 million and impairment reversal was ISK 61 million. Pre-tax profit in 2006 was ISK 2,670 million, as compared to ISK 3,062 million in 2005.

Total loans in BNbank increased by 11% in 2006. Currently, turnover in the commercial real estate market is at all time high. This provides both opportunities and challenges, as trading often includes changes in the property's financing. The bank's current loan portfolio is the highest in its history, but turnover is also high. BNbank has emphasized low credit risk over loan growth in this market. In 2006 housing loans in BNbank increased by 9%. All new housing loans are at less than 80% loan to value, and approximately 80% of the total housing loan portfolio is below 60% loan to value. The level of non-performing loans continues to be very low, and BNbank had no loan losses in 2006.

In October, BNbank acquired 45% of the shares in Norsk Privatøkonomi ASA, an independent financial advisory company. The acquisition consolidates BNbank/Glitnir's distribution in Norway, through synergies between Norsk Privatøkonomi ASA's strong position in the financial advisory market and BNbank's product platform.

BNbank entered Glitnir's consolidated figures as of 1 April 2005. At the end of December, BNbank had 112 employees.

Glitnir Bank ASA

Glitnir Bank returned a pre-tax profit of ISK 266 million in fourth quarter. Net operating income was ISK 528 million and operating expenses were ISK 262 million. Pre-tax profits in 2006 were ISK 918 million, as compared to ISK 598 million in 2005.

During 2006, Glitnir Bank's loan portfolio grew by NOK 1 billion, or 27%, to NOK 4.7 billion at year-end, while the quality of the portfolio improved further. Deposits from customers grew by NOK 2.0 billion, or 70%. Glitnir Bank has also initialised loans for Glitnir banki hf. in Reykjavik to an amount of NOK 3.3 billion.

Glitnir Factoring AS, a subsidiary of Glitnir Bank ASA, exceeded its 2005 record results with another best year ever in 2006, where growth continued and all-time highs were recorded both with regards to the flow of invoices, turnover and bottom line.

The total number of full-time employees in Glitnir Bank at year-end 2006 was 61.

4.3. Corporate Banking

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06
Net interest income	9,736	2,964	2,362	2,444	1,965
Net fees and commissions	2,481	847	497	539	599
Net financial income	222	-16	20	25	193
Other operating income	39	24	4	10	1
Net operating income	**12,479**	**3,820**	**2,883**	**3,018**	**2,758**
Operating expenses	-3,805	-1,012	-967	-978	-848
Impairments	-1,846	-1,416	183	-158	-454
Other income	0	0	0	0	0
Profit before income tax	**6,828**	**1,392**	**2,099**	**1,882**	**1,455**
EVA	4,223	1,030			

The fourth quarter was the best ever for Corporate Banking in terms of net operating income, with both net interest income and fee income exceeding what the unit has seen before. However, impairments had a substantially negative effect during the quarter, with ISK 1,416 million of provisions being booked. These provisions are both general, due to a substantial increase in the loan portfolio and specific due to some specific credit cases, mostly related to Leveraged Finance.

A large part of the increase in the loan portfolio is due to internal transfers of a credit portfolio from Commercial Banking Iceland to Corporate Banking. This was done to further improve service to some of the bank's key customers and increase focus within both units.

The loan portfolio was ISK 386 billion at the end of December, up from 256 billion at year-end 2005, and up from 350 billion at the end of June.

The year 2006 was an excellent year for all units within Corporate Banking. New offices were established in Canada and China, the Copenhagen office has been strengthened and the UK office is now comprised of 12 people from various units of the bank. Glitnir´s Luxembourg unit has mainly focused on the real estate sector with good results. A great effort has been placed in building the Bank's energy team unit during the year, as well as to further strengthening the Bank's reach within seafood. All this while delivering a record profit for the year of ISK 6,828 million before income tax.

The outlook for 2007 is good; with good growth expected within the banks focus segments and geographic areas.

Total EVA for Corporate Banking was ISK 1,030 million in Q4, bringing EVA for the year to ISK 4,223 million. The Corporate Banking team totalled approximately 101 people at the end of December.

