

# Condensed Consolidated Interim Financial Statements

**30 June 2008**  
**ISK**

**GLITNIR**  


Glitnir banki hf.  
Kirkjusandur  
155 Reykjavík  
Reg. no. 550500-3530



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## Endorsement and Statement by the Board of Directors and the CEO

The profit from the Glitnir Bank's (the Bank) operations for the first six months of the year 2008 amounted to ISK 13,433 million, which corresponds to a 16.3% return on equity. Equity, according to the consolidated balance sheet, amounted to ISK 200,435 million at the end of the period. The Bank's capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 11.2%. Under Icelandic law the minimum requirement is 8.0%.

The Bank's total assets amounted to ISK 3,862,797 million at the end of the period. Furthermore, the Bank held ISK 1,008,737 million under management for its clients.

Number of outstanding shares was 14,647 million at the end of June 2008. During the period, share capital decreased by 83 million. At 30 June 2008 the Bank's shareholders numbered 12,493 compared to 11,323 at the beginning of the year.

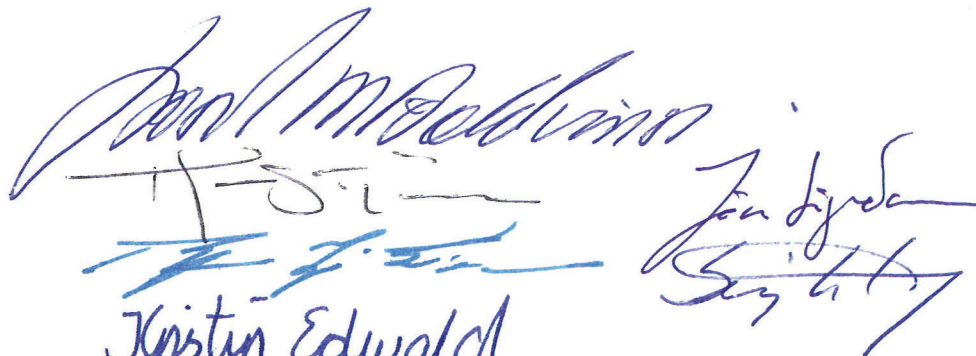
The condensed consolidated interim financial statements for the six months ended 30 June 2008 is made in accordance with International Financial Reporting Standards (IFRS) for interim Financial Reporting (IAS 34), which have been approved by the European Union. Additional disclosure requirements for consolidated financial statements of firms that have listed stocks are also upheld.

To the best of our knowledge it is our opinion that the condensed consolidated interim financial statements are prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Additionally, it is our opinion that this condensed consolidated interim financial statements and the endorsement made by the Board of Directors and the CEO represent an accurate overview of the consortium's development, current status and The Board of Directors and the CEO of Glitnir Banki hf. hereby confirm the Bank's condensed consolidated interim financial statements for the six months ended at 30 June 2008 by means of their signatures.

Reykjavik, 31 July 2008

**Board of Directors:**



Handwritten signatures of the Board of Directors, including Paul M. Björnsson, Kristín Edwald, and Jón Dýrason.

**Chief Executive Officer:**



Handwritten signature of the Chief Executive Officer.

# Report on Review of Interim Financial Information

To the Board of Directors and Shareholders of Glitnir banki hf

## Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Glitnir banki hf and its subsidiaries as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Reykjavík, 31 July 2008

PricewaterhouseCoopers hf



Sigrún Guðmundsdóttir

## Condensed Consolidated Interim Income Statement for The Six Months Ended 30 June 2008

	Notes	Q2		Q1 - Q2	
		2008	2007	2008	2007
Interest income .....		93,887	38,985	164,552	70,989
Interest expense .....		(76,097)	( 29,327)	( 132,969)	( 53,388)
<b>Net interest income</b>		<b>17,790</b>	<b>9,658</b>	<b>31,583</b>	<b>17,601</b>
Fee and commission income .....		11,170	10,768	23,446	18,828
Fee and commission expense .....		(1,913)	( 1,880)	( 3,585)	( 2,642)
<b>Net fee and commission income</b>		<b>9,257</b>	<b>8,888</b>	<b>19,861</b>	<b>16,186</b>
Net financial income .....	7-8	(842)	2,758	(30)	5,646
Other net operating income .....	9	706	1,879	1,121	1,962
<b>Net operating income</b>		<b>26,911</b>	<b>23,183</b>	<b>52,535</b>	<b>41,395</b>
Administrative expenses .....		( 14,786)	( 12,127)	( 28,585)	( 20,764)
Net impairment losses .....	19	( 4,492)	( 247)	( 8,611)	( 1,479)
Net gains (loss) on non-current assets classified as held for sale .....		24	360	28	568
Share of profit of associates .....		0	118	0	( 17)
<b>Profit before income tax</b>		<b>7,657</b>	<b>11,287</b>	<b>15,367</b>	<b>19,703</b>
Income tax .....	10	( 83)	( 1,766)	( 1,934)	( 3,174)
<b>Profit for the period</b>		<b>7,574</b>	<b>9,521</b>	<b>13,433</b>	<b>16,529</b>
<b>Attributable to:</b>					
Equity holders of Glitnir banki hf. ....		7,523	9,437	13,390	16,052
Minority interest .....		51	84	43	477
<b>Profit for the period</b>		<b>7,574</b>	<b>9,521</b>	<b>13,433</b>	<b>16,529</b>
Basic earnings per share .....	11	0.49	0.66	0.89	1.12
Diluted earnings per share .....	11	0.49	0.64	0.89	1.10

The notes on pages 9 to 24 are an integral part of these condensed consolidated interim financial statements

