



# Annual Results 2007

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29 January 2008

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Profit & Loss

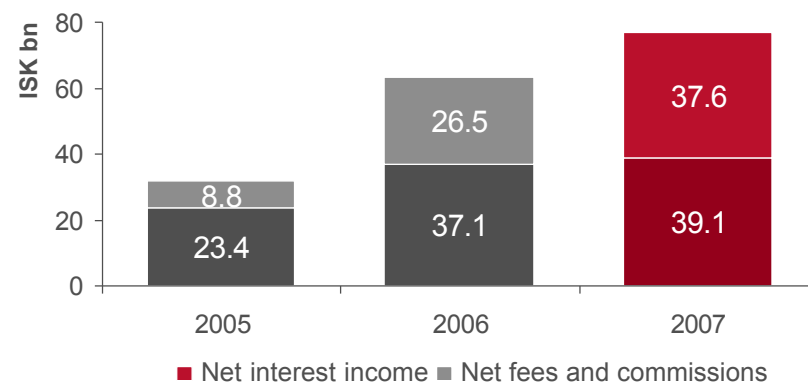
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# Highlights for 2007

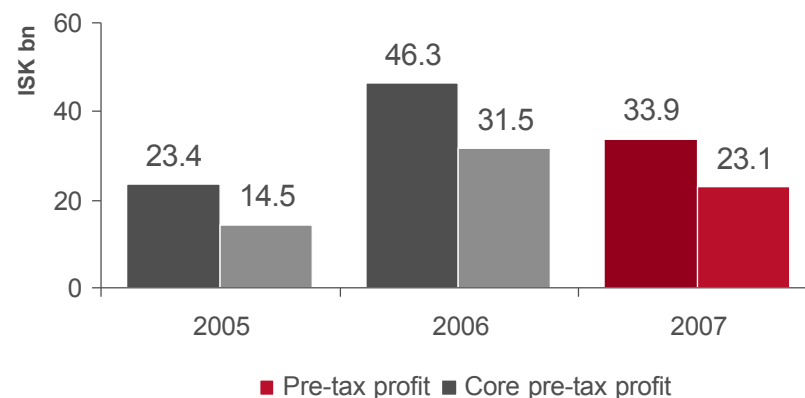
## Growth in core income

- Core income up 20.6% - highest ever
  - Net interest income up 5.4%
  - Net F&C up 42.3%
- Net profit ISK 27.7 bn
  - Liquidity and proprietary portfolios adversely hit
  - One- off costs approx. ISK 3.5 bn
- Return on Equity 19.3%
- Loan book up 23.7% to ISK 1,975 bn
- Deposits up 51% to ISK 781 bn

## Core income development



## Profit before tax / Core profit before tax



# Strong core income growth



Profit affected by market turmoil and higher expenses

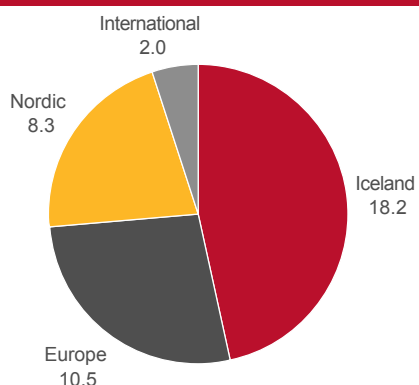
(ISK billion)	2007	2006	% YoY
Net interest income	39.1	37.1	5.4%
Net fees and commission	37.6	26.5	42.3%
Other income	8.4	9.1	-7.6%
Net operating income	85.1	72.6	17.2%
Expenses	-48.1	-27.3	76.3%
-Salaries	-27.9	-15.7	77.2%
-Other expenses	-20.2	-11.6	75.2%
Impairment	-5.5	-4.8	15.9%
Profit from associates & JV's	2.5	5.7	-56.8%
Profit before tax	33.9	46.3	-26.7%
Income tax	-6.3	-8.0	-22.1%
Net profit	27.7	38.2	-27.7%
Core profit	23.1	31.5	-26.7%
Net profit to Glitnir shareholders	26.7	37.4	-28.6%
Net profit to minority interest	1.0	0.9	11.5%

