



Rock solid performance during a rocky year

Annual results 2006

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HIGHLIGHTS

KEY FIGURES



Rock solid performance



Glitnir's Best Year

- » Profits and revenues doubles in 2006
- » New entities integrated successfully
- » Further diversification in revenues
- » Fees and commissions triples YOY
- » Landmark projects in advisory
- » Record EPS of ISK 2.68
- » ROE 39.4%
- » Strong CAD ratio 15.0%
- » Book equity ISK 146 billion

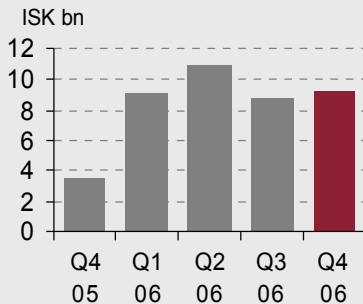
Q4 sound performance

- » Sustained performance
- » Record fees
- » Low inflation affects Net interest income
- » Successful IPO of Icelandair
 - ISK 100 billion Covered Bond Programme established
 - issued bonds will be Aaa rated
 - US\$ 500 million 5 year inaugural bond issue of a new US MTN Programme
 - S&P affirmed Glitnir's rating

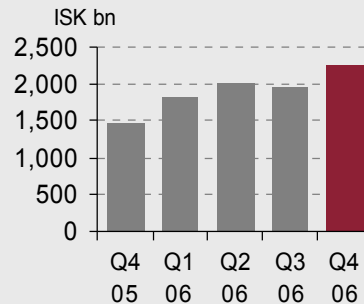
Outlook remains positive

- » Expected organic growth 10-20%
- » Further emphasize on increased fee generation
- » Focus on niche strategy
- » Net interest income expected to fluctuate between quarters due to inflation volatility in Iceland
- » Impairments to remain on similar levels as in 2006

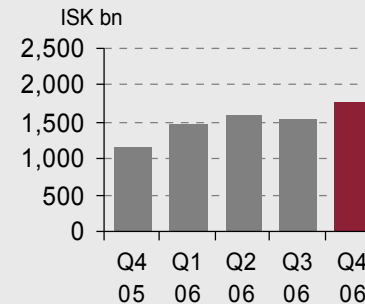
Profit



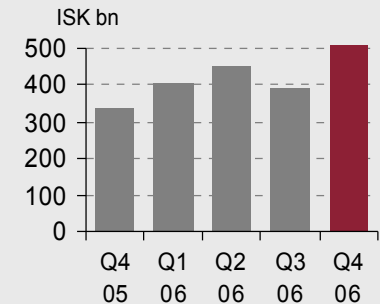
Assets



Lending



Deposits



Major revenue increase in 2006



ISK m	2006	2005	Q4 2006	Q4 2005	Q4 05 - Q4 06 change	Q3 06 - Q4 06 change
Net interest income	37,084	22,351	8,422	6,626	27% ↑	-10% ↓
Net fees and commissions	26,459	8,773	10,343	2,908	256% ↑	109% ↑
Net financial income	8,502	4,427	2,866	-623	560% ↑	219% ↑
Other operating income	556	860	232	63	271% ↑	113% ↑
Net operating income	72,601	36,411	21,863	8,974	144% ↑	43% ↑
Operating expenses	-27,301	-15,731	-8,705	-4,230	106% ↑	35% ↑
Impairments	-4,759	-2,205	-1,653	-644	156% ↑	404% ↑
Other income/(expenses)	5,714	4,585	90	810	-89% ↓	-95% ↓
Profit before income tax	46,256	23,060	11,596	4,910	136% ↑	12% ↑

Key numbers

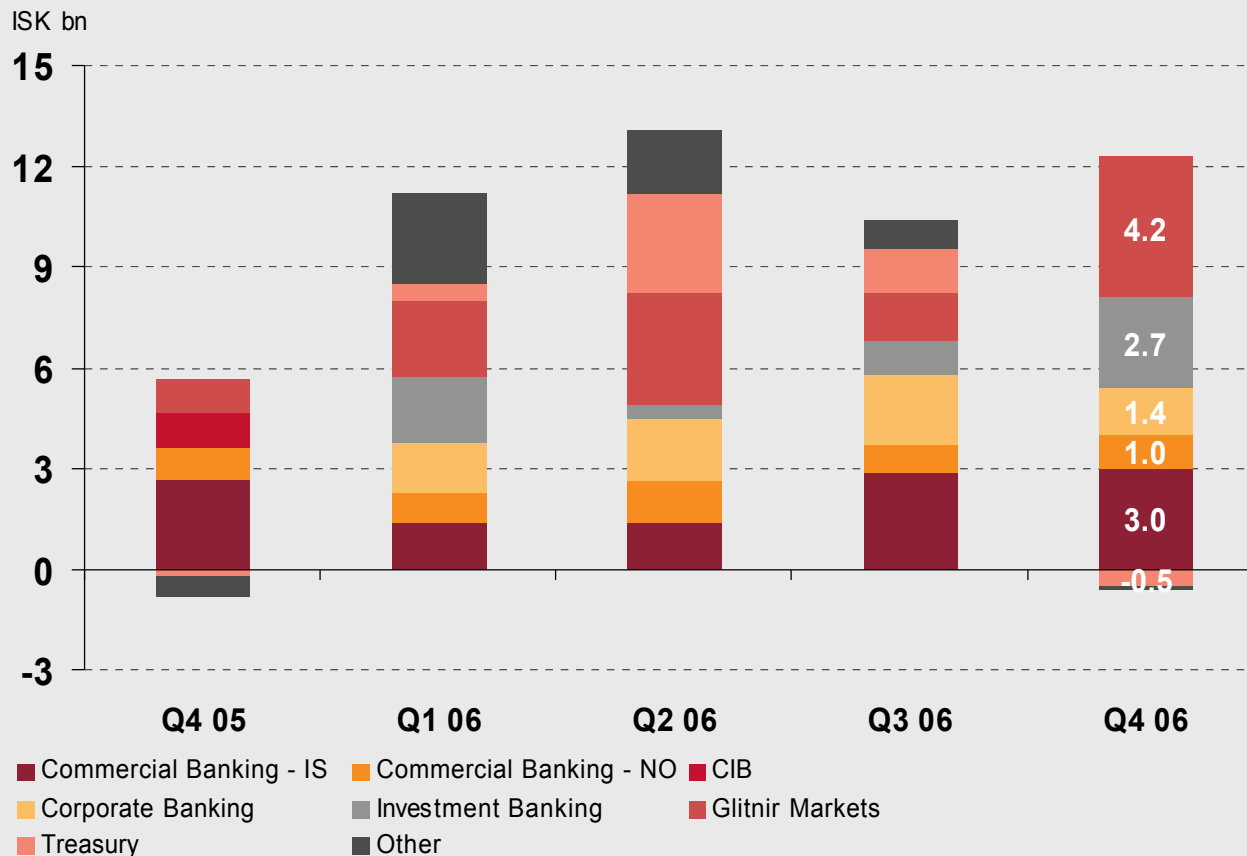


	2006	2005
CAD ratio	15.0%	12.6%
Tier 1 capital	10.8%	9.9%
Earnings per share (ISK)	2.68	1.48
Cost/income ratio	37.7%	36.2%
ROE	39.4%	30.3%
Impairment losses/average total assets	0.3%	0.2%
Employess (average)	1,392	1,216
Employees (at period end)	1,518	1,153
Net interest margin	2.0%	1.7%

Glitnir Markets largest contributor in Q4



Pre-tax profit -by business units



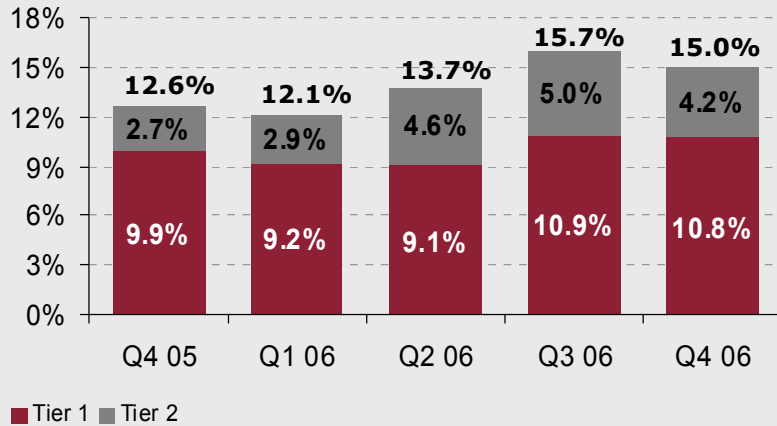
PERFORMANCE AND STATUS ANALYSIS



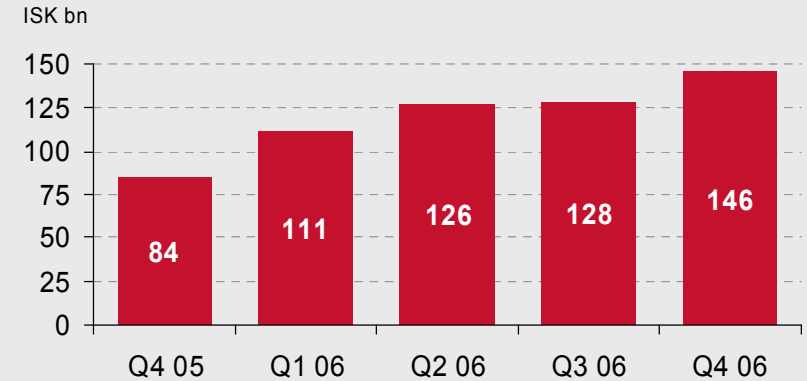
Lower inflation affects net interest income CAD ratio remains strong