# Condensed Consolidated Interim Balance Sheet as at 30 June 2008

	Notes	30.6.2008	31.12.2007
<b>Assets</b>			
Cash and balances with central banks .....	6,12	37,550	55,500
Derivatives .....	6,13-15	278,404	118,706
Bonds and debt instruments .....	6	217,873	181,764
Shares and equity instruments .....	6	71,767	38,438
Securities used for hedging .....	6	162,332	164,339
Loans to banks .....	6,16	328,027	278,469
Loans to customers .....	6,17-19	2,548,164	1,974,907
Investments in associates .....	20	540	2,820
Investment property .....	23	5,539	5,539
Property and equipment .....		4,897	4,202
Intangible assets .....	24	63,218	46,955
Deferred tax assets .....		2,018	1,269
Non-current assets held for sale .....		908	476
Other assets .....		141,560	75,526
<b>Total Assets</b>		<b>3,862,797</b>	<b>2,948,910</b>
<b>Liabilities</b>			
Short positions .....	6	23,312	15,023
Derivatives .....	6,13-15	109,903	77,497
Deposits from central banks and banks .....	6,25	311,775	55,177
Deposits from customers .....	6,26,27	709,584	725,349
Debt issued and other borrowed funds .....	6,28	2,241,976	1,746,199
Subordinated loans .....	6	145,902	101,669
Post-employment obligations .....		696	425
Current tax liabilities .....		812	4,362
Deferred tax liabilities .....		4,937	5,641
Other liabilities .....		113,465	47,599
<b>Total Liabilities</b>		<b>3,662,362</b>	<b>2,778,941</b>
<b>Equity</b>			
Share capital .....	29	14,647	14,730
Share premium .....		53,174	58,329
Other reserves .....		37,143	9,456
Retained earnings .....		94,744	86,686
<b>Total equity attributable to the equity holders of Glitnir banki hf.</b>		<b>199,708</b>	<b>169,201</b>
Minority interest .....		727	768
<b>Total Equity</b>		<b>200,435</b>	<b>169,969</b>
<b>Total Liabilities and Equity</b>		<b>3,862,797</b>	<b>2,948,910</b>

The notes on pages 9 to 24 are an integral part of these condensed consolidated interim financial statements

## Condensed Consolidated Interim Statement of Changes in Equity for the Period Ended 30 June 2008

	Attributable to equity holders of Glitnir banki hf.				Total	Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings			
Equity at 1.1.2007 .....	14,161	51,847	7,504	71,066	144,578	1,541	146,119
Translation differences for foreign operations .....			( 7,274)	( 7,274)	( 139)	( 7,413)	
Net gain on hedges of net investments in foreign operations .....			2,175	2,175		2,175	
Net change in fair value of financial assets available-for-sale .....			( 95)	( 95)		( 95)	
Income tax on equity items .....			( 375)	( 375)		( 375)	
Net income recognised directly in equity .....	0	0	( 5,569)	0	( 5,569)	( 139)	( 5,708)
Profit for the period .....				16,052	16,052	477	16,529
Total recognised income and expense for the year .....	0	0	( 5,569)	16,052	10,483	338	10,821
Dividends .....				( 9,403)	( 9,403)		( 9,403)
Issued new shares .....	616	14,661			15,277		15,277
Purchased and sold own shares .....	( 301)	( 9,912)			( 10,213)		( 10,213)
Accrued stock options .....			614		614		614
Capital transactions with minority shareholders in subsidiaries .....				( 1,323)	( 1,323)	( 623)	( 1,946)
<b>Equity as at 30.6.2007</b>	<b>14,476</b>	<b>56,596</b>	<b>2,549</b>	<b>76,392</b>	<b>150,013</b>	<b>1,256</b>	<b>151,269</b>
Equity at 1.1.2008 .....	14,730	58,329	9,456	86,686	169,201	768	169,969
Translation differences for foreign operations .....			36,965	36,965		24	36,989
Net loss on hedges of net investments in foreign operations .....			( 12,254)	( 12,254)			( 12,254)
Net change in fair value of financial assets available-for-sale .....			2	2			2
Income tax on equity items .....			1,838	1,838			1,838
Net income recognised directly in equity .....	0	0	26,551	0	26,551	24	26,575
Profit for the period .....				13,390	13,390	43	13,433
Total recognised income and expense for the year .....	0	0	26,551	13,390	39,941	67	40,008
Change in minority interest .....					0	( 108)	( 108)
Dividends .....				( 5,332)	( 5,332)		( 5,332)
Mandatory convertible bond - equity component .....			0		0		0
Purchased and sold own shares .....	( 83)	( 5,155)			( 5,238)		( 5,238)
Accrued stock options .....			1,136		1,136		1,136
<b>Equity as at 30.06.2008</b>	<b>14,647</b>	<b>53,174</b>	<b>37,143</b>	<b>94,744</b>	<b>199,708</b>	<b>727</b>	<b>200,435</b>

## Condensed Consolidated Interim Statement of Cash Flows for The Six Months Ended at 30 June 2008

	Notes	2008 Q1-Q2	2007 Q1-Q2
<b>Net cash provided by (used in) operating activities</b>	(	58,768)	42,214
<b>Net cash provided by (used in) investing activities</b>		138	( 12,232)
<b>Net cash provided by (used in) financing activities</b>		17,898	( 23,728)
Net increase in cash and cash equivalents .....	(	40,732)	6,254
Cash and cash equivalents at the beginning of the year .....		429,827	304,648
<b>Cash and cash equivalents at the end of the period</b>		389,095	310,902
<b>Reconciliation of cash and cash equivalents:</b>			
Cash in hand .....		1,458	1,108
Cash balances with central banks .....		30,686	30,150
Money market loans and other loans .....		248,806	97,797
Bank accounts .....		77,856	39,437
Other loans .....		1,365	579
Financial assets designated at fair value through profit or loss .....		28,923	141,831
<b>Total cash and cash equivalents</b>		389,095	310,902

The notes on pages 9 to 24 are an integral part of these condensed consolidated interim financial statements



# Notes to the Condensed Consolidated Interim Financial Statements

## Accounting policies

### General information

Glitnir banki hf. is a company incorporated and domiciled in Iceland. The condensed consolidated interim financial statements for the six months ended 30 June 2008 comprise Glitnir banki hf. (the parent) and its subsidiaries (together referred to as "the Bank").

The condensed consolidated interim financial statements have been authorized for issue by the board of directors of Glitnir banki hf. on 31 July 2008.

#### 1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial statements (IAS 34). They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Bank for the year 2007.

#### 2. Basis of preparation

The accounting policies applied by the Bank in the condensed consolidated interim financial statements are the same as those applied by the Bank in its consolidated financial statements for the year 2007.

The condensed consolidated interim financial statements are presented in Icelandic krona (ISK), rounded to the nearest million.

# Notes to the Condensed Consolidated Interim Financial Statements

## Segment Reporting

The banks activities and performance is determined from both the business and regional segment perspective.

### Business Segments

3. Below is a business segment overview showing the Bank's performance with a breakdown by business segments. A business segment is a distinguishable component of the Bank that is engaged in providing products or services that are subject to risks and rewards that are different from those of other business segments. Transactions between the business segments are on normal commercial terms and conditions. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenue to a business segment on a reasonable basis.