# Net Interest Income

Stable contribution from solid loan book

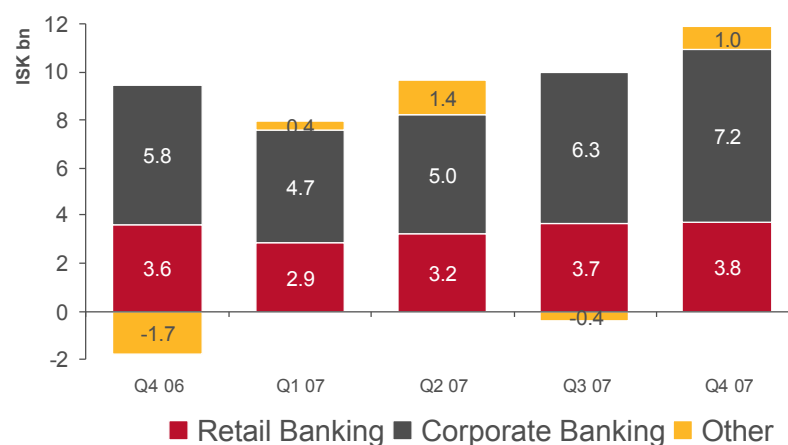
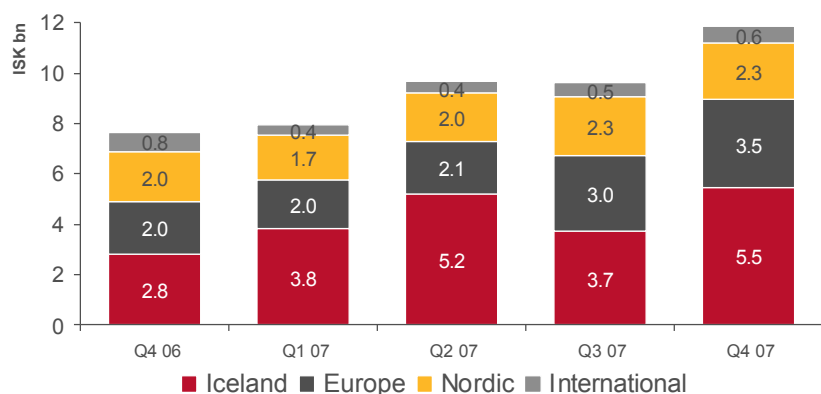
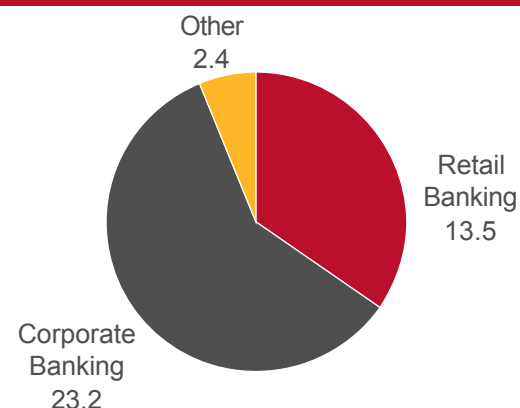


Net Interest Income 2007 by region



Total ISK 39.1 bn

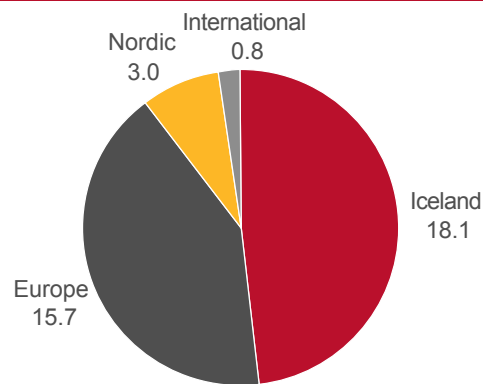
Net Interest Income 2007 by business lines



# Net Fees and Commissions

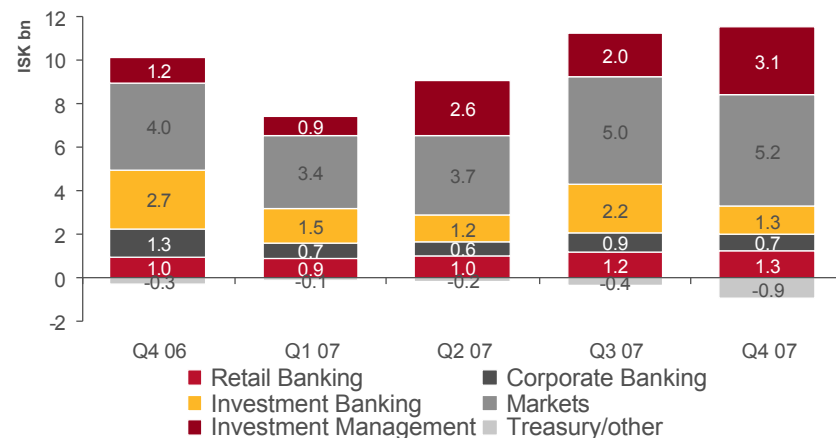
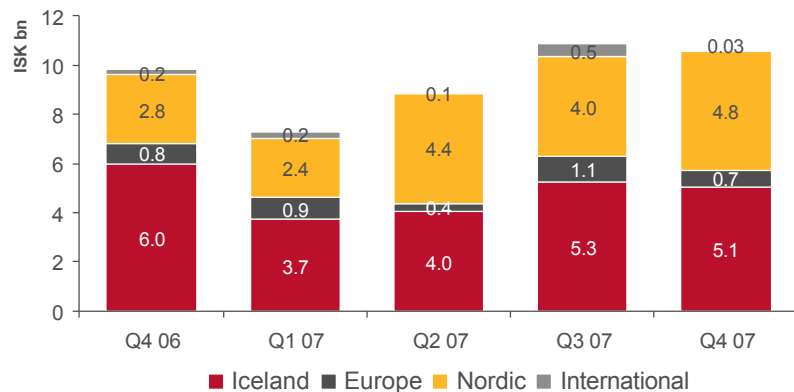
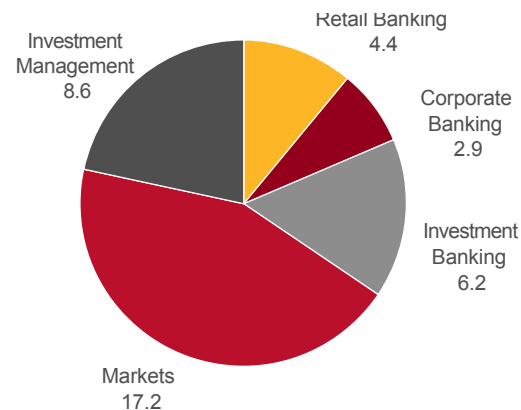
## Resilience in challenging market conditions