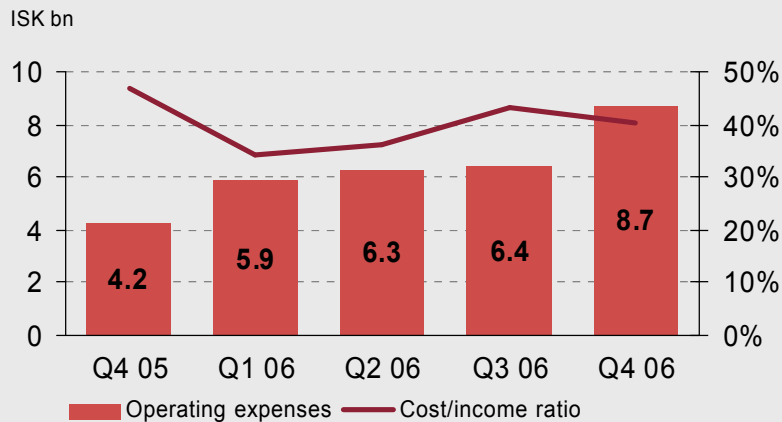
CAD ratio



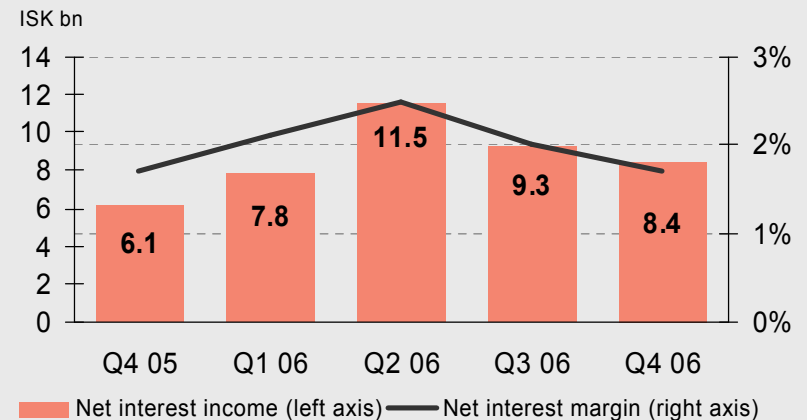
Equity



Operating cost and cost/income ratio



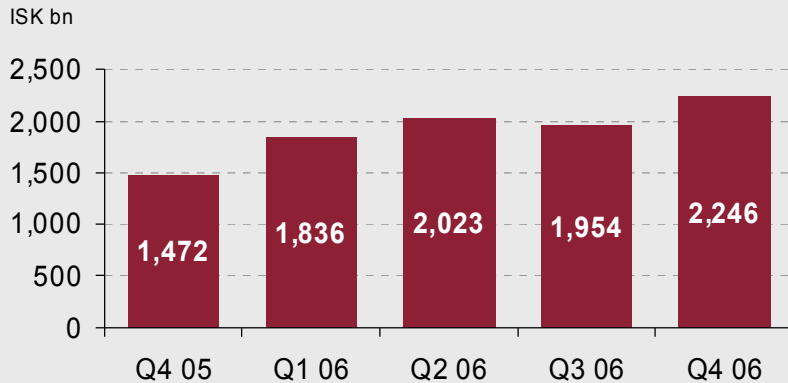
Net interest income and interest margin



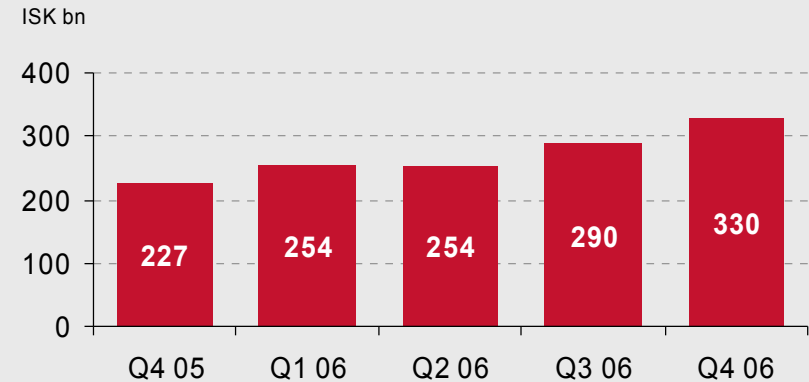
Record EPS of ISK 2.68



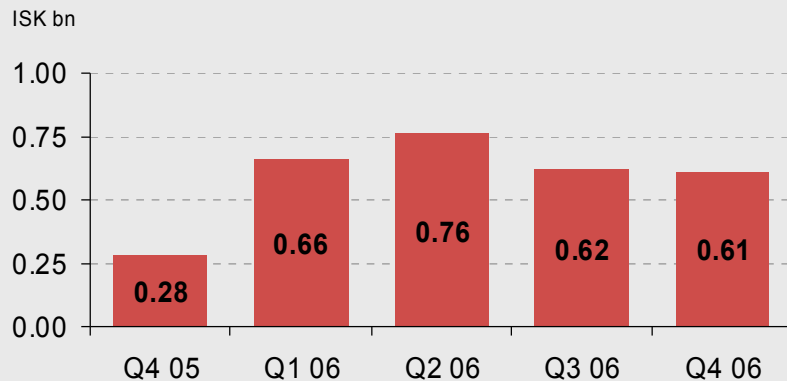
Total assets



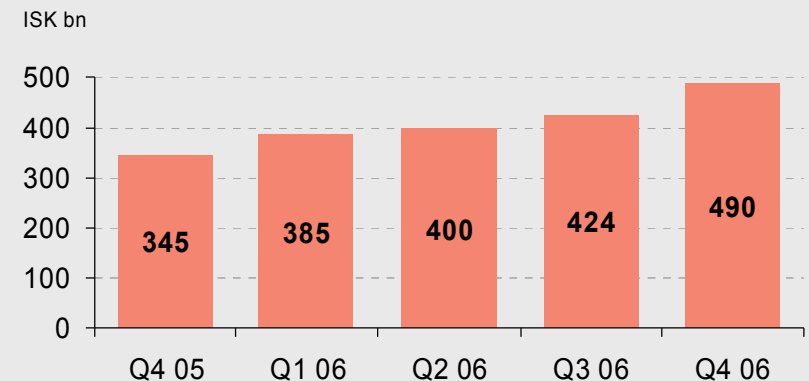
Market capitalization



Earnings Per Share



Assets under management



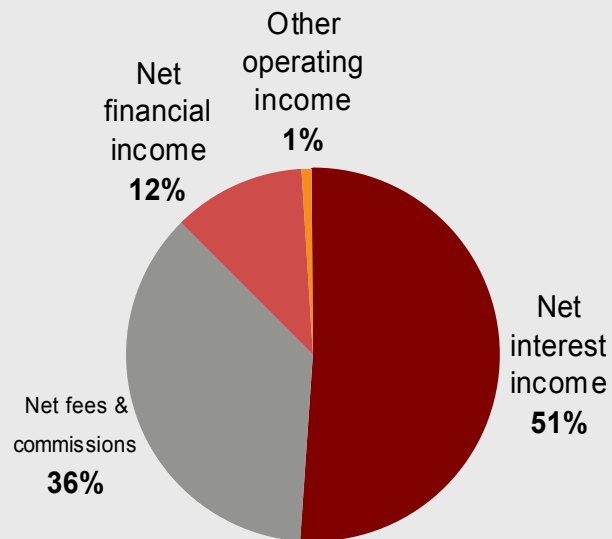
Well diversified income streams

45% of profit generated outside of Iceland



Net operating income 2006

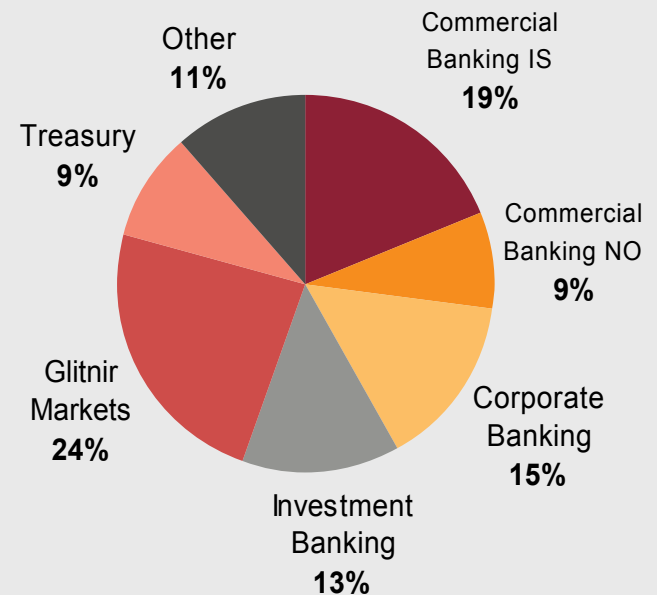
-by types of income



Total ISK 46.3 bn

Pre-tax profit

-by business units



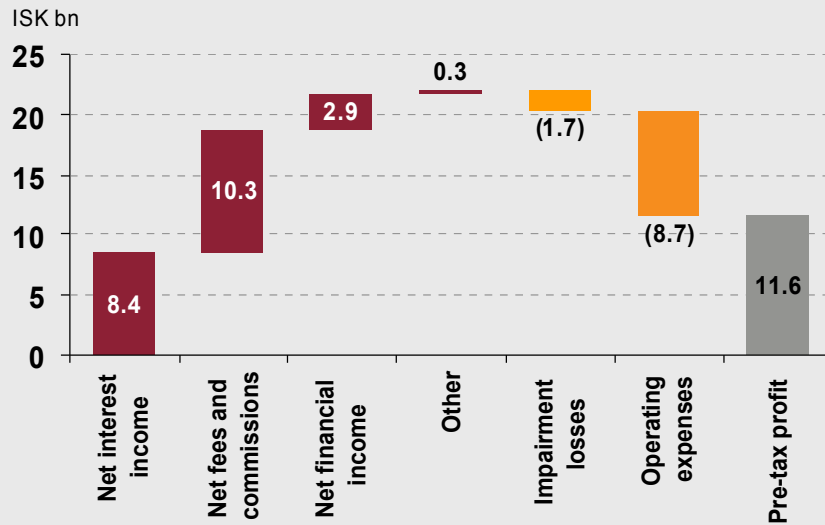
Total ISK 72.7 bn

All revenue streams growing

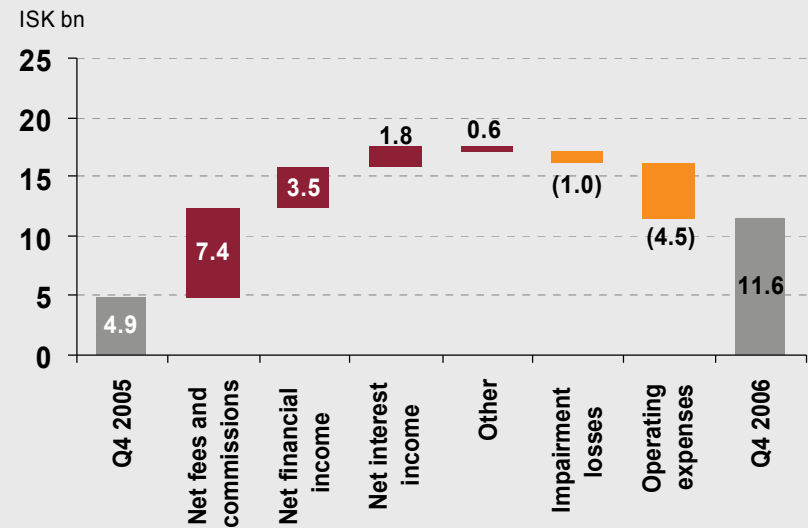


Pre-tax profit Q4 06

- Composition



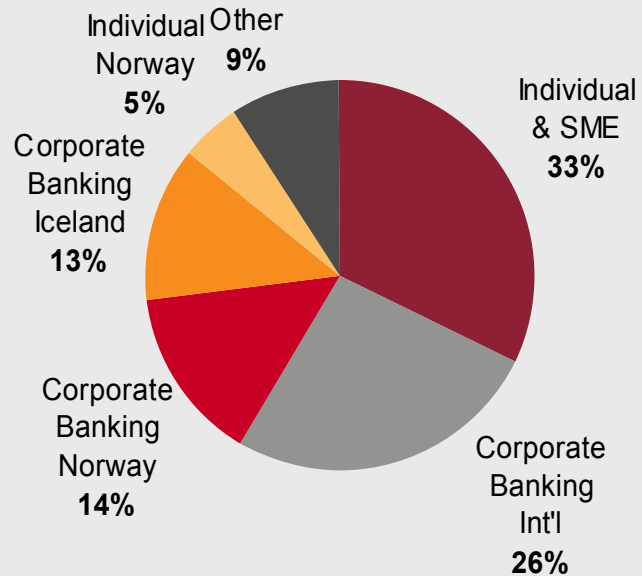
Change in pre-tax profit from same quarter last year