The Bank is organised into six main business segments:

- a) Commercial Banking provides services to private customers and small & medium-sized enterprises, primarily in Iceland and Norway.
- b) Corporate Banking provides financing services to corporate clients from all regions. The services includes corporate lending, asset-backed financing, margin lending and leveraged and acquisition finance.
- c) Investment Banking provides Corporate Finance services to clients in all focus markets. The segment incorporates the banks Equity Investment unit.
- d) Capital Markets offers brokerage services in securities, foreign currencies and derivatives, sale of securities issues and money market lending for clients, primarily in Iceland and Norway.
- e) Investment Management offers Asset Management services & Structured Products to clients primarily in Iceland, Finland & Norway. The segments also incorporates Private Banking services.
- f) Treasury incorporates funding and interbank functions.

Among operations that fall outside the defined business segments are the operations of associated companies and other operations of the Bank.

### The six months ended 30 June 2008

Operations	Commercial Banking	Corporate Banking	Investment Banking	Capital Markets	Investment Management	Treasury other & eliminations	Total
Net interest income .....	7,676	14,723 (	1,046)	3,373	671	6,185	31,583
Net fee income .....	1,961	993	3,438	10,086	3,741 (	358)	19,861
Net financial income .....	462 (	288)	2,457 (	229) (	93) (	2,338) (	30)
Other net operating income .....	577	110	0	351 (	6)	88	1,121
Administrative exp. ....	7,529) (	4,260) (	1,543) (	5,534) (	3,717) (	6,003) (	28,586)
Impairment .....	1,888) (	6,201) (	36) (	479)	24 (	31) (	8,611)
Other income .....	5	21	0	0	0	2	28
<b>Profit before tax</b>	<b>1,264</b>	<b>5,098</b>	<b>3,271</b>	<b>7,568</b>	<b>621 (</b>	<b>2,455)</b>	<b>15,367</b>
Net segment revenue from external customers .....	26,694	273,813	10,270 (	22,088)	14,215 (	250,370)	52,535
Net segment revenue from other segments .....	( 16,018) (	258,275) (	5,421)	35,669 (	9,902)	253,947	0

# Notes to the Condensed Consolidated Interim Financial Statements

3. Con'd

## At 30 June 2008

<b>Segment assets</b>	Commercial Banking	Corporate Banking	Investment Banking	Capital Markets	Investment Management	Treasury & other	Eliminations	Total
Loans and cash .....	847,672	1,836,524	3,816	18,618	39,743	718,556 (	551,186)	2,913,741
Other financial assets .....	20,048	116,677	31,368	50,752	8	513,929 (	2,406)	730,376
Other assets .....	2,004	8,321	760	4,887	6,123	282,238 (	85,654)	218,680
<b>Total assets</b>	<b>869,724</b>	<b>1,961,522</b>	<b>35,944</b>	<b>74,257</b>	<b>45,874</b>	<b>1,514,723 (</b>	<b>639,246)</b>	<b>3,862,797</b>

## Segment liabilities

Deposits, borrowings and subordinated loans .....	828,215	1,796,299	30,136	27,650	35,288	1,251,251 (	559,602)	3,409,237
Other liabilities .....	13,818	34,664	254	28,983	1,958	182,694 (	9,245)	253,125
<b>Total liabilities</b>	<b>842,032</b>	<b>1,830,963</b>	<b>30,389</b>	<b>56,633</b>	<b>37,246</b>	<b>1,433,944 (</b>	<b>568,847)</b>	<b>3,662,362</b>

## The six months ended 30 June 2007

<b>Operations</b>	Commercial Banking	Corporate Banking	Investment Banking	Capital Markets	Investment Management	Treasury other & eliminations	Total
Net interest income .....	6,070	9,730 (	311)	818	270	1,024	17,601
Net fee income .....	1,956	1,331	2,750	7,014	3,462 (	327)	16,186
Net financial income .....	336	860	1,827	2,629 (	52)	46	5,646
Other net operating income .....	190	427	463	41	4	837	1,962
Administrative exp. ....	( 5,962) (	4,600) (	1,238) (	5,264) (	2,618) (	1,082) (	20,764)
Impairment .....	( 311) (	1,146) (	6) (	2) (	18)	4 (	1,479)
Other income .....	22	287	0	0	0	242	551
<b>Profit before tax</b>	<b>2,301</b>	<b>6,889</b>	<b>3,485</b>	<b>5,236</b>	<b>1,048</b>	<b>744</b>	<b>19,703</b>
Net segment revenue from external customers .....	( 3,375) (	44,383)	562	10,249	3,684	74,658	41,395
Net segment revenue from other segments .....	11,927	56,731	4,167	252	0 (	73,077)	0

## At 31 December 2007

<b>Segment assets</b>	Commercial Banking	Corporate Banking	Investment Banking	Capital Markets	Investment Management	Treasury & other	Eliminations	Total
Loans and cash .....	572,238	1,324,002	6,829	18,977	38,643	1,561,629 (	1,213,442)	2,308,876
Other financial assets .....	31,225	41,015	39,582	26,108	165	384,363 (	19,211)	503,247
Other assets .....	3,631	4,762	1,958	21,159	5,783	187,467 (	87,973)	136,787
<b>Total assets</b>	<b>607,094</b>	<b>1,369,779</b>	<b>48,369</b>	<b>66,244</b>	<b>44,590</b>	<b>2,133,459 (</b>	<b>1,320,626)</b>	<b>2,948,910</b>

## Segment liabilities

Deposits, borrowings and subordinated loans .....	564,411	1,230,888	36,886	17,331	34,656	1,881,188 (	1,136,966)	2,628,394
Other liabilities .....	14,827	22,775	1,350	31,861	1,392	89,954 (	11,612)	150,547
<b>Total liabilities</b>	<b>579,238</b>	<b>1,253,663</b>	<b>38,236</b>	<b>49,192</b>	<b>36,048</b>	<b>1,971,142 (</b>	<b>1,148,578)</b>	<b>2,778,941</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## Regional segments

4. Below is a regional segment overview showing the banks income split and assets.

The Bank is organised into three regional segments; Iceland, Nordic and International.

- a) The Iceland region is a full service provider for clients in Iceland.
- b) The Nordic region includes the Norway, Finland, Sweden and Russia operation. Glitnir is a full service provider in Norway.
- c) The International drives all activities outside the Nordic and Iceland region and includes operations in UK, Luxemburg, US, Canada and China.