Net F&C 2007 by regions



Total ISK 37.6 bn

Net F&C 2007 by business lines\*

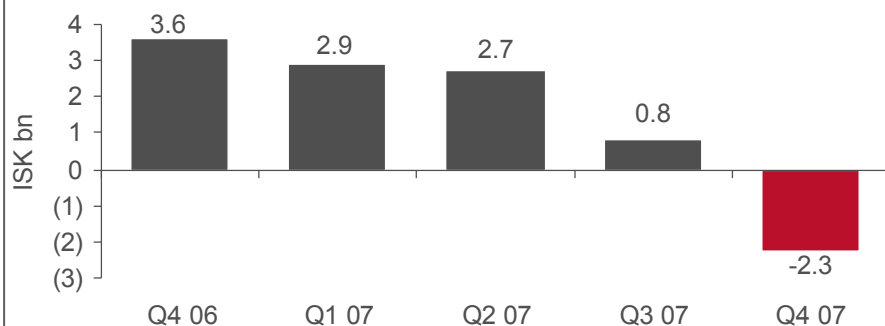


\*Excluding Treasury and Other -1.6 bn

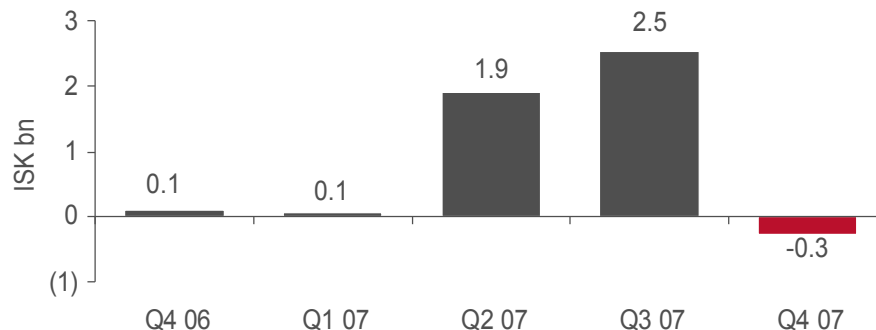
# Net Financial & Other Operating Income

(ISK billion)	2007	2006	4Q 07	4Q 06
FV adjustment of shares	8.0	5.0	-0.4	1.5
FV adjustments of bonds	2.1	-1.6	5.8	-0.8
FV adjustments of liquidity portfolio	-4.6	0.0	-2.8	0.0
Net foreign exchange	0.3	0.6	0.4	0.2
Revaluation and sale of property	4.2	0.6	-0.3	0.5
Other	-1.6	4.5	-0.6	2.6
Net financial and other operating income	8.4	9.1	-2.5	3.7