46% of Net interest income is generated outside of Iceland

Net Interest Income 2006

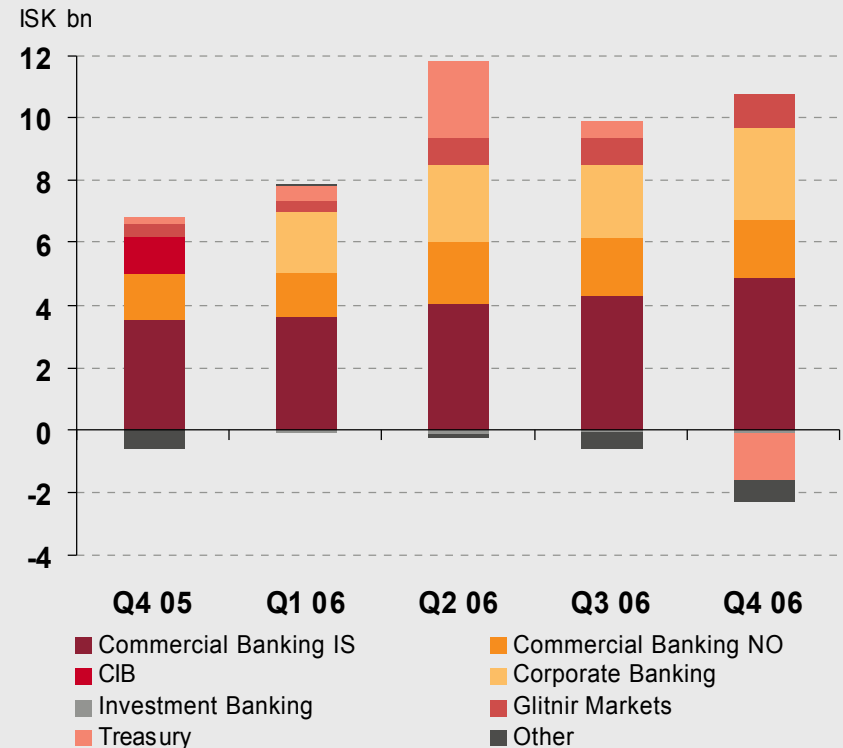
- segments



Total ISK 37.1 bn

Net Interest Income

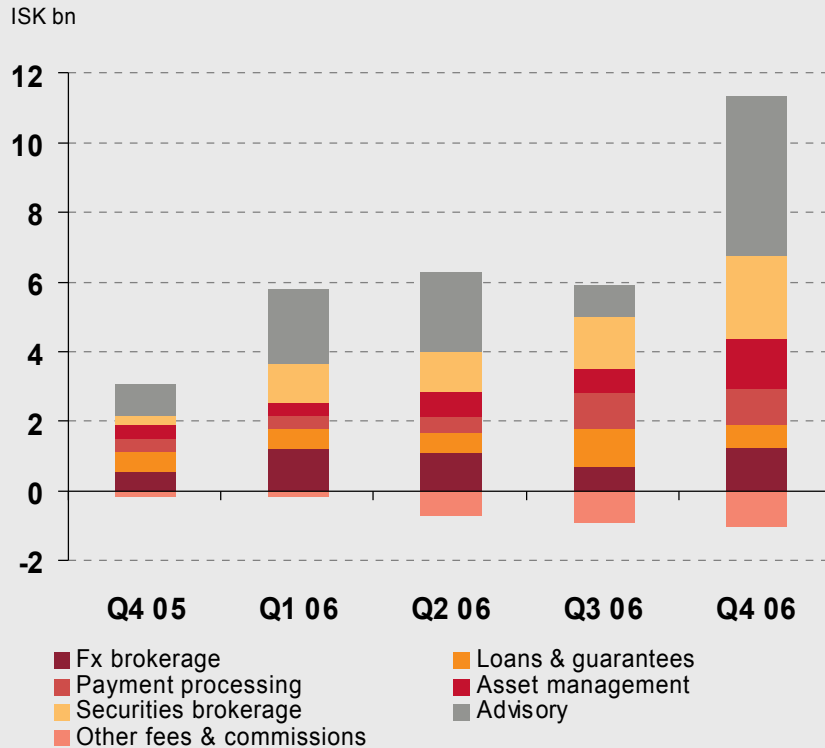
- by business units



Advisory brings increased fees

Fee income

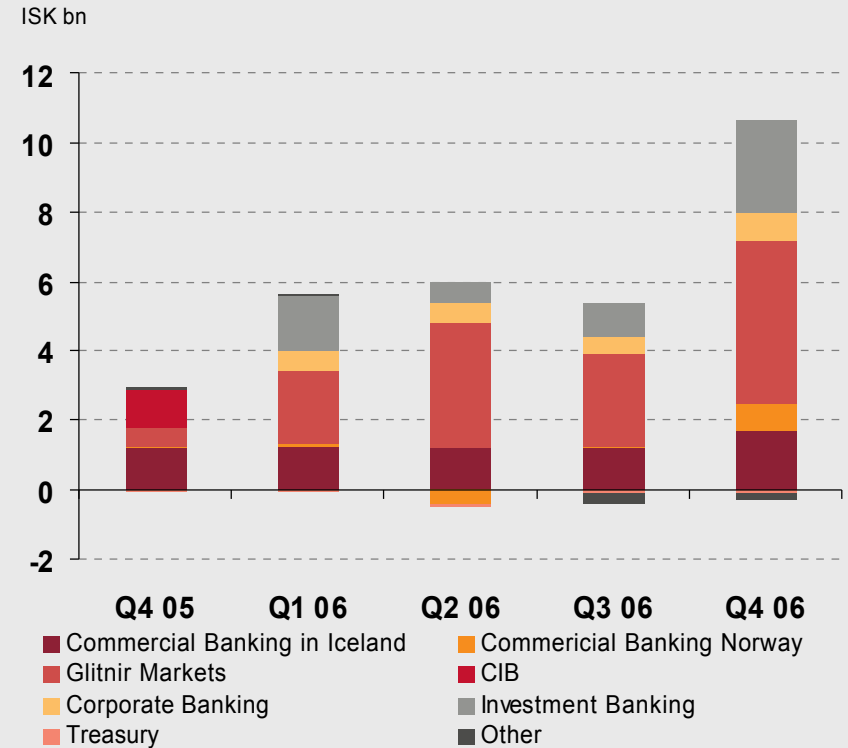
- by product



*In Q3 06 all brokerage business in Iceland, Norway and Sweden were aligned under Glitnir Markets. Corporate and Investment Banking (CIB) was split into two units, Corporate Banking and Investment Banking. Numbers for Q1 and Q2 06 have been adjusted accordingly, older figures are under CIB.