### The six months ended 30 June 2008

	Iceland	Nordics	International	Other	Total
Net interest income .....	15,002	5,755	4,640	6,185	31,583
Net fee and commission income .....	13,405	6,060	754 (	358)	19,861
Net financial income .....	( 2,417)	1,645	3,080 (	2,338) (	30)
Other income .....	31	823	178	88	1,121
<b>Net operating income</b>	<b>26,021</b>	<b>14,284</b>	<b>8,652</b>	<b>3,577</b>	<b>52,535</b>

### At 30 June 2008

Loans and cash .....	1,155,694	925,717	664,961	167,370	2,913,741
Financial assets .....	87,462	99,289	32,102	511,523	730,376
Other assets .....	2,943	18,023	2,866	194,847	218,680
<b>Total assets</b>	<b>1,246,099</b>	<b>1,043,029</b>	<b>699,929</b>	<b>873,740</b>	<b>3,862,797</b>

### The six months ended 30 June 2007

	Iceland	Nordics	International	Other	Total
Net interest income .....	9,314	3,766	3,519	1,002	17,601
Net fee and commission income .....	8,145	6,829	1,541 (	329)	16,186
Net financial income .....	3,353	966	1,409 (	82)	5,646
Other income .....	577	388	17	981	1,962
<b>Net operating income</b>	<b>21,389</b>	<b>11,948</b>	<b>6,486</b>	<b>1,572</b>	<b>41,395</b>

### At 31 December 2007

Loans and cash .....	906,119	711,139	442,199	249,419	2,308,876
Financial assets .....	26,213	74,440	36,509	366,085	503,247
Other assets .....	3,853	11,442	740	120,753	136,787
<b>Total assets</b>	<b>936,185</b>	<b>797,021</b>	<b>479,448</b>	<b>736,257</b>	<b>2,948,910</b>

## Quarterly Statements

5. Operations by quarters:

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income .....	17,790	13,793	11,863	9,618	9,658
Net fee and commission income .....	9,257	10,604	10,594	10,864	8,888
Net financial income .....	( 842)	812 (	2,285)	794	2,732
Other income .....	706	415 (	262)	2,514	1,905
Administrative expenses .....	( 14,786) (	13,799) (	15,642) (	11,738) (	12,127)
Impairments on financial assets .....	( 4,492) (	4,119) (	2,366) (	1,671) (	247)
Other income .....	24	4	1,904	13	478
Profit before income tax .....	7,657	7,710	3,806	10,394	11,287
Income tax .....	( 83) (	1,851) (	1,320) (	1,759) (	1,766)
<b>Profit for the period</b>	<b>7,574</b>	<b>5,859</b>	<b>2,486</b>	<b>8,635</b>	<b>9,521</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## Financial assets and liabilities

6. The following table describes the carrying value and fair value of financial assets and financial liabilities. For instruments that are not recognised at fair value on the balance sheet the fair value has been estimated by discounting the cash flow, taking into account interest rate risk and credit risk. It is assumed that the pricing of interest rate risk and credit risk is consistent between assets and liabilities.

<b>At 30 June 2008</b>		Held for trading	Designated at fair value through P&L	Loans & receivables	Available for sale	At amortised cost	Hedges	Total carrying amount
	Notes							
<i>Loans and receivables</i>								
Cash and balances with central banks	12			37,550				37,550
Loans to banks	16			328,027				328,027
Loans to customers	17-19		85,211	2,462,953				2,548,164
<b>Loans and receivables</b>		0	85,211	2,828,530	0	0	0	2,913,741
<i>Bonds and debt instruments</i>								
Listed		14,304	164,231					178,535
Unlisted		25,428			13,910			39,338
<b>Bonds and debt instruments</b>		39,732	164,231	0	13,910	0	0	217,873
<i>Shares and equity instruments</i>								
Listed		17,066			113			17,179
Unlisted		1,232	53,356					54,588
<b>Shares and equity instruments</b>		18,298	53,356	0	113	0	0	71,767
<i>Securities used for hedging</i>								
Bonds and debt instruments		103,782						103,782
Shares and equity instruments		58,550						58,550
<b>Securities used for hedging</b>		162,332	0	0	0	0	0	162,332
Derivatives	13-15	266,641					11,763	278,404
<b>Total financial assets</b>		487,003	302,798	2,828,530	14,023	0	11,763	3,644,117
<i>Short positions bonds</i>								
Short positions bonds		23,312						23,312
Derivatives	13-15	98,543					11,360	109,903
Deposits from central banks and banks	25					311,775		311,775
Deposits from customers	26-27		35,895			673,689		709,584
Debt issued and other borrowed funds	28		148,566			2,093,410		2,241,976
Subordinated loans			2,626			143,276		145,902
<b>Total financial liabilities</b>		121,855	187,088	0	0	3,222,149	11,360	3,542,452
<b>At 31 December 2007</b>								
	Notes	Held for trading	Designated at fair value through P&L	Loans & receivables	Available for sale	At amortised cost	Hedges	Total carrying amount
<i>Loans and receivables</i>								
Cash and balances with central banks	12			55,500				55,500
Loans to banks	16			278,469				278,469
Loans to customers	17-19		71,245	1,903,662				1,974,907
<b>Loans and receivables</b>		0	71,245	2,237,631	0	0	0	2,308,876
<i>Bonds and debt instruments</i>								
Listed		1,698	106,529					108,227
Unlisted		818	55,178		17,541			73,537
<b>Bonds and debt instruments</b>		2,516	161,707	0	17,541	0	0	181,764

# Notes to the Condensed Consolidated Interim Financial Statements

6. Con'd

## Shares and equity instruments

Listed .....	10,335	816		64			11,215
Unlisted .....	38	27,185					27,223
<b>Shares and equity instruments</b> .....	<b>10,373</b>	<b>28,001</b>	<b>0</b>	<b>64</b>	<b>0</b>	<b>0</b>	<b>38,438</b>

## Securities used for hedging

Bonds and debt instruments .....	97,196						97,196
Shares and equity instruments .....	67,143						67,143
<b>Securities used for hedging</b> .....	<b>164,339</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>164,339</b>

Derivatives ..... 13-15	107,338					11,368	118,706
<b>Total financial assets</b>	<b>284,566</b>	<b>260,953</b>	<b>2,237,631</b>	<b>17,605</b>	<b>0</b>	<b>11,368</b>	<b>2,812,123</b>

Short positions bonds .....	15,023						15,023
Derivatives ..... 13-15	70,238					7,259	77,497
Deposits from central banks and banks ..... 25					55,177		55,177
Deposits from customers ..... 26-27		37,836			687,513		725,349
Debt issued and other borrowed funds ..... 28		224,053			1,522,146		1,746,199
Subordinated loans .....		2,427			99,242		101,669
<b>Total financial liabilities</b>	<b>85,261</b>	<b>264,316</b>	<b>0</b>	<b>0</b>	<b>2,364,078</b>	<b>7,259</b>	<b>2,720,914</b>