## Net financial income



## Other operating income



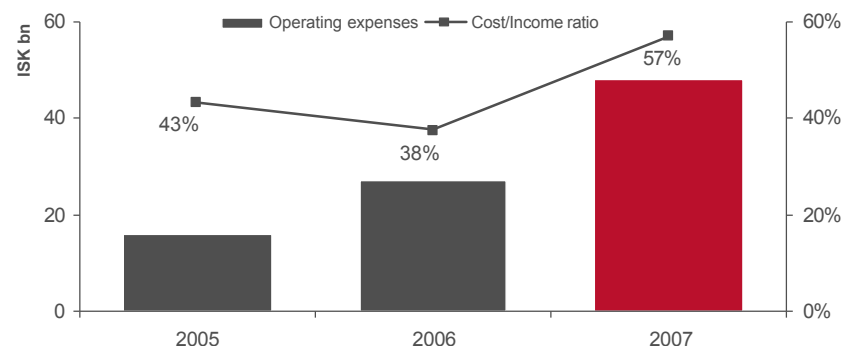


# Operating Expenses

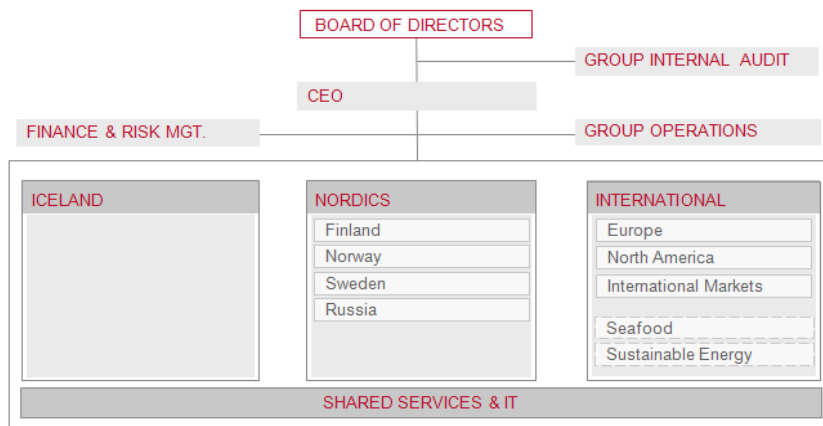
## Costs above acceptable level

- ISK 3.5 bn one- off costs during the year
  - Management changes
  - Integration and restructuring
  - Systems and regulation
- Significant staff increase throughout the year