Fee income

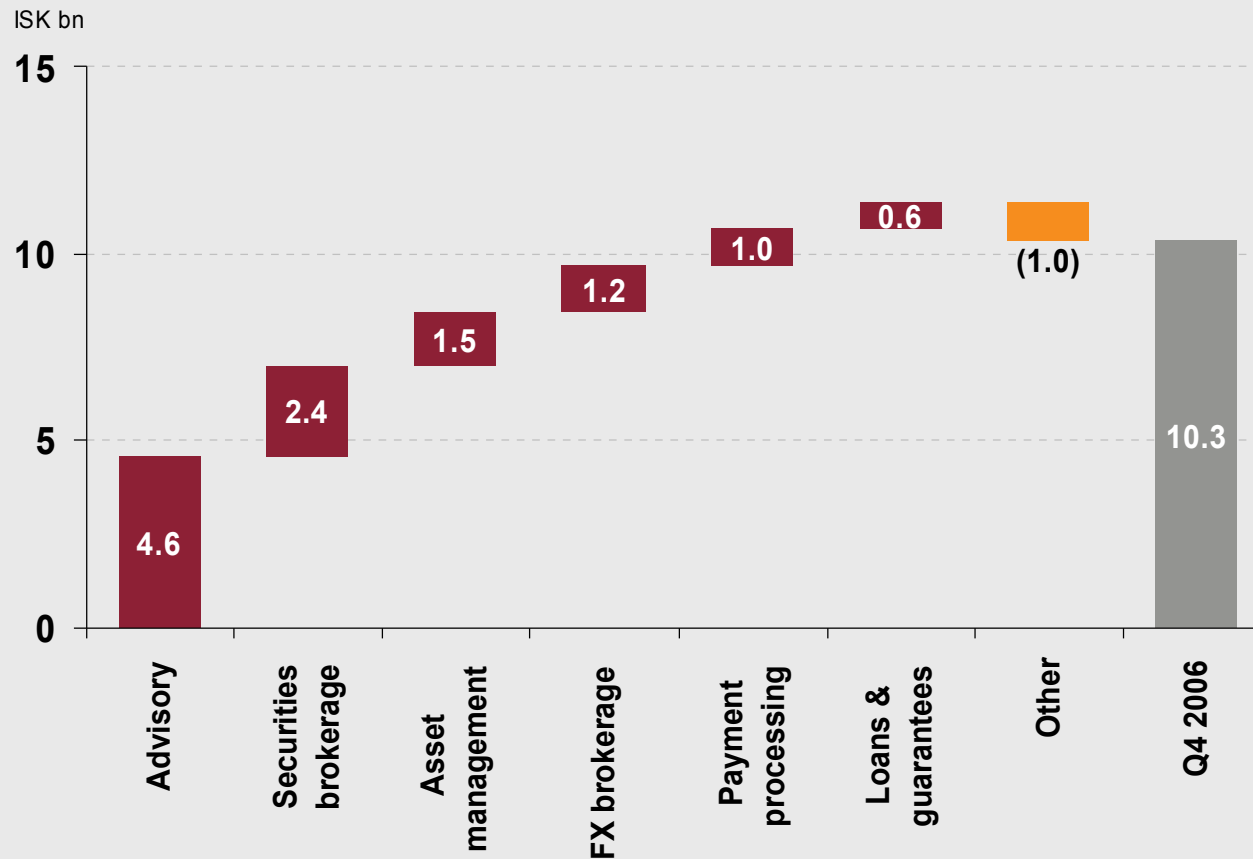
- by business units



Landmark projects in Advisory bring in record fees

Fee income Q4 06

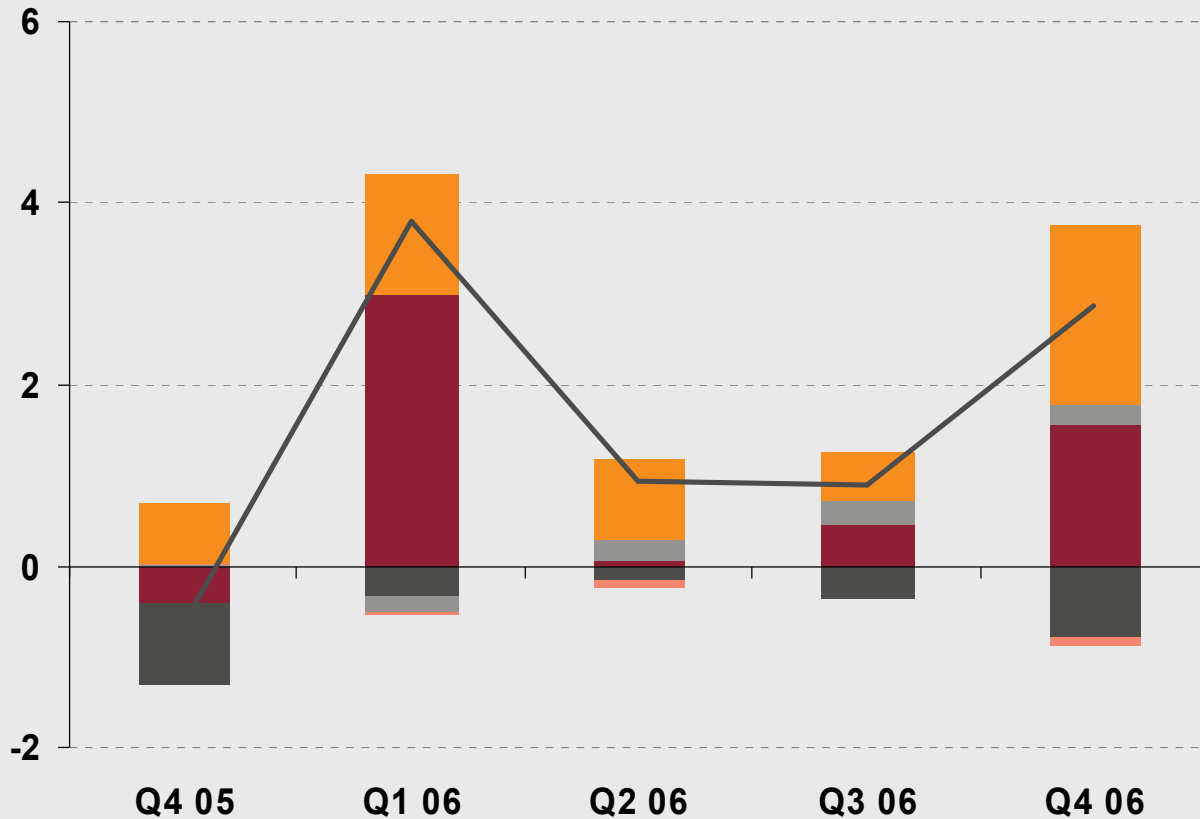
- composition



Net financial income

- composition

ISK bn



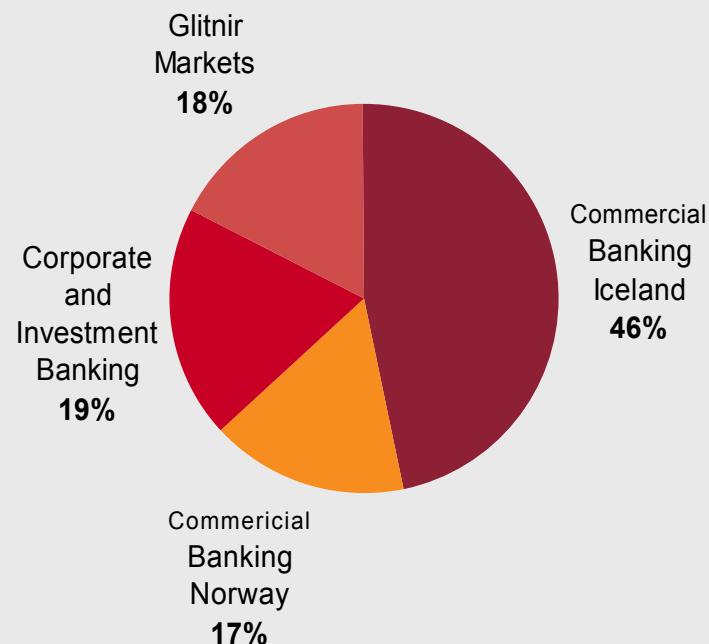
- Equities trading
- Bonds trading
- Currency related assets and debts
- Fair value changes of other derivatives
- Fair value changes from hedge accounting
- Net financial income

Profit of business units doubles QOQ



Pre-tax Profit Q4 2005

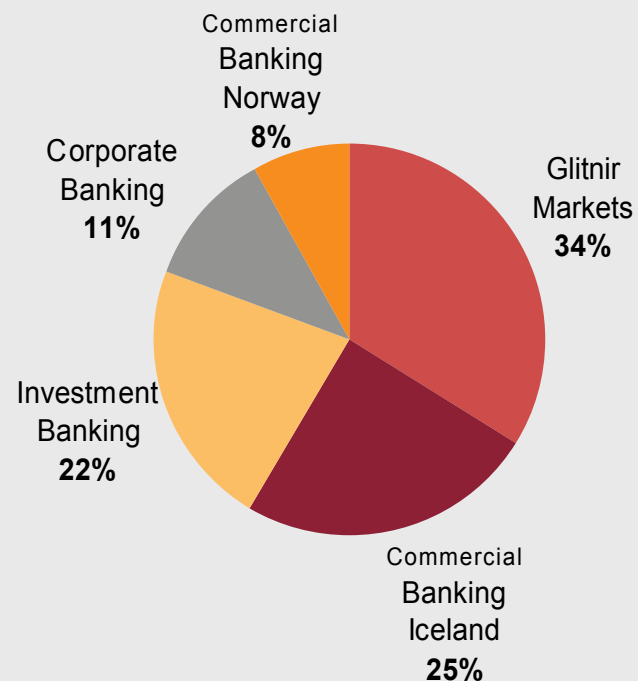
-by business units



Total ISK 5.7 bn

Pre-tax Profit Q4 2006

-by business units



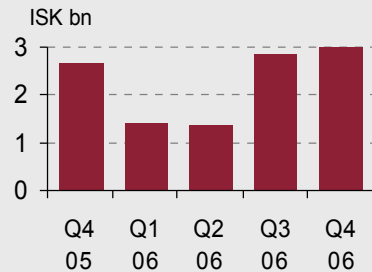
Total ISK 12.2 bn

*In Q3 06 all brokerage business in Iceland, Norway and Sweden were aligned under Glitnir Markets. Corporate and Investment Banking (CIB) was split into two units, Corporate Banking and Investment Banking. Numbers for Q1 06 and Q2 06 have been adjusted accordingly, older figures are under CIB.