## Financial income

7. Financial income is specified as follows:

	2008 Q2	2007 Q2	2008 Q1-Q2	2007 Q1-Q2
Net (loss) gain on financial assets held for trading .....	( 3,626)	792 (	10,983)	1,443
Net gain on financial assets and liabilities designated at fair value through profit/loss .....	2,956	2,068	5,935	3,912
Fair value adjustments in hedge accounting .....	( 649) (	152)	13 (	98)
Net foreign exchange gains .....	477	50	5,005	389
<b>Total</b>	<b>( 842)</b>	<b>2,758 (</b>	<b>30)</b>	<b>5,646</b>

8. Net gain on financial assets and liabilities designated at fair value through profit or loss is specified as follows:

Shares .....	1,830	1,476	4,421	3,254
Dividend income on shares designated at fair value through profit or loss .....	7	0	20	0
Bonds .....	( 111)	735 (	1,540)	580
Loans to customers and related derivatives .....	11	123	780 (	131)
Borrowings, deposits and related derivatives .....	1,219 (	266)	2,255	209
<b>Total</b>	<b>2,956</b>	<b>2,068</b>	<b>5,935</b>	<b>3,912</b>

## Other net operating income

9. Other net operating income is specified as follows:

	2008 Q2	2007 Q2	2008 Q1-Q2	2007 Q1-Q2
Rental income .....	16	792	17	792
Sales revenue .....	604	1,057	811	1,057
Other net operating income .....	86	30	293	113
<b>Other net operating income</b>	<b>706</b>	<b>1,879</b>	<b>1,121</b>	<b>1,962</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## Effective income tax rate

10. The corporate income tax rate in Iceland for the year 2008 is 15% but was 18% the year before. This change take affect as of 1. January 2008. The effective income tax rate in the Bank's income statement is 12.6% for the six month ended 30 June 2008. The difference is specified as follows:

	2008		2007	
	Q1 - Q2		Q1 - Q2	
Profit before tax.....	15,366		19,703	
15.0% income tax calculated on the profit of the period.....	2,305	15.0%	3,547	18.0%
Effect of tax rate change from 18% to 15%.....	( 761)	( 5.0%)	0	0.0%
Effect of tax rates in foreign jurisdictions.....	1,443	9.4%	554	2.8%
Dividends received, exempt from tax.....	( 138)	( 0.9%)	0	0.0%
Other differences.....	( 914)	( 6.0%)	( 927)	( 4.7%)
<b>Income tax according to income statement</b>	<b>1,934</b>	<b>12.6%</b>	<b>3,174</b>	<b>16.1%</b>

## Earnings per Share

11. Earnings per share is calculated by dividing the net profit attributable to shareholders of the Bank by the weighted average outstanding number of shares during the year, excluding the average number of shares purchased by the Bank and held as treasury shares. The calculation of diluted earnings per share takes into consideration the outstanding stock options when calculating the share capital.

	2008	2007
	Q1 - Q2	Q1 - Q2
Net profit of the equity holders of the parent, according to the Interim financial statements .....	13,390	16,052
Average outstanding shares:		
Outstanding shares according to the financial statements at the beginning of the year, millions .....	14,730	14,161
Issuance of new shares/ (Purchased/Sold own shares), millions .....	237	156
<b>Average outstanding shares, millions</b>	<b>14,967</b>	<b>14,317</b>
<b>Earnings per share, ISK</b>	<b>0.89</b>	<b>1.12</b>
<b>Diluted earnings per share, ISK</b>	<b>0.89</b>	<b>1.10</b>

## Cash and balances with central banks

12. Specification of cash and cash balances with central banks:

	30.6.2008	31.12.2007
Cash in hand .....	1,458	1,180
Balances with central banks other than mandatory reverse deposits .....	30,686	51,624
<b>Included in cash and cash equivalents</b>	<b>32,145</b>	<b>52,804</b>
Mandatory reverse deposits with central banks .....	5,405	2,696
<b>Total</b>	<b>37,550</b>	<b>55,500</b>

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. Cash on hand and balances with central banks and mandatory reserve deposits are non-interest-bearing. Other money-market placements are floating-rate assets.

# Notes to the Condensed Consolidated Interim Financial Statements

## Derivatives financial instruments

13. Derivatives held for trading:	Assets	Liabilities	Assets	Liabilities
	30.6.2008	30.6.2008	31.12.2007	31.12.2007
Interest rate swap .....	26,790	38,888	12,179	22,129
Cross currency interest rate swaps .....	61,592	18,096	19,122	20,992
Forward rate agreements .....	0	50	1	8
Interest rate future .....	5	160	158	34
Caps & Floors .....	101	101	24	23
Equity forwards .....	36,022	6,083	16,027	3,057
Equity futures .....	0	0	0	0
Equity swaps .....	7,379	0	3,023	9
Equity options .....	2,411	1,789	1,234	967
FX forwards .....	19,112	3,000	2,811	2,690
FX swaps .....	75,490	16,603	23,143	10,474
FX options .....	11,178	4,580	2,446	1,764
Bond forwards .....	7,074	546	5,451	145
Bond swaps .....	4,229	103	2,244	0
Bond options .....	419	319	0	0
Total return swaps .....	7,390	2,925	7,216	158
Equity linked options .....	7,449	5,300	12,259	7,788
<b>Total</b>	<b>266,641</b>	<b>98,543</b>	<b>107,338</b>	<b>70,238</b>

## 14. Derivatives to which hedge accounting is applied:

	Assets	Liabilities	Assets	Liabilities
	30.6.2008	30.6.2008	31.12.2007	31.12.2007
<b>Derivatives held as fair value hedges:</b>				
Interest rate swap .....	9,742	7,490	11,089	3,824
Cross currency interest rate swaps .....	2,021	3,870	279	3,435
<b>Total</b>	<b>11,763</b>	<b>11,360</b>	<b>11,368</b>	<b>7,259</b>
<b>Total derivatives</b>	<b>278,404</b>	<b>109,903</b>	<b>118,706</b>	<b>77,497</b>

## Fair value hedges

15. Fair value hedges are used by the Bank to protect it against changes in the fair value of financial liabilities due to movements in interest rates. The financial instruments hedged for interest rate risk are debt issued and other borrowed funds as well as subordinated debt. The Bank uses interest rate swaps to hedge interest rate risk.