4.4. Investment Banking

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06
Net interest income	-374	-122	-66	-114	-72
Net fees and commissions	5,854	2,646	1,006	621	1,581
Net financial income	2,336	893	423	102	917
Other operating income	0	0	0	0	0
Net operating income	**7,815**	**3,416**	**1,364**	**609**	**2,426**
Operating expenses	-1,686	-775	-305	-181	-425
Impairments	-25	62	-64	-5	-18
Other income	0	0	0	0	0
Profit before income tax	**6,105**	**2,703**	**995**	**423**	**1,983**
EVA	4,591	2,057			

Investment Banking had its best quarter ever in the fourth quarter of 2006, with Net Operating Income reaching ISK 3,416 million and pre-tax profit of 2,703 million.

Due to the nature of the business, the unit had a negative net interest income of ISK 122 million, but total fees amounted to ISK 2.6 billion in Q4, mainly consisting of advisory fees. The unit registered a trading gain on listed shares in Q4 of 370 million and a gain of ISK 488 million shown in income from other assets at fair value. This resulted in a total gain of 858 million on equity instruments in Q4.

During the fourth quarter, the unit closed some high profile deals, including the underwriting and later the IPO of Icelandair Group, the private placement of Copeinca, the Peruvian fishmeal company, advisory to TM Software on the sale of Maritech and the ISK 6 billion equity offering of TM shares. Many of these deals were cross unit projects, with the total fees of the project being split up between various units of the Bank.

The year 2006 has been a transformational year for Investment Banking activities within Glitnir: This was the first whole year of operations of Equity Investments and that unit has been very successful. Corporate Finance services have been set up in Copenhagen, as well as strengthening further the Reykjavík and London units. At the same time, the large number of deals completed has secured 2006 as the most profitable year for Investment Banking to date.

The pipeline remains strong, with a number of deals being worked on, with estimated closing during the first six months of 2007.

Total EVA for Investment Banking was ISK 2,057 million in Q4, bringing EVA for the year to ISK 4,591 million. The Investment Banking team was comprised of approximately 27 people at the end of December.

4.5. Glitnir Markets

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Net interest income	3,098	999	837	896	365	391
Net fees and commissions	13,211	5,328	2,490	3,262	2,131	566
Net financial income	1,339	697	-281	417	507	320
Other operating income	209	72	64	69	5	0
Net operating income	**17,857**	**7,096**	**3,109**	**4,644**	**3,007**	**1,277**
Operating expenses	-6,735	-2,939	-1,681	-1,329	-785	-278
Impairments	-7	0	-7	0	0	0
Other income	0	0	0	0	0	0
Profit before income tax	**11,114**	**4,157**	**1,420**	**3,315**	**2,222**	**999**
EVA	8,250	2,571	1,136	2,690	1,853	805

Glitnir is the fourth largest operator in equity market volume in the Nordic market, with an overall market share of 4.9%. The aggregated market share for the subsidiaries in group's three major markets, Iceland, Norway and Sweden, was 26.8%, 5.7% and 6.3%, respectively. In 2006, Glitnir's markets operations generated revenues of ISK 17,857 million. Glitnir's fee income from advisory and brokerage services has increased significantly in 2006, to ISK 13.2 billion, compared to ISK 2.2 billion in 2005.

2007 will be the first year for Glitnir Markets with a full year of activity in Iceland, Norway and Sweden. The structure that is established is capable of handling a significant volume and of being an attractive partner and service provider for our customers. So far, Glitnir Markets has obtained mandates to list two companies on the Oslo Stock Exchange. If these two listings will go through they will be the first listings conducted by Glitnir Markets in Norway.

With Icelandair's IPO in early December, Glitnir Markets conducted the company's first large cross-border sale. Through this IPO, which was met with great interest from foreign investors, Glitnir Markets fully proved the company's ability to apply its resources across the Nordic markets to the clients' benefit.

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Markets Reykjavik	8,626	3,069	1,115	2,361	2,082	999
Markets Norway	2,678	1,079	391	1,004	204	0
Markets Sweden	132	121	11	0	0	0
Other	-322	-111	-97	-49	-64	0
Profit before income tax	**11,114**	**4,157**	**1,421**	**3,315**	**2,222**	**999**

Total EVA for Glitnir Markets was ISK 2,571 million in Q4, bringing EVA for the year to ISK 8,250 million. The total number of employees in offices in Iceland, Norway and Sweden was 212 at the end of December.

Markets Reykjavík

Markets Reykjavík generated a pre-tax profit of ISK 3,070 million in the fourth quarter of 2006, with net operating income amounting to ISK 3,606 million and operating expenses to ISK 537 million. In 2006 Markets Reykjavík generated pre-tax profits of ISK 8,626 million, as compared to ISK 2,971 million in the previous year.