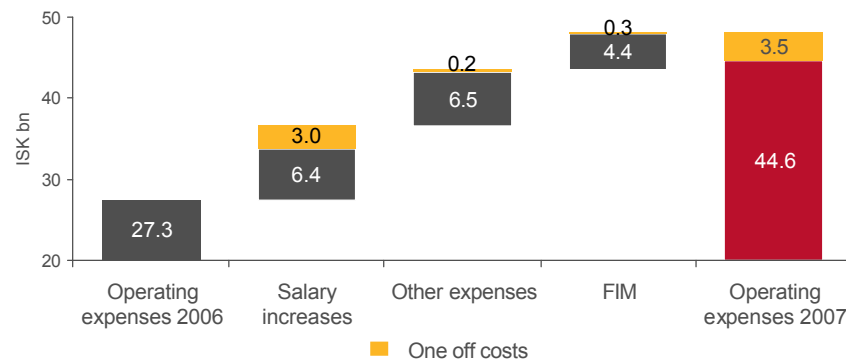
## Operating Expenses & Cost / Income



## Adjusted organizational structure



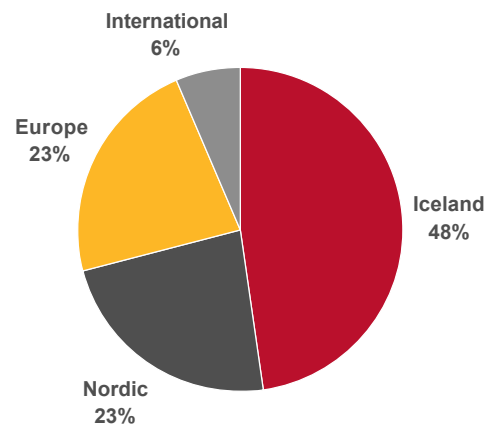
## Increase in Operating Expenses



# Profit Before Tax

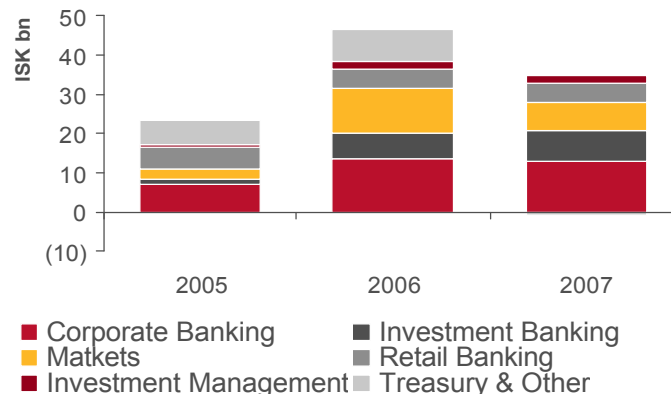
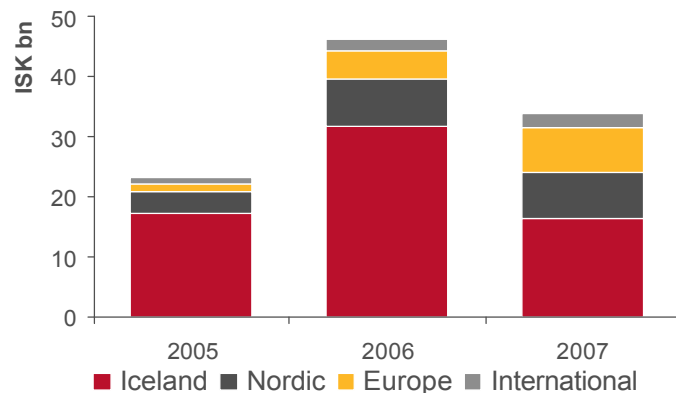
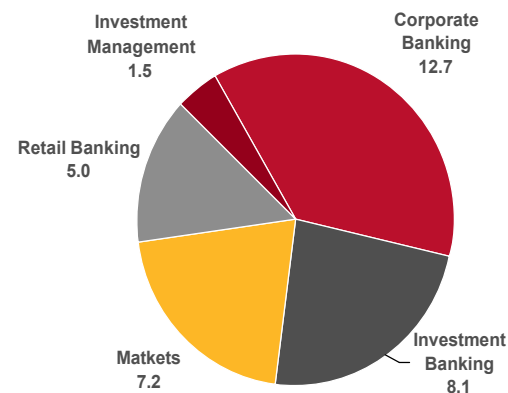
Growing contribution from non-Icelandic operations

PBT 2007 by regions



Total ISK 33.9 bn

PBT 2007 by business lines\*



\*Chart excludes Treasury and Other -0.6 bn

# Profit Before Tax by business lines



(ISK billion)	Corporate Banking	Investment Banking	Markets	Investment Management	Retail Banking
Net interest income	23.2	-0.6	2.9	0.8	13.5
Net fees and commission	2.9	6.2	17.2	8.6	4.4
Other income	1.4	5.6	0.0	-0.1	0.9
Net operating income	27.6	11.3	20.1	9.3	18.8
Expenses	-7.9	-2.2	-10.7	-6.3	-8.8
Impairment	-4.3	0.0	0.0	-0.1	-1.1
Allocated costs	-2.6	-1.0	-2.2	-1.3	-4.0
Profit before tax	12.7	8.1	7.2	1.5	5.0

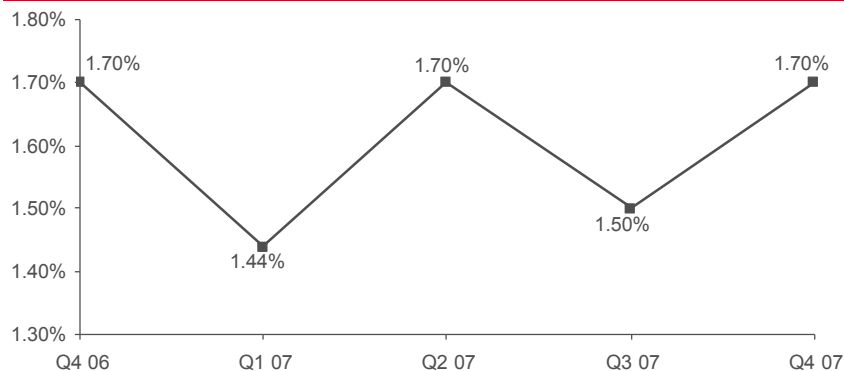
Balance Sheet

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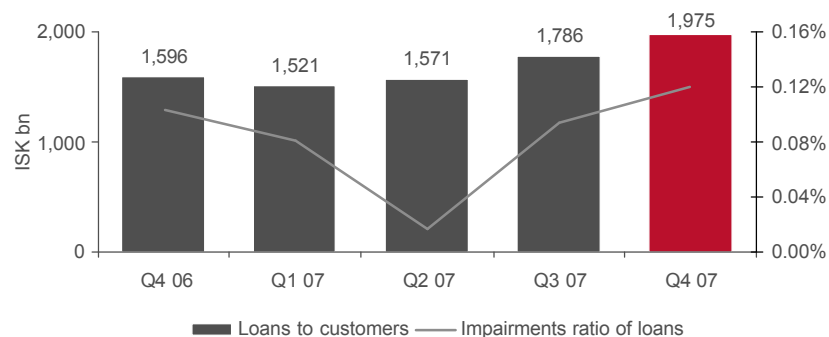
# Assets

(ISK billion)	2007	2006	%
Cash and cash balances	334	197	69%
Loans to customers	1,975	1,596	24%
Financial assets	503	413	22%
Intangible assets	47	18	156%
Other	90	21	322%
<b>Total assets</b>	<b>2,949</b>	<b>2,246</b>	<b>31%</b>