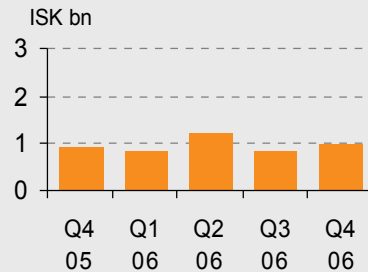
All business units performing well



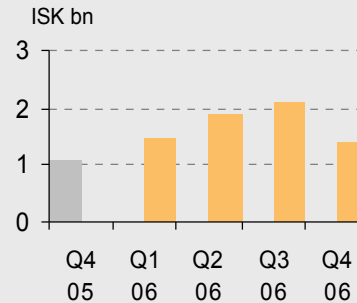
Commercial Banking in Iceland



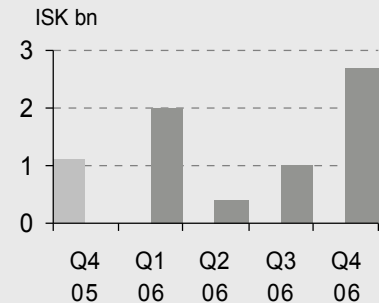
Commercial Banking in Norway



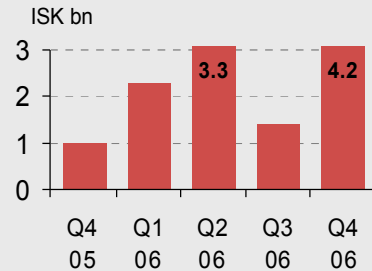
Corporate banking*



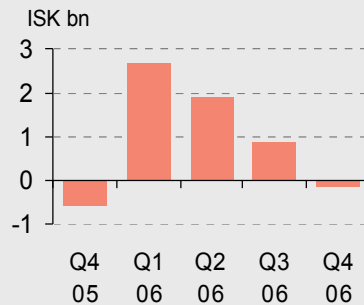
Investment Banking*



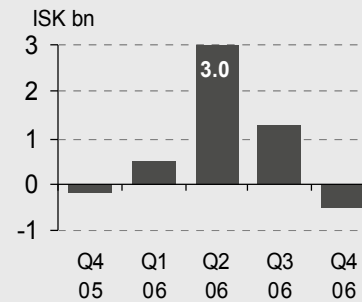
Glitnir Markets



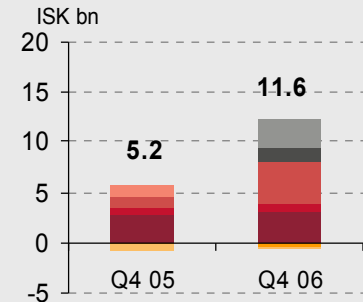
Treasury



Other



Total pre-tax profit

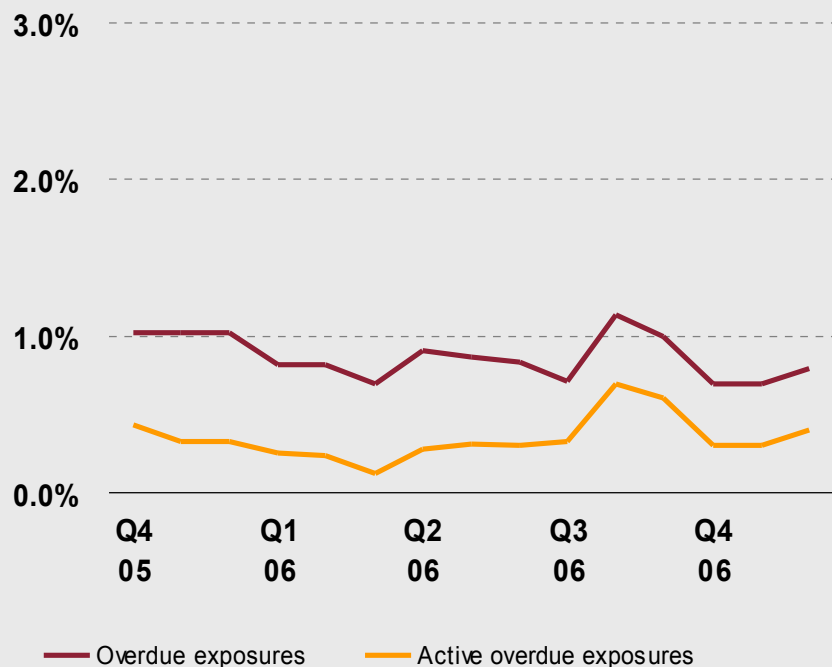


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Loan growth in Q4 increases Portfolio impairments

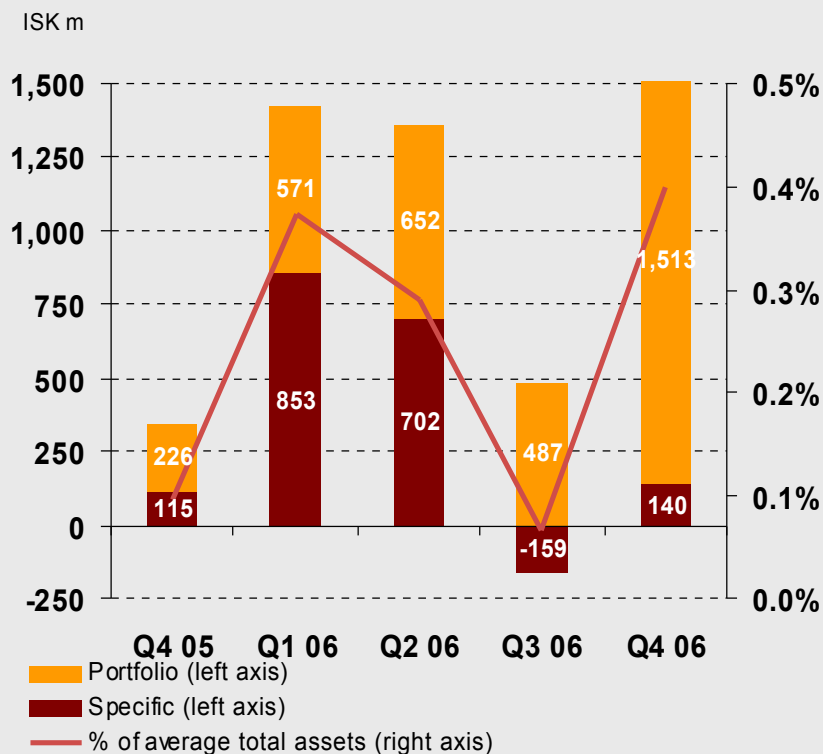
Development of default ratios

- parent company



Loan impairments

- consolidated accounts



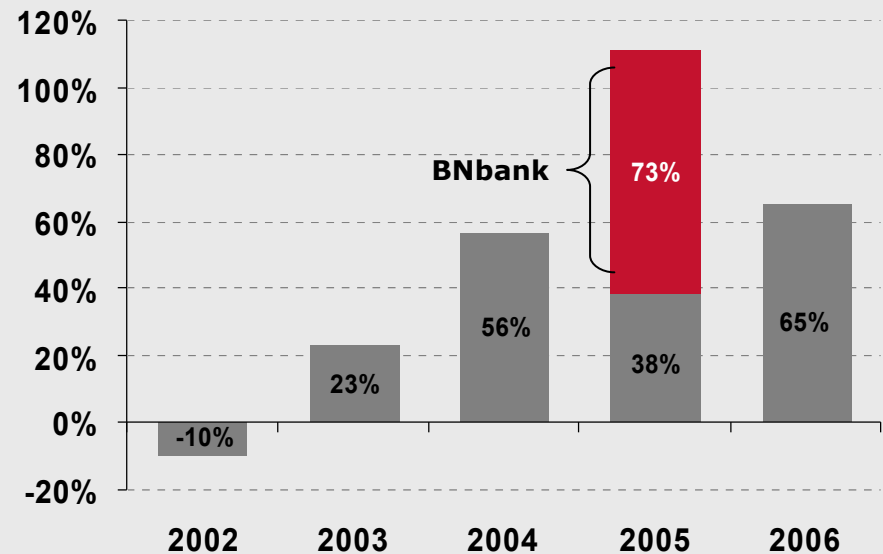
Loans and risk weighted assets



Loans by business units

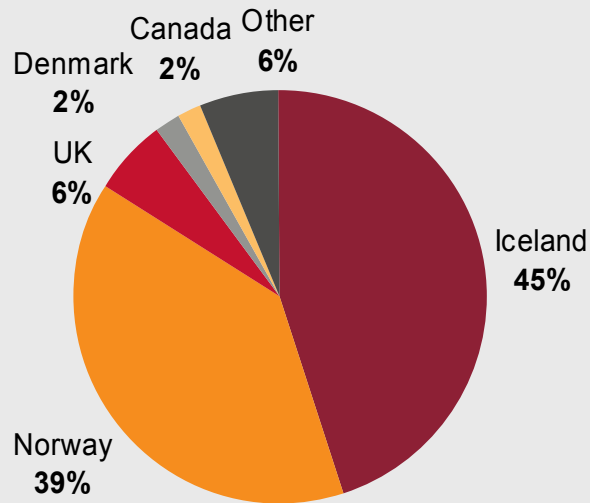
	Size (ISK bn)	%
Commercial Banking - Iceland	601	36%
Corporate Banking	265	16%
Asset based financing	44	3%
Asset management	1	0%
Private banking	17	1%
Retail banking	265	16%
Kreditkort	10	1%
Commercial Banking - Norway	593	35%
Glitnir Bank	54	3%
BNbank	492	29%
Norway branch	46	3%
Corporate Banking	450	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%