The securities brokerage had a good year in 2006.In a turbulent securities market, both equity and bond desks managed to sustain market share growth during the year. Equity market share on ICEX was 26.7% and bond market share was 26.9%, both ranking second among members of the Iceland Stock Exchange. The FX sales team also showed a strong performance in a very volatile currency market. Total FX volume increased in line with increased foreign interest and uncertainty in the domestic economy. The derivatives desk enjoyed increases in volume, a number of deals and a variety of new products.

In order to increase and improve client service, Markets Reykjavík made some structural changes. Risk advisory merged into FX Managed Accounts and the bank's Research Department moved to Markets. At the end of the year the unit had 41 employees.

Markets Norway

Glitnir Norway generated a pre-tax profit of ISK 1,078 million in the fourth quarter of 2006, with net operating income amounting to ISK 2,048 million and operating expenses to ISK 970 million. In 2006 Markets Norway generated pre-tax profits of ISK 2,678 million.

In the course of 2006, Glitnir Securities has consolidated its operations considerably, e.g. by strengthening its research and institutional brokerage functions and by building a new corporate department, which in fourth quarter proceeded to complete the company's first major corporate transaction for a foreign company. Glitnir Securities is now well positioned for further growth and development.

Q4 2006 was UNION Group's best quarter ever, with very high activity in all three companies. The property finance sector is showing good prospects, and the company expects positive outlook in 2007. UNION Norsk Næringsmegling AS has a healthy portfolio of ongoing projects, and UNION Eiendomskapital AS has the first Storebrand Eiendomsfond share issue in 2007 well under way.

UNION Eiendomskapital has NOK 5.2 billion in real estate assets under management (real estate fund).

The acquisition of Glitnir Securities, a complete, licensed investment bank based in Oslo, was completed 28 February 2006 and acquisition of 50.1% of Union was completed early May 2006.

The total Markets team in Norway was comprised of 91 people at the end of December.

Markets Sweden

Glitnir in Sweden generated a pre-tax profit of ISK 121 million in the fourth quarter of 2006, with net operating income amounting to ISK 673 million and operating expenses to ISK 552 million. In 2006 Glitnir in Sweden generated pre-tax profits of ISK 132 million.

High volume in the Scandinavian markets during 2006 contributed to Glitnir' strong revenue growth. Glitnir AB's market share for secondary trading in the Scandinavian markets were, respectively, 5.6% in Sweden, 3.9% in Norway, 3.2% in Finland and 3.5% in Denmark, rendering the Swedish Glitnir subsidiary the 4th largest broker in the consolidated Nordic market at year-end.

On at 1 January, the total number of full-time employees at Glitnir Sweden was 72. Glitnir AB in Sweden is part of Glitnir's consolidated accounts as of 1 July 2006.

4.6. Treasury

ISK m	12M 2006	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Net interest income	2,028	-1,436	551	2,438	475	203
Net fees and commissions	-296	-91	-96	-61	-49	-38
Net financial income	2,665	917	889	698	160	-236
Other operating income	0	0	0	0	0	1
Net operating income	**4,398**	**-610**	**1,345**	**3,076**	**586**	**-69**
Operating expenses	-109	104	-47	-88	-79	-128
Impairments	0	0	0	0	0	0
Other income	0	0	0	0	0	0
Profit before income tax	**4,288**	**-505**	**1,298**	**2,988**	**508**	**-197**
EVA	2,706	-1,029	968	2,404	363	-286

Total EVA for Treasury was negative by ISK 1,029 million in Q4, bringing EVA for the year to ISK 2,706 million.

4.7. Other operations

Profit from other operations was negative by ISK 141 million in the fourth quarter of 2006. Other operations include income and expenses which are not allocated to profit units. Other operating income net of operating expenses includes profit from associates, cost not allocated to profit units and net gains on non-current assets held for sale.

5. Prospects for the year 2007

Following rapid expansion in recent years, 2007 looks set to be a time of adjustment in the Icelandic economy. There are already indications that the economy is cooling. Consumption growth has subsided, as has growth in investment. Unemployment has started rising from the recent trough and inflation is abating, even if it remains far above the Central Bank's inflation target. Furthermore, the impending completion of the current phase of build-up in the aluminium sector will also serve to slow down the economy from the recent overheated state. The outlook is for a relatively soft landing of the economy, with inflation receding further and a significant narrowing of the current-account deficit. Individuals as well as businesses will to some extent feel the effects of an economic slowdown as unemployment increases, the turnover of local businesses contracts and ratios of insolvency and default rise. However, the vast majority of households and companies are unlikely to experience considerable setbacks. Thus, the operating environment of financial companies is likely to prove reasonably benevolent in the near term and improve further as the economy stabilizes and gains momentum again.