## Net interest margin

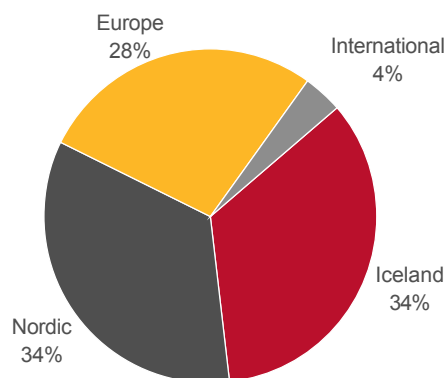


## Loans to customers and Impairments



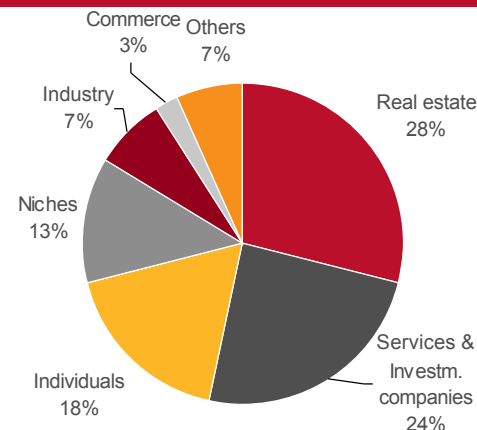
# Loan Portfolio

## Loan portfolio by Regions



ISK 1,975 billion

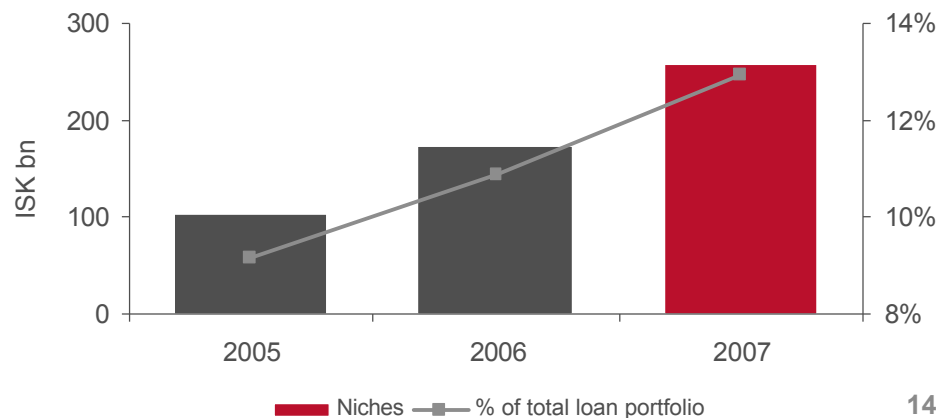
## Loan portfolio by Sectors



## Focused strategy for lending growth

- Increased emphasis on corporate lending in Norway
- Lending to Niches increasing in importance
- Supporting international growth of home market customers

## Niche loan portfolio development



# Real Estate portfolio

## Low risk mortgage portfolio

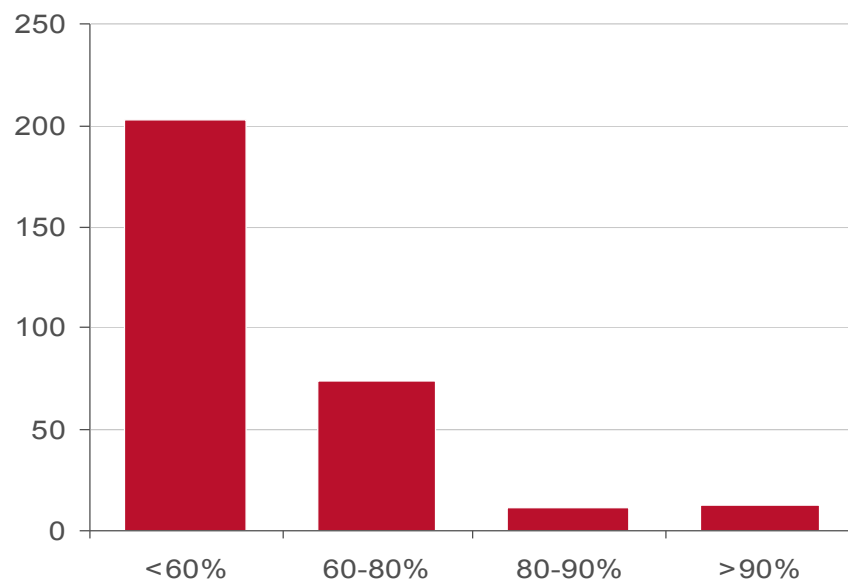
### Mortgages 15%

- Largest part with LTV < 60%
- 56% Norway and 44% Iceland
- All new lending with LTV < 80%
- Extremely low default rate
- Strict lending rules based on financial strength and credit history

### Real-estate 28%

- Largest part with LTV < 80%
- 79% Norway, 10% Iceland, 7% Denmark, 2.5% Sweden and 1.5% Germany
- Diversified to type of premises: offices, retail etc.