Annual growth in risk weighted assets



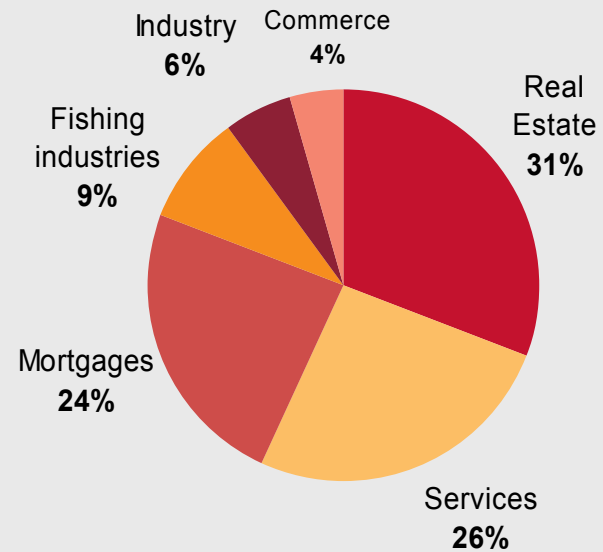
Loans at year-end 2006

- by countries



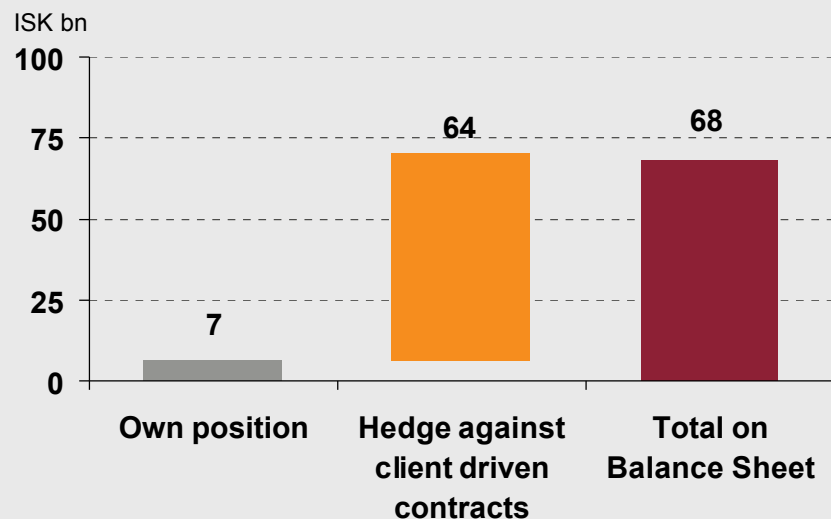
Loans at year-end 2006

- by sectors

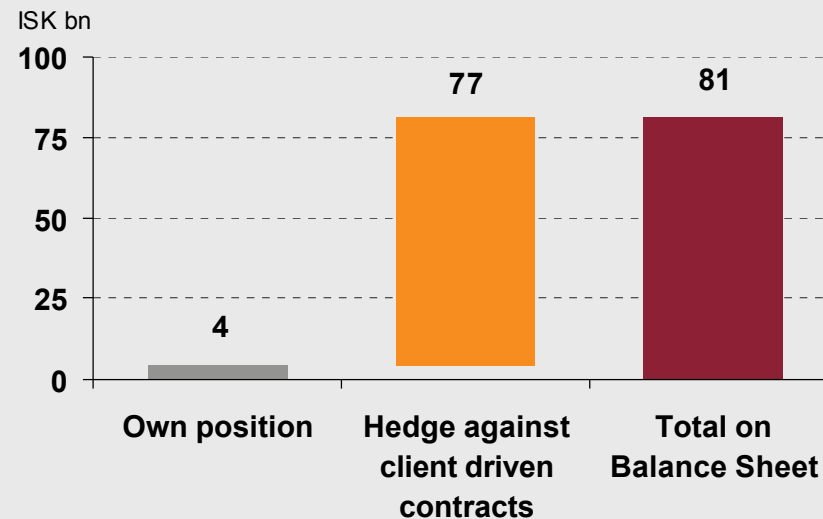


Trading bond position further decreases

Bond position Q3 2006



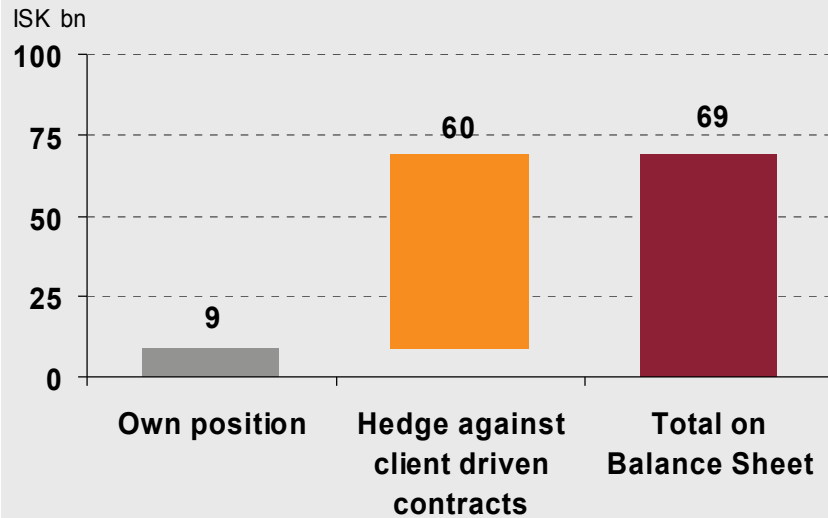
Bond position Q4 2006



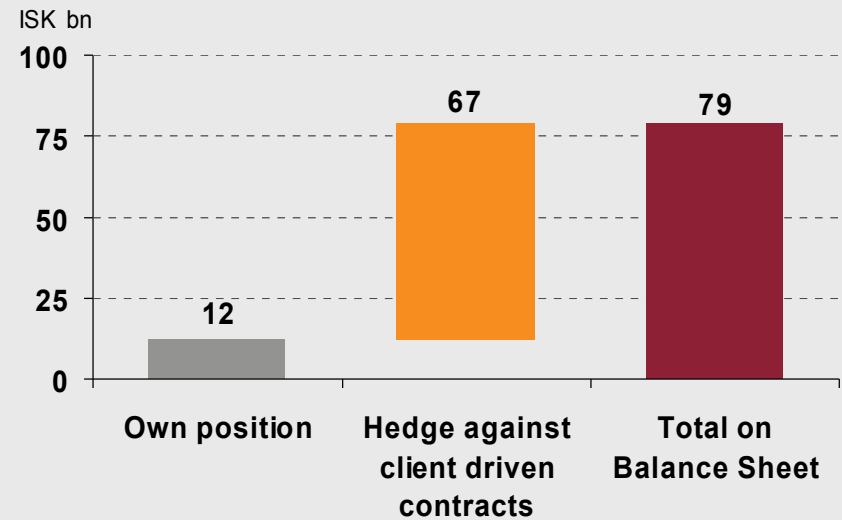
Trading equity position remains low



Equity position Q3 2006



Equity position Q4 2006

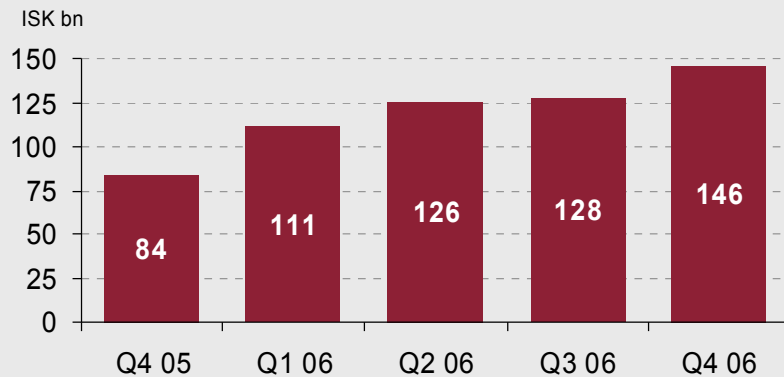


Good start of wholesale deposits in UK in Q4

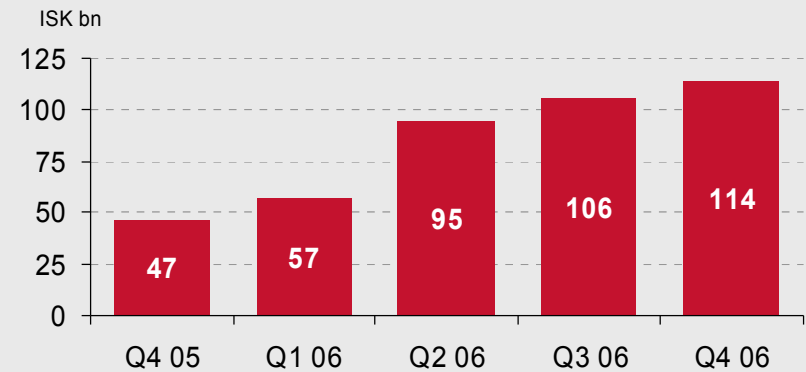
Solid funding



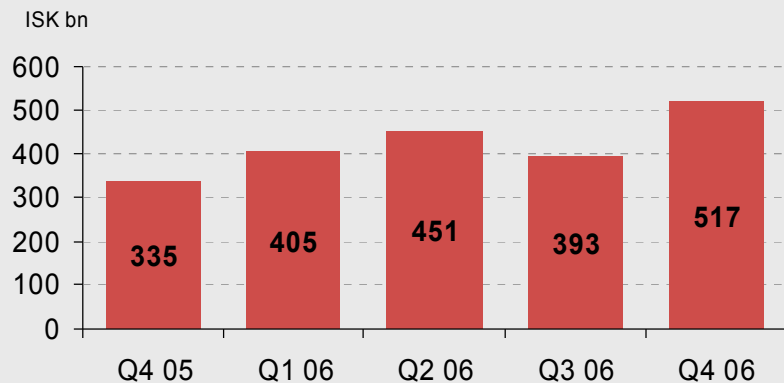
Equity



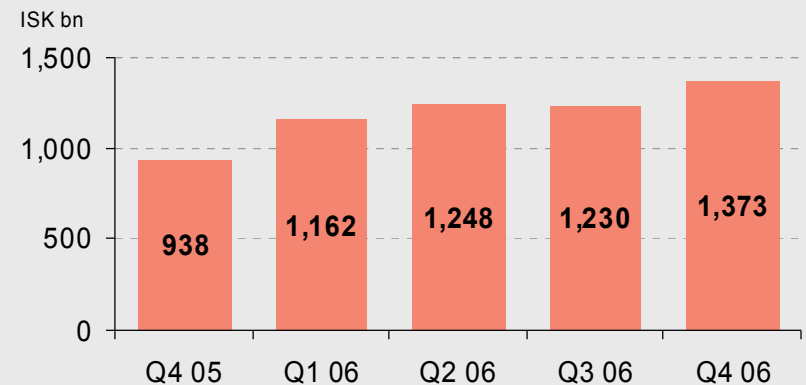
Subordinated borrowings



Deposits

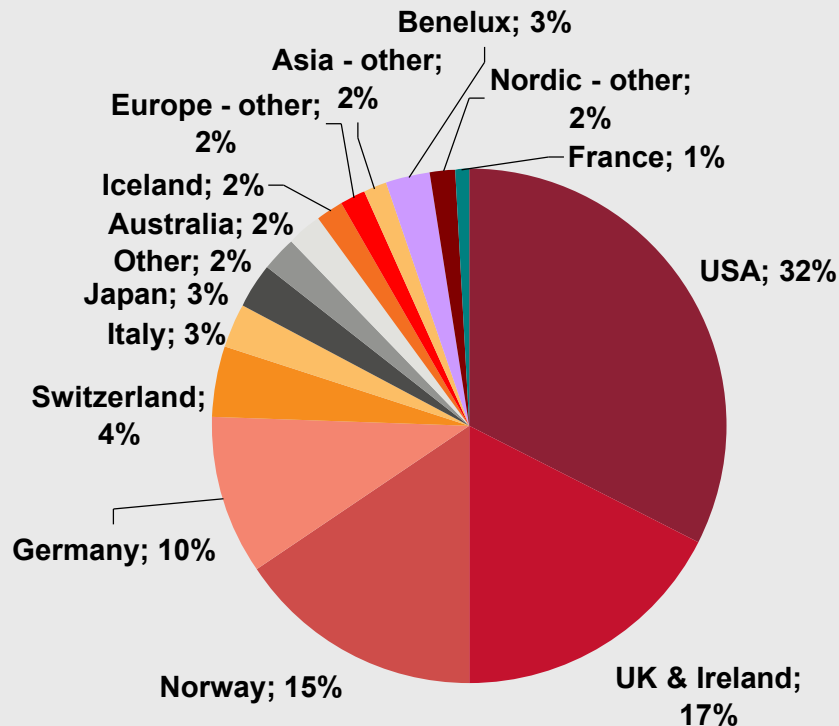


Borrowings



Well diversified investor base

Glitnir Bank Consolidated - Geographical distribution of Debt Investors in new issues in 2006



Refinancing of Glitnir Bank

- » EUR 2.7 bn in 2007

The parent issued approx EUR 4.9 bn in 2006

- » 50 different transactions, thereof 40 private
- » Weighted duration approx 5 years

Q4 funding highlights (parent)

- » 3 year EUR 550 m Term Loan Facility
- » USD 500 m FRN (144A)

New funding sources introduced in Q4

- » ISK 100 m Covered Bond Programme
- » Acceptance of wholesale deposits through Glitnir's London branch – to date approx EUR 600 m raised