In Q2 for 2008 the Bank recognised a loss of ISK 12,960 million representing the loss on the hedging instruments. The total gain on hedged items attributable to the hedged risk amounted to ISK 12,311 million.



# Notes to the Condensed Consolidated Interim Financial Statements

## Loans

16. Loans to banks:	30.6.2008	31.12.2007
Money market loans .....	248,806	192,918
Bank accounts .....	77,856	63,360
Other loans .....	1,365	22,191
<b>Loans to banks</b>	<b>328,027</b>	<b>278,469</b>

17. Loans to customers:		
Loans and advances to customers at fair value through profit or loss .....	85,211	71,245
Loans and advances to customers at amortised cost .....	2,462,953	1,903,662
<b>Loans to customers</b>	<b>2,548,164</b>	<b>1,974,907</b>

18. Loans to customers specified by sectors::	30.6.2008	31.12.2007
Real estate .....	23%	24%
Individuals .....	22%	23%
Investment companies .....	17%	17%
Industry .....	16%	16%
Service .....	14%	14%
Commerce .....	4%	4%
Other .....	4%	3%
<b>Loans to customers</b>	<b>100%</b>	<b>100%</b>

19. Allowances for impairments:	2008	2007
	Q1-Q2	Q1-Q2
Balance at 1 January .....	14,372	12,465
Charge to income statement .....	7,814	1,479
Recoveries .....	1,168	34
Translation differences .....	1,385 (	26)
Write-offs .....	( 1,090) (	3,134)
<b>Balance at the end of the period</b>	<b>23,649</b>	<b>10,818</b>

	2008	2007
	Q1-Q2	Q1-Q2
Charge to income statement for allowances for impairment .....	7,814	1,479
Charge to income statement for impairment of goodwill .....	796	0
<b>Total impairment charge</b>	<b>8,611</b>	<b>1,479</b>

## Investments in associates

20. Changes in investments in associates:	30.6.2008	31.12.2007
Investments in associates at the beginning of the year .....	2,820	4,379
Purchases of shares in associates .....	0	1,549
Sales of shares in associates .....	0 (	2,067)
Transfers .....	( 2,258) (	986)
Share of results .....	0 (	54)
Dividends paid .....	0 (	39)
Foreign exchange translation differences .....	( 22)	38
<b>Investments in associates at the end of the period</b>	<b>540</b>	<b>2,820</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## Investments in subsidiaries

21. The parent's interest in its subsidiaries are as follows:

	Location	Owner-ship
Glitnir Bank ASA (BN bank ASA and Glitnir bank ASA merged 1/1/08) .....	Norway	100%
Glitnir Securities ASA .....	Norway	100%
Glitnir Marine Finance AS .....	Norway	51%
Glitnir Norway AS .....	Norway	100%
Glitnir AB .....	Sweden	100%
Glitnir Luxembourg SA .....	Luxembourg	100%
Glitnir Oyj .....	Finland	100%
Kreditkort hf. ....	Iceland	55%
Borgun hf. ....	Iceland	55%
Glitnir sjóðir hf. ....	Iceland	100%
Glitnir eignarhaldsfélag ehf. ....	Iceland	100%
Rivulus ehf. ....	Iceland	100%
Lómur ehf. ....	Iceland	100%
26 other wholly owned subsidiaries .....		100%

## Related party disclosures

22. The Bank has a related party relationship with its subsidiaries, the board of directors of the parent company, the executive vice presidents of the Bank, close family members of individuals referred to herein and entities with significant influence as the largest shareholders of the Bank. The balances with related parties at the end of the period are as follows:

	30.06.2008	31.12.2007
Loans to the CEO and managing directors .....	9,066	1,832
Loans to large shareholders and members of the board .....	33,744	38,904
Loans to associated companies .....	30,865	16,890

## Investment property

23. Investment property is specified as follows:

	30.06.2008	31.12.2007
Balance at the beginning of the year .....	5,539	0
Additions during the period .....	0	4,111
Disposals during the period .....	0 (	1,987)
Revaluation during the period .....	0	3,415
<b>Investment property at the end of the period</b>	<b>5,539</b>	<b>5,539</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## Intangible assets

24. Goodwill is allocated to the Bank's cash-generating units (CGU) in keeping with the main emphasis of monitoring and managing activities. With regard to this, goodwill has been distributed between CGU according to its origin. As part of the apportioning of the Bank's goodwill, the recoverable amount is measured by value in use. Each CGU is assessed on its own, in which expectations for return on equity, payout ratio, equity and yield are the main variables in the assessment of each CGU. An independent operating budget acts as the bases for results for the five year of the scheme and after that it is based on long-term yield of comparable units. Return objectives are different within each CGU. A sensitivity analysis of budgets and key premises revealed that a significant deviation from the budget or a breakdown must take place in order to affect an impairment of the goodwill in the Bank's balance sheet.

The allocation of the goodwill for each CGU is as follows:

	30.06.2008	31.12.2007
Glitnir Bank ASA .....	20,856	15,081
Glitnir Oyj .....	26,427	21,855
Glitnir Securities AS .....	2,044	1,317
Glitnir AB .....	613	448
Kreditkort hf. ....	280	280
Borgun hf. ....	186	186
Parent company - Markets .....	491	359
Parent company - Investment Banking .....	245	179
Parent company - Corporate Banking .....	491	359
Parent company - Brokerage and asset management .....	3,176	0
Other cash-generating units .....	364	451
<b>Total goodwill at the end of the period</b>	<b>55,172</b>	<b>40,515</b>

Intangible assets are specified as follows:

	30.6.2008	31.12.2007
Goodwill .....	55,172	40,515
Software .....	1,000	369
Brands & other .....	7,046	6,071
<b>Total</b>	<b>63,218</b>	<b>46,955</b>

## Deposits from central banks and banks

25. Deposits from central banks and banks are specified as follows:

	30.6.2008	31.12.2007
Repurchase agreements with central banks .....	198,256	4,653
Deposits from banks .....	113,519	50,524
<b>Deposits from central banks and banks</b>	<b>311,775</b>	<b>55,177</b>

## Deposits from customers

26. Deposits from customers are specified by type as follows:

	30.6.2008	31.12.2007
Demand deposits .....	426,585	350,227
Time deposits .....	282,999	375,122
<b>Deposits from customers total</b>	<b>709,584</b>	<b>725,349</b>

# Notes to the Condensed Consolidated Interim Financial Statements

27. Deposits from customers are specified by owners as follows:

	30.6.2008		31.12.2007	
	Amount	% of total	Amount	% of total
Central government and state-owned enterprises.....	12,544	2%	15,531	2%
Municipalities.....	57,291	8%	95,237	13%
Other companies.....	303,976	43%	311,690	43%
Individuals.....	335,773	47%	302,891	42%
<b>Deposits from customers total</b>	<b>709,584</b>	<b>100%</b>	<b>725,349</b>	<b>100%</b>

## Debt issued and other borrowed funds

28. Specification of debt issued and other borrowed funds:

	30.6.2008	31.12.2007
Issued bonds .....	1,211,752	967,672
Loans from banks .....	595,257	380,158
Other debt securities .....	20,266	8,375
Hedged borrowings .....	414,701	389,994
<b>Total</b>	<b>2,241,976</b>	<b>1,746,199</b>

## Equity

29. According to the Parent Company's Articles of Association, the total number of shares is 14,881 million. At the end of June 2008 treasury shares were 356 million. One vote is attached to each share.