In Norway, the expansionary period seems to be peaking and a mild slowdown looks probable in 2007, although growth will most likely remain robust. In recent quarters, growth has been driven by, amongst other things, investment in the oil industry, low interest rates and widespread optimism that has been reflected in rapidly growing private consumption. Also, Norway's trade of terms have been favourable, with high oil prices and relatively low prices for many of the main imported commodities. House prices have risen steadily and look set to increase somewhat further, although rising interest rates, increased supply of new housing and a slowdown in disposable income growth will probably dampen further price rises. The financial position of households and businesses is sound following years of sustained growth, unemployment is still receding and the disposable income of housholds has grown substantially in recent quarters. Financial companies therefore currently face a very favourable operating environment in Norway and are likely to continue to do so.

6. Bonus for employees

In line with its decision concerning performance-related pay, the Board of Directors has resolved to pay out a bonus to the staff of Glitnir banki hf., the parent company, for the good operating results of 2006. All Glitnir banki hf. employees will be paid a bonus of 7.000 shares based on full time employment at a price of ISK 25.5 per share.

The Board of Directors will revise the performance-related pay to employees in 2007 in accordance to new structure of the Bank.

7. Dividends and authorisation to issue new shares

One of Glitnir financial goals is to pay dividends amounting to 20 to 40% of earnings to shareholders, taking account of the Bank’s equity position at any time. The Board of Directors has decided to recommend to the Annual General Meeting the payment of ISK 0.66 per share in dividend. The number of outstanding shares is approximately 14.3 billion. Total dividend will amount to ISK 9.4 billion. The dividend corresponds to 24.63% of after-tax profit for the year 2006. The reference date for dividend payment is at the end of day of the Annual General Meeting, and the dividend will be paid out on 14 March 2007. The remainder of the profit for the year, ISK 28.8 billion, will be allocated to increase the equity of Glitnir.

The board of directors has also decided to recommend to the Annual General Meeting that shareholders shall be granted the option to receive up to one half of their dividend in shares in Glitnir banki hf.

8. Publication of financial reports for 2007

The 2007 Annual General Meeting of Glitnir banki hf. will be held at Hotel Nordica on 20 February at 2:00 p.m. in conference rooms A-B.

The proposed publication dates of the financial reports of Glitnir hf. in 2007 are as follows:

1st quarter, 30 April 2007

2nd quarter, 31 July 2007

3rd quarter, 30 October 2007

Annual Results, 29 January 2008

9. Presentation of Glitnir Bank's Annual Results

Glitnir will host the following presentations and conference calls in relation to the publication of its full annual results for 2006. Glitnir will publish its results before opening of markets. An English version of the presentation will be available on www.glitnirbank.com as of 30 January.

Presentation to shareholders and market participants in Reykjavík, Iceland

Bjarni Ármannsson, CEO, will present Glitnir's full year results for 2006 to shareholders and market participants on Tuesday, 30 January, at 9.15 a.m. at Glitnir's headquarters at Kirkjusandur in Reykjavík. The house opens at 9 a.m.

International telephone conference

Glitnir will host a telephone conference in English at 10.30 a.m. GMT, (11:30 a.m. CET), Tuesday 30 January. Bjarni Ármannsson, CEO, will present the results and answer questions. To participate, call +44 (0)20 7162 0125 (UK), +47 2156 3122 (Norway) or +1 334 323 6203 (USA), no later than ten minutes in advance. Bjarni Ármannsson, CEO and Tómas Kristjánsson, CFO will participate.

The conference call, along with a webcast of the presentation, will be broadcasted live on the Internet and can be accessed on www.glitnirbank.com.

Presentation to shareholders and market participants in London, UK

Bjarni Ármannsson, CEO, and Tómas Kristjánsson, CFO, will present Glitnir's full year results for 2006 to shareholders and market participants on Thursday, 1 February, at 8 a.m. at Glitnir's offices at Lothbury 41, London EC2R 7HF. The house opens at 7.45 a.m. with breakfast for guests. Participants register with Vala Pálsdóttir, Head of Investor Relations, by e-mail at ir@glitnir.is or call +354 440 4989.