BNbank issued approx EUR 1.3 bn in 2006 – mainly in Norway

Promising start to 2007

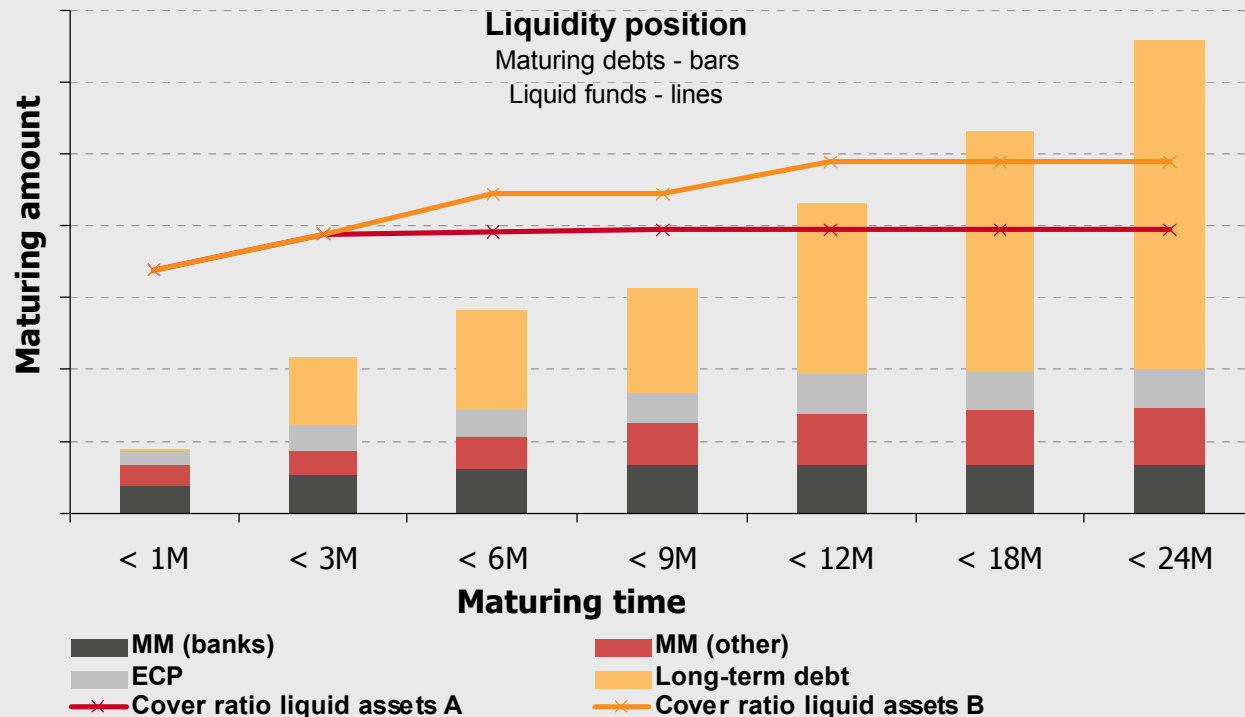
- » 5 year USD 1,250 m – Glitnir's most ambitious bond issue to date
- » EUR 500 m Fixed rate - First bond issue in EUR from an Icelandic bank since February 2006

Liquidity position strengthened further



Glitnir Bank's policy is for immediate liquidity to cover all maturing debt of the parent company other than general deposits in the following 6 months

In addition, all debt maturing within the next 12 months must be covered with immediate liquidity and other liquid assets



Liquidity position of the next 24 months is monitored closely

Liquid funds are split into two categories depending on how quickly those funds can be accessed

Liquid assets A

Immediately available funds:

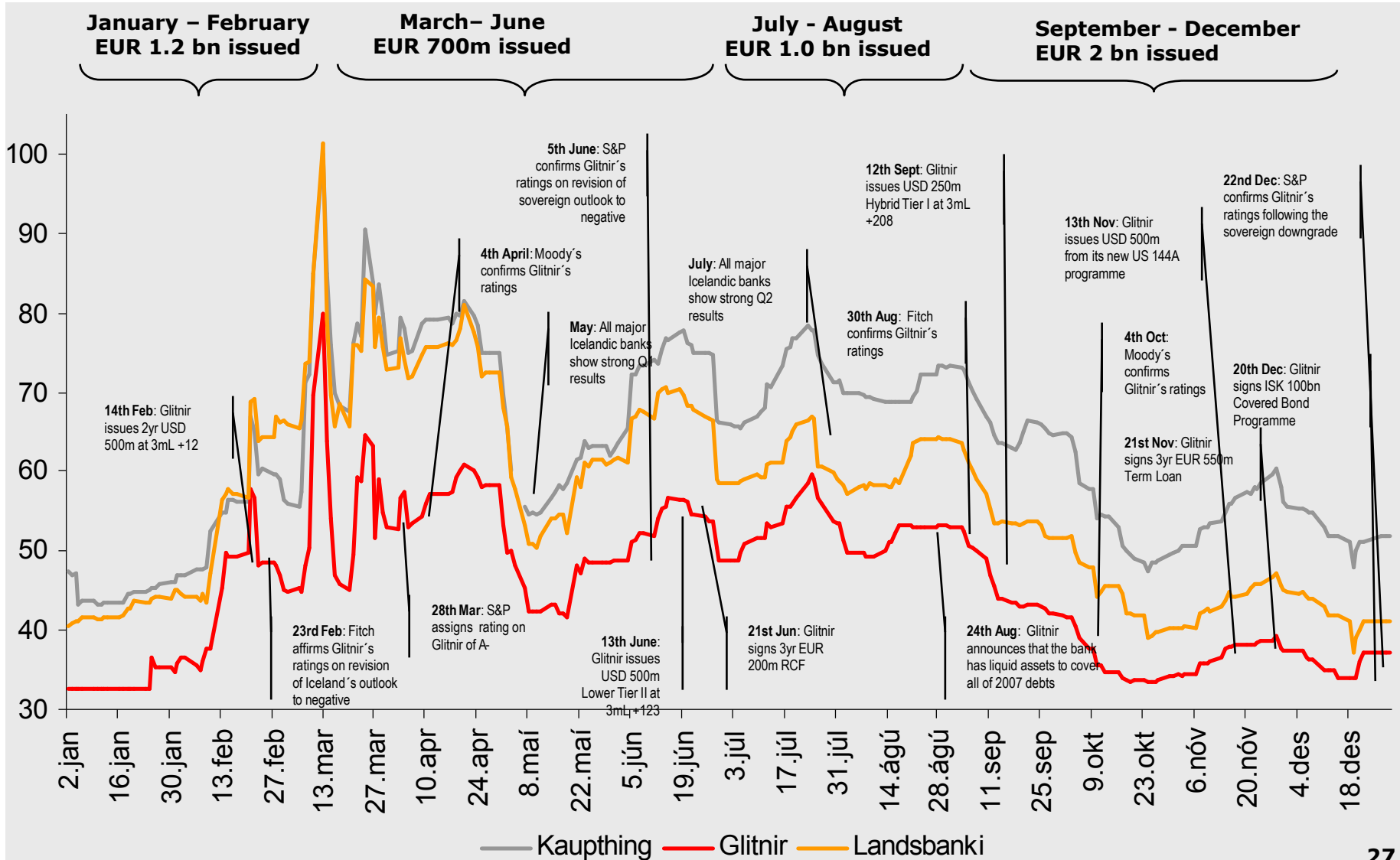
- Cash
- MM placings
- Liquidity portfolio
- Unused repo eligible ISK bonds
- Committed credit facilities

Liquid assets B

Liquid assets A + liquidatable loans and securities

Liquid assets A and B do not include contractual inflow from long term assets

5yr Senior CDS levels in 2006



RESULTS OF BUSINESS UNITS



The year

- » Best performance of the unit
- » Acquired majority of Mastercard Iceland
- » Steady demand for financing
- » Demand for mortgages slowing down
- » Branch mergers bring branches to 23 around Iceland
- » High return in Almenni pension fund

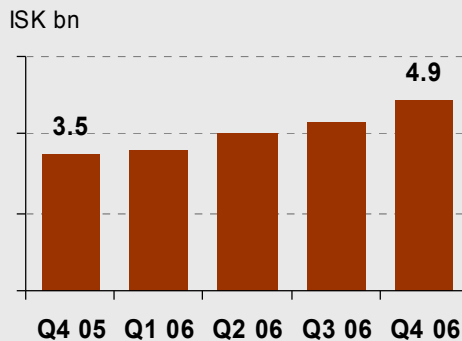
The quarter

- » All divisions performing their best ever
- » Fluctation in domestic fixed income market and high money market yields
- » Movement of loans to Corporate Banking bring reversed entry of general provisions
- » Mortgage lending amounted to ISK 3 billion in Q4 vs. 9 billion in Q1

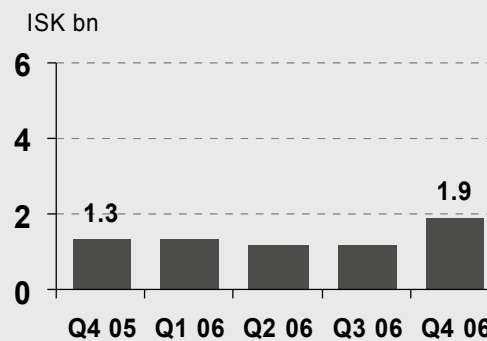
Outlook for 2007

- » Increased competition in corporate market
- » Margin pressure
- » Lower demand for mortgages
- » Economy slowing down
- » Expect disciplined growth

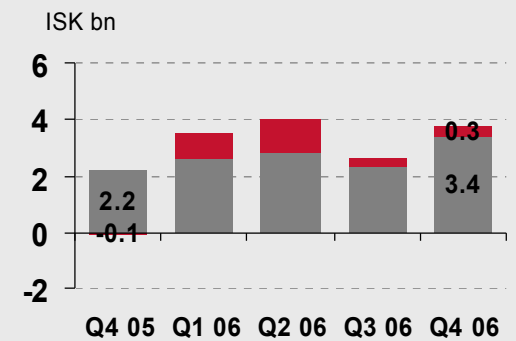
Net Interest Income



Net other revenue



Operational Cost and Impairments



The year

- » Good results, despite heavy competition and margin pressure in Norway
- » Glitnir is established two chosen segments:
 - Gained acceptance as a player in offshore supply vessel market
 - Recognized as predictable and preferred partner in real estate financing

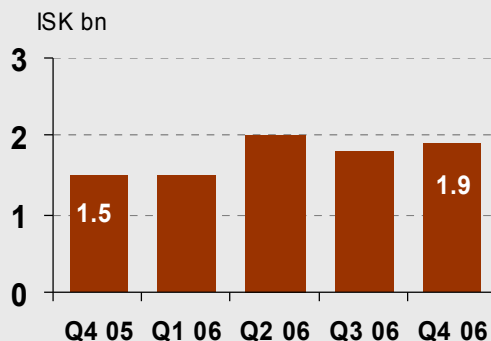
The quarter

- » Steady business, with focus on developing existing operations
- » Acquisition of 45% in NPØ strengthens distribution power
- » Loan growth in environment of high turnover in commercial real estate market