## Capital adequacy ratio

30. The capital adequacy ratio (CAD) is determined as follows:

	30.06.2008	31.12.2007
Shareholders' equity .....	199,708	169,201
Minority interest .....	727	768
<b>Total shareholders' equity</b>	<b>200,435</b>	<b>169,969</b>
Intangible assets .....	( 61,564)	( 45,574)
<b>Core capital</b>	<b>138,871</b>	<b>124,395</b>
Hybrid core capital .....	62,824	39,564
<b>Tier 1 capital</b>	<b>201,695</b>	<b>163,959</b>
Subordinated loans, excluding hybrid core capital .....	81,529	61,617
<b>Capital base</b>	<b>283,224</b>	<b>225,576</b>
<b>Risk-weighted assets</b>		
Not included in trading portfolio .....	2,492,002	1,929,818
With market risk in trading portfolio .....	45,070	87,652
<b>Total risk weighted assets</b>	<b>2,537,072</b>	<b>2,017,470</b>
Core capital ratio .....	5.5%	6.2%
Tier 1 capital ratio .....	8%	8.1%
Capital adequacy ratio .....	11.2%	11.2%

# Notes to the Condensed Consolidated Interim Financial Statements

## Off Balance Sheet Information

### Obligations

31. The Bank has granted its customers guarantees, loan commitments and overdraft permissions. These items are specified as follows:

	30.06.2008	31.12.2007
Guarantees granted to customers .....	53,544	44,932
Committed undrawn lines of credit .....	33,340	42,404
Unused overdrafts .....	63,494	44,005

### Assets under management and in custody

32. Balance of assets under management and custody assets:

	30.6.2008	31.12.2007
Assets under management .....	1,008,737	936,010
Custody assets .....	1,300,036	1,317,827

# Notes to the Condensed Consolidated Interim Financial Statements

## Liquidity Risk

33. The following table analyses the Bank's assets and liabilities according to their maturity. The classification is based on the remaining contractual maturity as of the date of the financial statements.

### Maturity analysis 30 June 2008

On balance sheet financial liabilities - contractual undiscounted cashflows	Up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
Short positions .....	190	1,130	8,767	4,138	3,293	1,234	4,560	23,312
Derivatives (balance sheet amount) .....	109,903							109,903
Deposits from banks and central banks .....	240,172	32,593	4,364	33,738			908	311,775
Deposits from customers .....	572,330	41,492	17,895	45,892	8,259	19,973	3,742	709,584
Debt issued and other borrowed funds .....	163,235	206,192	203,935	311,063	490,667	717,883	149,000	2,241,976
Subordinated liabilities .....			6,267		19,397	47,478	72,761	145,902
<b>Total financial liabilities</b>	<b>1,085,830</b>	<b>281,408</b>	<b>241,227</b>	<b>394,832</b>	<b>521,616</b>	<b>786,568</b>	<b>230,971</b>	<b>3,542,452</b>
<b>Other liabilities and equity</b>								
<sup>1</sup> Other liabilities .....	42,124						77,786	119,910
Equity .....							200,435	200,435
<b>Total liabilities and equity on 30 June 2008</b>	<b>1,127,954</b>	<b>281,408</b>	<b>241,227</b>	<b>394,832</b>	<b>521,616</b>	<b>786,568</b>	<b>509,192</b>	<b>3,862,797</b>
<sup>1</sup> Other liabilities are post-employment obligations, current and deferred tax liabilities, and other liabilities according to the balance sheet								
<b>Total assets on 30 June 2008</b>	<b>1,015,938</b>	<b>237,047</b>	<b>223,850</b>	<b>262,188</b>	<b>297,593</b>	<b>583,706</b>	<b>1,242,475</b>	<b>3,862,797</b>
<b>Total maturity gap on 30 June, 2008</b>	<b>( 112,016)</b>	<b>( 44,361)</b>	<b>( 17,377)</b>	<b>( 132,643)</b>	<b>( 224,023)</b>	<b>( 202,862)</b>	<b>733,283</b>	
<b>Total maturity gap on 31 December, 2007</b>	<b>( 440,997)</b>	<b>( 128,151)</b>	<b>( 29,466)</b>	<b>53,112</b>	<b>( 57,830)</b>	<b>( 262,268)</b>	<b>865,602</b>	

### Maturity analysis 31 December, 2007

On balance sheet financial liabilities - contractual undiscounted cashflows	Up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
Short positions .....	15,023							15,023
Derivatives (balance sheet amount) .....	77,497							77,497
Deposits from banks and central banks .....	47,954	6	281	836	1,288	4,442	370	55,177
Deposits from customers .....	592,825	65,869	30,934	23,133	7,048	2,543	2,997	725,349
Debt issued and other borrowed funds .....	219,705	196,015	89,595	182,902	275,040	719,467	63,475	1,746,199
Subordinated liabilities .....	46	161	113	5,069	7,051	46,074	43,155	101,669
<b>Total financial liabilities</b>	<b>953,050</b>	<b>262,051</b>	<b>120,923</b>	<b>211,940</b>	<b>290,427</b>	<b>772,526</b>	<b>109,997</b>	<b>2,720,914</b>
<b>Other liabilities and equity</b>								
Other liabilities .....	18,584	1,161	425	2,591			35,266	58,027
Equity .....							169,969	169,969
<b>Total liabilities and equity</b>	<b>971,634</b>	<b>263,212</b>	<b>121,348</b>	<b>214,531</b>	<b>290,427</b>	<b>772,526</b>	<b>315,232</b>	<b>2,948,910</b>
<b>Total assets</b>	<b>530,637</b>	<b>135,061</b>	<b>91,882</b>	<b>267,643</b>	<b>232,597</b>	<b>510,258</b>	<b>1,180,834</b>	<b>2,948,910</b>
<b>Total maturity gap on 31 December, 2007</b>	<b>( 440,997)</b>	<b>( 128,151)</b>	<b>( 29,466)</b>	<b>53,112</b>	<b>( 57,830)</b>	<b>( 262,268)</b>	<b>865,602</b>	