### Mortgage portfolio loan to value (ISK bn)

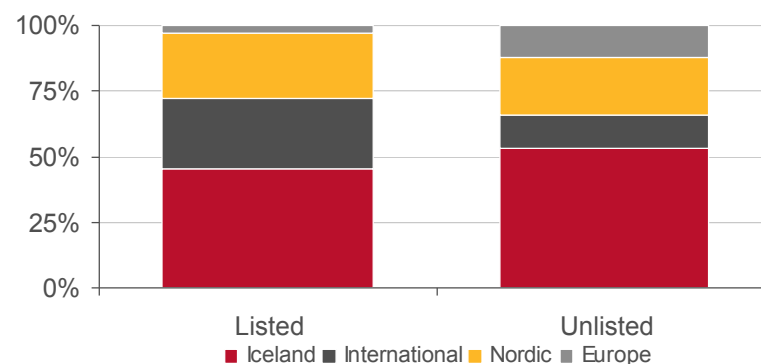


# Moderate Equity Exposure

## Carefully managed equity exposure

- Net position reduced over the year
- Increased portion of non- Icelandic equities
- Overall equity exposure moderate

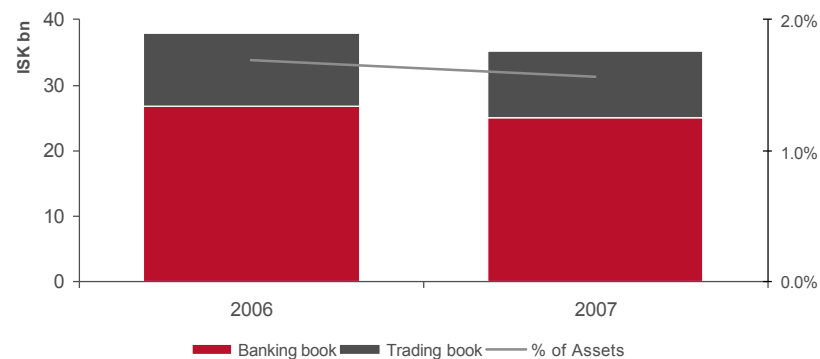
## Geographical Breakdown



## Equity Exposure (ISK bn)

	2007	2006
Domestic equities	17,859	26,507
Listed	5,085	4,281
Unlisted	12,774	22,226
Foreign equities	17,405	11,467
Listed	6,124	7,110
Unlisted	11,281	4,356

## Divisional Split





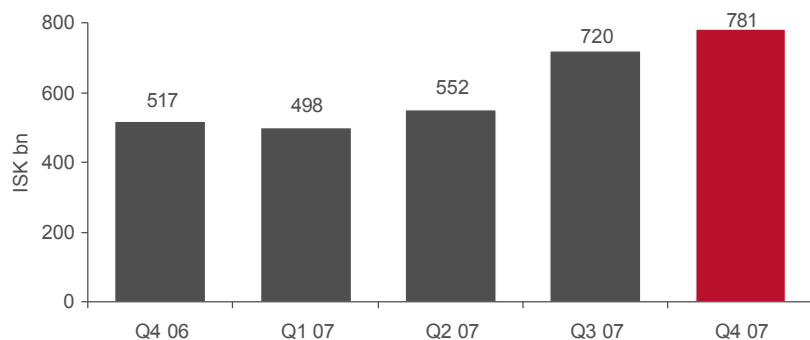
# Structured Credit Exposure

<b>Subprime</b>	<ul style="list-style-type: none"> <li>• No exposure</li> </ul>
<b>ABS</b>	<ul style="list-style-type: none"> <li>• Minor exposure (approx. ISK 6,400 m)</li> </ul>
<b>CDO's</b>	<ul style="list-style-type: none"> <li>• Negligible exposure (approx. ISK 450 m)</li> </ul>
<b>Monolines</b>	<ul style="list-style-type: none"> <li>• Negligible exposure (approx. ISK 250 m)</li> </ul>
<b>SIV's / Conduits</b>	<ul style="list-style-type: none"> <li>• No exposure</li> </ul>

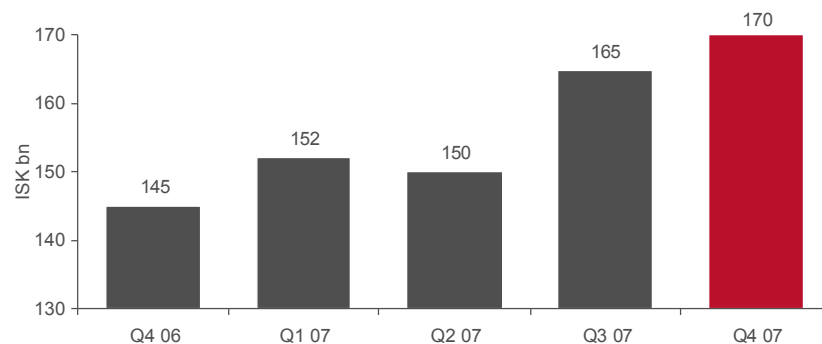
# Liabilities and Equity

(ISK billion)	2007	2006	%
Deposits	781	517	51%
Borrowings	1,746	1,378	27%
Subordinated loans	102	109	-7%
Other liabilities	151	97	56%
Equity	170	146	16%
Total Liabilities & Equity	2,949	2,246	31%