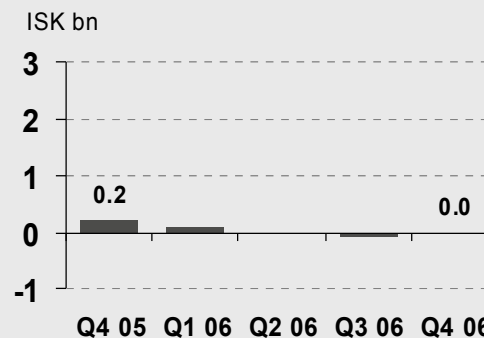
Outlook for 2007

- » Healthy macro environment, but increased interest rates in Norway
- » Covered bonds legislation will improve BNbank's funding

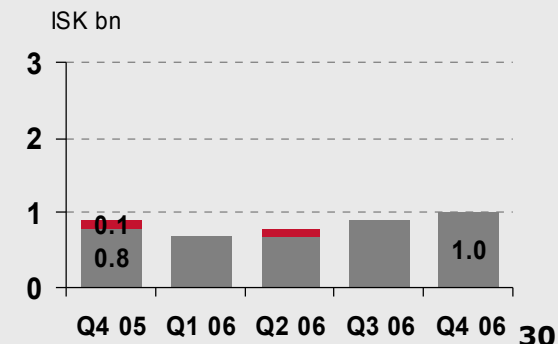
Net Interest Income



Net other revenue



Operational Cost and Impairments



The year

- » Excellent year with record profit
- » New offices opened in Halifax, Canada and Shanghai, China
- » Building up an Energy team
- » Strong position within Seafood

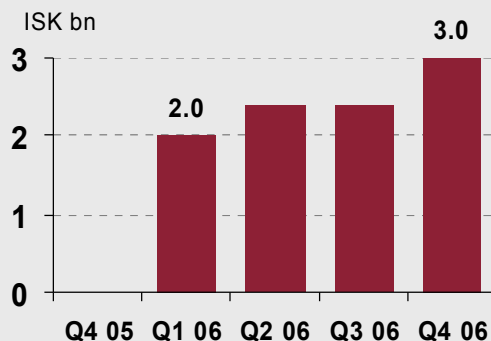
The quarter

- » Net operating income reaching new heights
- » Substantial impairment losses

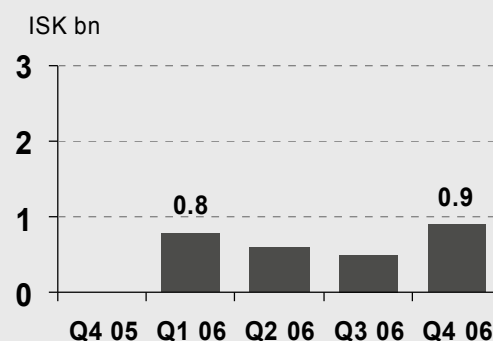
Outlook for 2007

- » Focus on build up of European Corporate Banking
- » Expected growth and focus on segments and geographic areas
- » Increased competition in corporate market
- » Fluctuation in impairments expected

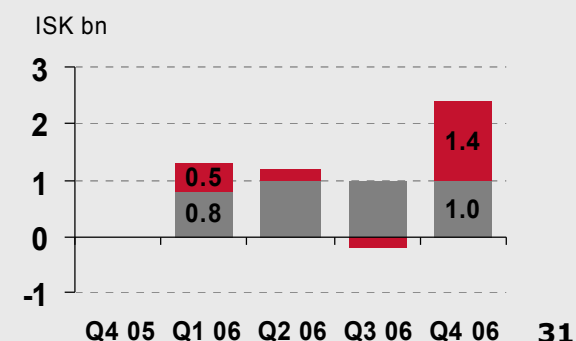
Net Interest Income



Net other revenue



Operational Cost and Impairments



The year

- » Most profitable year for the unit
- » Transformation in activities
- » Successful equity investments
- » Landmark projects in advisory
- » Corporate Finance set up in Copenhagen

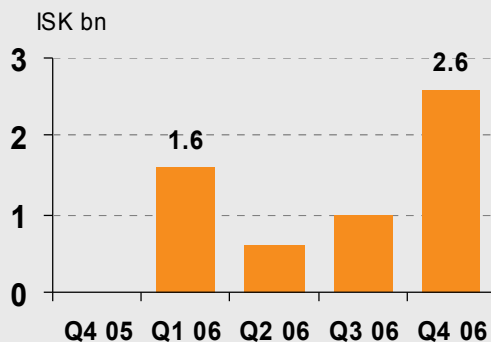
The quarter

- » Successful IPO of Icelandair
- » Private placement of Copeinca
- » Gains on equities

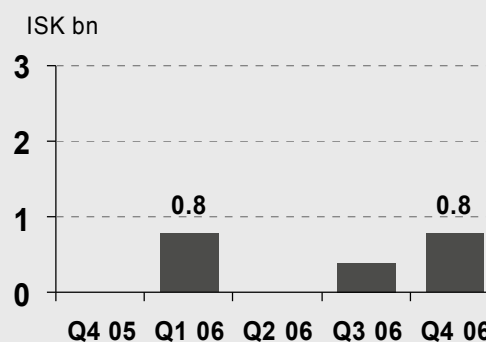
Outlook for 2007

- » Pipeline remains strong
- » Further strengthening of Corporate Finance team

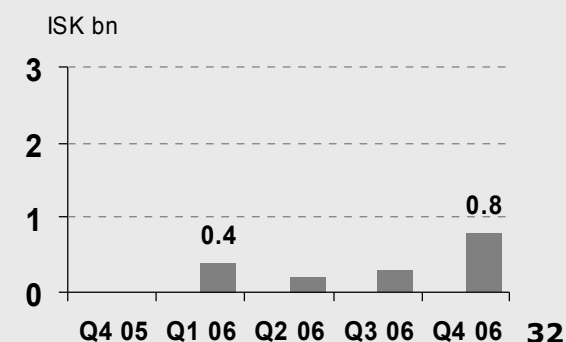
Fees & Commissions



Net other revenue



Operational Cost and Impairments



Transformational Support

- » Underwriting / guarantees
 - *Icelandair Group*
 - *Tryggingarmiðstöðin*
 - *American Seafood*
 - *FL Group*
- » Facilitate corporate deals and generate fees
 - *Icelandair Group*
 - *Actavis preferred shares*
 - *Real Estate Partners*
 - *Olíufélagið Esso*

Strategic Investments

- » Support niche sector strategy and entrance into new markets
 - *Geysir Green Energy*
 - *Bakkavor China*
- » Strategic Investments in both public and private companies to strengthen customer relationship, facilitate corporate deals and generate fees
 - *BNT – Equity & Mezzanine*
 - *ONC – High yield bond + warrant*
 - *Icelandair convertibles*
- » Real Estate Partners - High yield mezzanine with profit sharing

Successful 2006 in Corporate Finance



Sale & IPO €470m
Icelandic investors



LBO € 670m
Icelandic & UK consortium



Integrated Finance
BG Kapital & Proxum Oy



Sale & IPO \$100m
International private and institutional investors



Esso franchise Iceland
LBO €200m
Icelandic consortium



Integrated Finance
Finnish and Icelandic consortium backing Norwegian MBO

The year

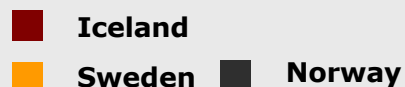
- » Significant growth through both acquisition and organic growth
- » Strong results – best ever in Norwegian and Icelandic units
- » Fast and successful integration of new entities
- » High activity level in all markets

The quarter

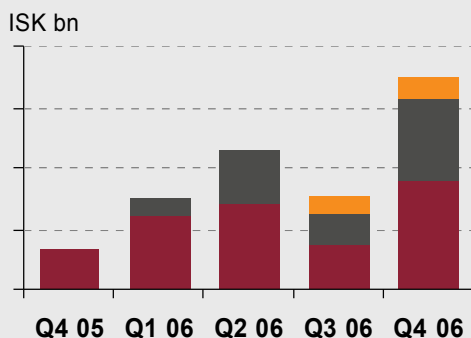
- » Very strong quarter
- » Cross-selling in Icelandair IPO
- » First major corporate finance deal in Norway completed
- » Growth in Nordic market
 - Now #4 in consolidated Nordic equity trading volume

Outlook for 2007

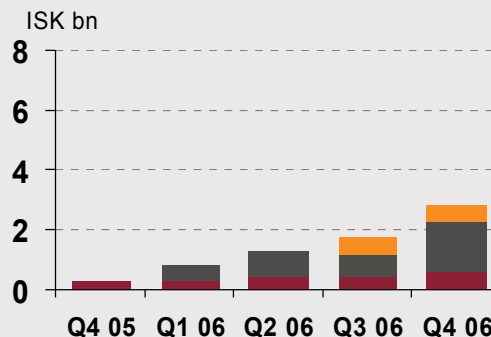
- » Dependant on market's activity level, which looks good
- » Mandates in Norway to list companies
- » Integration between entities continues
- » Strengthening of equity research function continues



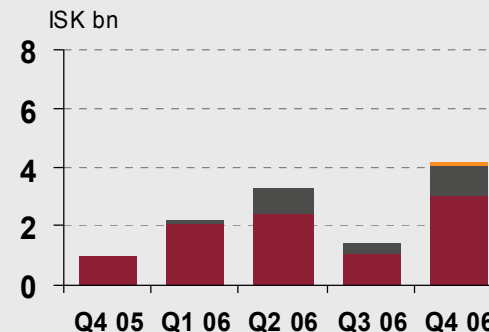
Net revenue



Operating expenses



Profit Before Tax



HIGHLIGHTS AND OUTLOOK



Financial Targets



	2006	2005	Financial Target
ROE	39.4%	30.3%	> non-indexed benchmark bonds plus 6%
CAD	15.0%	12.6%	> 11%
Tier 1	10.8%	9.9%	> 8%
Growth	Revenue 99% Profit 102.4%	Revenue 28% Profit 60%	10% to 20%
Cost/Income Ratio	37.7%	36.2%	< 45%
Dividend / Profit	24.6%	28%	Long term growth in dividend pr. share, generally 20-40% of profit

Rock solid performance

Outlook remains positive

- » Expected organic growth 10-20%
- » Further emphasize on increased fee generation
- » Focus on niche strategy
- » Net interest income expected to fluctuate between quarters due to inflation volatility in Iceland
- » Impairments to remain on similar levels as in 2006

GLITNIR



Economic outlook in Norway and Iceland

Iceland

- » Economy is cooling and outlook for a relatively soft landing
- » Inflation is abating, remains above Central Bank's target
- » Significant narrowing of the current-account deficit expected

Norway

- » Economy growth to remain robust
- » Housing prices expected to increase somewhat further
- » Rising interest rates

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Rock solid performance during a rocky year

Annual results 2006

Bjarni Ármannsson, CEO

Reykjavík

30 January 2007