Media interviews bookings

To book media interviews, please contact Bjørn Richard Johansen, Managing Director, Corporate Communication, by sending an e-mail message to brj@glitnir.no or call mobile +47 47 800 100.

10. Group profit and loss account by quarter

ISK m	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Net interest income	8,422	9,310	11,526	7,826	6,140
Net insurance premium	0	0	0	0	0
Net fees and commissions income	10,343	4,955	5,534	5,626	2,908
Dividend income	0	0	11	0	0
Net trading income	2,224	223	203	3,348	-186
Net income designated at fair value through profit and loss	500	393	573	632	9
Realised gains on financial assets available for sale	0	2	-2	0	0
Fair value changes from hedge accounting	-97	4	-87	-4	18
Net foreign exchange gains (losses)	239	278	249	-185	22
Other net operating income	232	107	170	47	63
Administrative expenses	-8,705	-6,431	-6,293	-5,872	-4,230
Impairments	-1,653	-328	-1,354	-1,424	-644
Share of profit of associates	75	69	140	1,187	790
Net gains on non-current assets held for sale	15	1,784	2,444	0	20
Profit before income tax	**11,596**	**10,365**	**13,114**	**11,181**	**4,910**
Income tax expense	-2,279	-1,563	-2,101	-2,082	-1,382
Profit for the period	**9,317**	**8,803**	**11,013**	**9,098**	**3,527**

11. Consolidated balance sheet

ISK m	31.12 2006	31.12 2005	Change (ISK m)	Change (%)
Cash equivalents and balances with central banks	20,417	20,861	-443	-2.1%
Loans and receivables	1,760,368	1,174,428	585,940	49.9%
Financial assets held for trading	227,251	151,897	75,355	49.6%
Financial assets designated at fair value through P/L	200,864	96,438	104,426	108.3%
Financial assets available for sale	3,746	3,611	134	3.7%
Derivatives used for hedging	5,721	2,351	3,371	143.4%
Investment in associates	4,379	8,081	-3,701	-45.8%
Property and equipment	3,296	1,987	1,308	65.8%
Intangible assets	18,310	10,824	7,486	69.2%
Tax assets	264	268	-5	-1.8%
Non-current assets and disposal groups held for sale	409	551	-142	-25.8%
Other assets	1,314	647	666	103.0%
Total Assets	**2,246,339**	**1,471,945**	774,394	52.6%
Deposits from credit institutions and central banks	78,576	30,656	47,920	156.3%
Other deposits	438,272	304,137	134,135	44.1%
Borrowings	1,377,787	937,794	439,993	46.9%
Subordinated loans	108,998	47,464	61,534	129.6%
Trading financial liabilities	51,729	28,789	22,939	79.7%
Derivatives used for hedging	13,869	7,233	6,636	91.7%
Post-employment obligations	529	418	111	26.6%
Tax liabilities	10,647	5,087	5,560	109.3%
Other liabilities	19,814	25,830	-6,016	-23.3%
Equity	146,118	84,537	61,581	72.8%
Total Liabilities and Equity	**2,246,339**	**1,471,945**	774,394	52.6%
Off-balance sheet items:				
Assets under management	490,321	344,975	145,346	42.1%
Guarantees	29,911	19,788	10,123	51.2%
Derivatives against trading bond assets	77,373	57,681	19,692	34.1%
Derivatives against trading equity assets	67,074	60,401	6,673	11.0%

12. Key figures

	Jan-Des 2006	Jan-Des 2005	*Change*	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05
Average total assets								
Average total assets	1,845,648	1,162,177	*683,471*	2,035,189	1,946,658	1,872,596	1,528,152	1,404,897
Total assets at end of period	2,246,339	1,472,250	*774,089*	2,246,339	1,955,490	2,023,185	1,835,999	1,472,250
Equity at end of period	146,118	84,537	*61,581*	146,118	129,843	125,763	111,370	84,537
Outstanding shares	14,265	13,112	*1,153*	14,265	14,010	14,049	14,120	13,112
Key ratios:								
Return on equity before tax	47.7%	26.2%						
Return on equity after tax	39.4%	30.3%						
Earnings per share, ISK	2.68	1.48	81.1%	0.64	0.62	0.76	0.66	0.28
CAD ratio at end of period	15.0%	12.6%		15.0%	15.9%	13.7%	12.1%	12.6%
Tier 1 capital at end of period	10.8%	9.9%		10.8%	10.9%	9.1%	9.2%	9.9%
Cost/income ratio	37.6%	36.2%		39.8%	43.1%	36.0%	34.0%	47.1%
Provision for loan losses/loans & guarantees at end of p.	0.3%	0.2%		0.1%	0.0%	0.2%	0.4%	0.2%
Average number of full-time employees	1,392	1,216	14.5%	1,500	1,483	1,369	1,216	1,136
Percentage of average total assets:								
Net interest margin	2.0%	1.9%		1.7%	2.0%	2.5%	2.1%	1.7%
Other operating income	1.9%	1.4%		2.6%	1.2%	1.5%	2.5%	0.7%
Other operating expenses	1.5%	1.4%		1.7%	1.4%	1.4%	1.5%	1.2%
Impairment losses	0.3%	0.2%		0.3%	0.1%	0.3%	0.4%	0.1%
Profit	2.1%	1.6%		1.8%	1.8%	2.4%	2.4%	1.1%