# Notes to the Condensed Consolidated Interim Financial Statements

## Liquidity position

	30.6.2008	31.12.2007
Cash in hand.....	1,458	1,180
Cash balances with central banks.....	30,686	51,624
Money market loans to banks.....	248,806	192,918
Bank accounts.....	77,856	63,360
Other loans to banks.....	1,365	22,191
<b>Liquid debt securities.....</b>	<b>28,924</b>	<b>98,554</b>
<b>Cash and cash equivalents</b>	<b>389,096</b>	<b>429,827</b>
Unused securities eligible as collateral for secure borrowing.....	57,403	44,414
Regulatory liquidity reserves.....	36,780	25,277
Committed credit facilities.....	127,335	88,920
<b>Immediately available funds</b>	<b>610,614</b>	<b>588,438</b>

## Exposure towards inflation

### 34. Assets and liabilities linked to the Icelandic Consumer Price Index

	Assets	Liabilities	Net
30.6.2008.....	350,704	245,927	104,777
31.12.2007.....	367,058	226,500	140,558

## Currency risk

### 35. Assets and liabilities classified according to currencies

#### At 30 June 2008

Assets	ISK	NOK	EUR	USD	GBP	SEK	CHF	JPY	Other	Total
Cash & balances with central banks....	26,766	5,367	5,298	11	108					37,550
Derivatives(balance sheet amount).....	259,879	17,494	1,031							278,404
Bonds and debt instruments.....	68,757	44,978	82,104	13,391	7,099				1,543	217,873
Shares and equity instruments.....	31,829	9,366	12,689	4,471	6,515	1,026			5,870	71,767
Securities used for hedging.....	110,238	4,416	16,380	21,966	145	5,627			3,561	162,332
Loans to banks.....	90,016	3,503	133,793	82,718	559	12,360	3,197	242	1,638	328,027
Loans to customers.....	531,695	726,502	501,452	166,307	114,064	52,704	161,853	113,830	179,758	2,548,164
Other assets.....	178,853	27,662	9,603			2,562				218,680
<b>Total assets</b>	<b>1,298,034</b>	<b>839,289</b>	<b>762,349</b>	<b>288,863</b>	<b>128,489</b>	<b>74,279</b>	<b>165,051</b>	<b>114,072</b>	<b>192,371</b>	<b>3,862,796</b>
<b>Liabilities and equity</b>										
Deposits from central banks & banks...	51,227	30,804	187,238	10,608	16,776	2,463	272	2,709	9,677	311,775
Deposits from customers.....	241,737	302,509	63,092	19,059	72,288	7,273	196	522	2,908	709,584
Short positions.....	23,122		190							23,312
Derivatives (balance sheet amount)....	85,430	22,991	1,482							109,903
Debt issued & other borrowed funds....	307,542	200,866	976,170	465,536	99,982	22,105	66,333	15,532	87,910	2,241,976
Subordinated loans.....	19,937	22,276	32,757	67,165				3,767		145,902
Other liabilities.....	103,796	6,935	6,690			2,490				119,910
Equity.....	200,435									200,435
<b>Total liabilities and equity</b>	<b>1,033,226</b>	<b>586,381</b>	<b>1,267,619</b>	<b>562,368</b>	<b>189,046</b>	<b>34,330</b>	<b>66,801</b>	<b>22,530</b>	<b>100,495</b>	<b>3,862,797</b>
<b>Net on-balance sheet position.....</b>	<b>264,808</b>	<b>252,908</b>	<b>( 505,270)</b>	<b>( 273,504)</b>	<b>( 60,557)</b>	<b>39,948</b>	<b>98,249</b>	<b>91,542</b>	<b>91,876</b>	
<b>Net off-balance sheet position.....</b>	<b>( 453,167)</b>	<b>( 203,602)</b>	<b>634,578</b>	<b>286,680</b>	<b>66,696</b>	<b>( 37,938)</b>	<b>( 98,250)</b>	<b>( 90,608)</b>	<b>( 91,037)</b>	
<b>Net gap 30 June 2008</b>	<b>( 188,359)</b>	<b>49,306</b>	<b>129,308</b>	<b>13,175</b>	<b>6,139</b>	<b>2,010</b>	<b>( 1)</b>	<b>934</b>	<b>839</b>	
<b>Net on-balance sheet position.....</b>	<b>310,409</b>	<b>213,852</b>	<b>( 378,585)</b>	<b>( 231,687)</b>	<b>( 71,958)</b>	<b>40,869</b>	<b>56,770</b>	<b>63,659</b>	<b>( 3,329)</b>	
<b>Net off-balance sheet position.....</b>	<b>( 388,046)</b>	<b>( 175,624)</b>	<b>415,847</b>	<b>228,327</b>	<b>72,240</b>	<b>( 38,713)</b>	<b>( 56,182)</b>	<b>( 63,168)</b>	<b>5,320</b>	
<b>Net gap 31 December 2007</b>	<b>( 77,637)</b>	<b>38,228</b>	<b>37,262</b>	<b>( 3,360)</b>	<b>282</b>	<b>2,156</b>	<b>588</b>	<b>491</b>	<b>1,991</b>	

# Notes to the Condensed Consolidated Interim Financial Statements

## Value at risk

36. For trading positions the Bank uses a daily Value-at-Risk (VaR) method to measure market risk in individual portfolios as well as overall risk.

The table summarises VaR measures for the six months ended June 30th 2008, with reference figures from full year 2007.

### Value at Risk

	6 months to 30 June 2008				12 months to 31 December 2007			End of year
	Average	High	Low	End of quarter	Average	High	Low	
<b>Risk type</b>								
Equity risk .....	356	572	194	202	228	390	101	353
Interest rate risk .....	82	131	44	131	45	96	28	55
Currency risk .....	361	1,071	16	524	136	327	4	146
Diversification gain .....	( 207 )	( 247 )	( 169 )	( 278 )	( 184 )	( 313 )	( 76 )	( 205 )
<b>Group VaR</b>	<b>591</b>	<b>1,137</b>	<b>277</b>	<b>578</b>	<b>225</b>	<b>389</b>	<b>99</b>	<b>349</b>