13. Loans by business units

	Size (ISK bn)	%
Commercial Banking - Iceland	**601**	**36%**
Corporate Banking	265	16%
Asset based financing	44	3%
Asset management	1	0%
Private banking	17	1%
Retail banking	265	16%
Kreditkort	10	1%
Commercial Banking - Norway	**593**	**35%**
Glitnir Bank	54	3%
BNbank	492	29%
Norway branch	46	3%
Corporate Banking	**450**	**27%**
Asia & Americas Region	168	10%
Leveraged Finance	66	4%
North European Region	147	9%
UK & South European	69	4%
Investment Banking	**4**	**0%**
Markets	**28**	**2%**
Total	**1,676**	**100%**

14. Key Ratios 2001 -2006

	2006	2005	2004	2003*	2002*	2001*
ROE	39.4%	30.3%	43.8%	30.1%	18.2%	24.5%
EPS	2.68	1.48	1.18	0.63	0.38	0.33
CAD ratio (end of period)	15.0%	12.6%	12.4%	11.4%	12.7%	12.2%
Tier 1 (end of period)	10.8%	9.9%	9.4%	8.0%	10.1%	9.0%
Cost/Income (end of period)	37.6%	37.9%	47.7%	50.0%	54.8%	55.0%
Total assets (end of period)	2,246,339	1,472,250	677,316	443,943	312,367	348,211
Loans and receivables (end of period)	1,760,368	1,174,733	524,020	315,166	252,996	260,026
Deposits (end of period)	516,848	334,792	178,278	107,672	85,827	77,823
Equity (end of period)	146,118	84,750	48,474	29,423	20,964	20,287
Employees (end of period)	1,518	1,153	1,141	1,085	815	828
Share price (end of period)	23.3	17.3	11.2	6.4	4.7	4.3
Price/earnings (end of period)	8.7	11.7	9.5	10.2	12.4	13.4
Dividend per share	0.66	0.38	0.35	0.23	0.17	0.13
Pay-out ratio	24.6%	25.7%	29.7%	36.5%	45.0%	40.0%
Outstanding shares (end of period)	14,265	13,112	11,081	10,080	9,400	9,700
Share price/book value (end of period)	2.27	2.68	2.56	2.19	2.11	2.08
Market Capital (end of period	332,375	226,838	124,107	64,512	44,180	42,098

** Figures not restated according to IFRS*

15. The effect of the adoption of international financial reporting standards

Glitnir has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) from 1 January 2005. Figures for 2004 have been restated in accordance with the new standards.

16. Reporting in Norway

When comparing this financial report on Glitnir's activities in Norway with the reports published by its subsidiaries in Norway, there will be differences since those reports are based on Norwegian accounting practices (NGAAP). Under NGAAP, pre-payment premiums are amortised over the term of the loans. According to International Financial Reporting Standards (IFRS) premiums of this kind must be allocated to P&L at the time of realisation. Under IFRS there is also a requirement to mark-to-market interest rate derivatives. BNbank has separated a loan portfolio featuring interest rate characteristics (volume and duration) that resemble the derivatives portfolio, and this loan portfolio is mark-to-market as well. This is the principal reason for the difference between IFRS figures and NGAAP figures.

17. Profit and loss account and key figures

It should be noted that BNbank is included in the Bank's consolidated figures from 1 April 2005 and that Sjóvá insurance was part of the Bank's consolidated figures until 31 March 2005. Sjóvá was an associate from the second quarter of 2005 until 1 May 2006, when the Bank sold its remaining shares in Sjóvá.

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