## Deposits



## Shareholders' equity



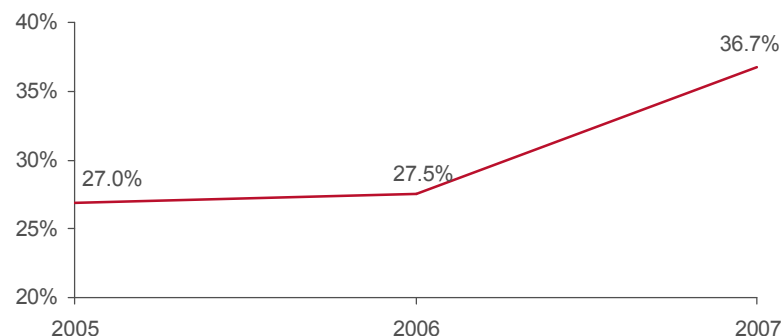
# Focus on increasing the deposit base

## Deposit Strategy

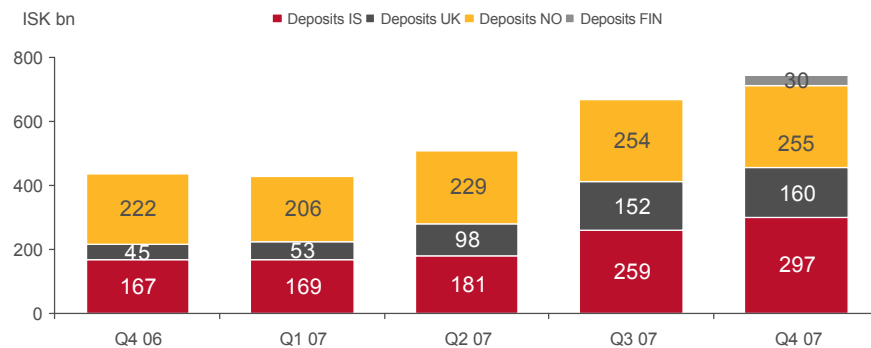
### Aim to increase deposit/loan ratio further

- Expand the retail and corporate deposit bases in Norway and Iceland
- Continue to develop the retail deposit business in Finland
- Increase the corporate deposit base in UK
- Explore potential opportunities in new markets

## Deposit/Loan Ratio



## Deposits by Countries



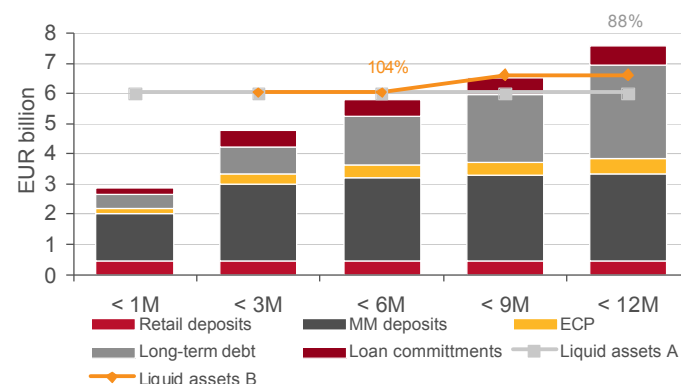
# Liquidity position remains strong

## Liquidity Policy

### Strict monitoring and managing of liquidity position

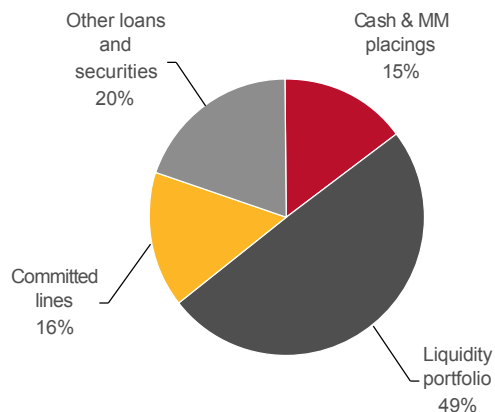
- Immediate liquidity to cover all maturing debt of the parent company other than core deposits for the following 6 months
- All debt maturing within the following 12 months, other than core deposits, must be covered with immediate liquidity and other liquid assets

## Liquidity Position 2007

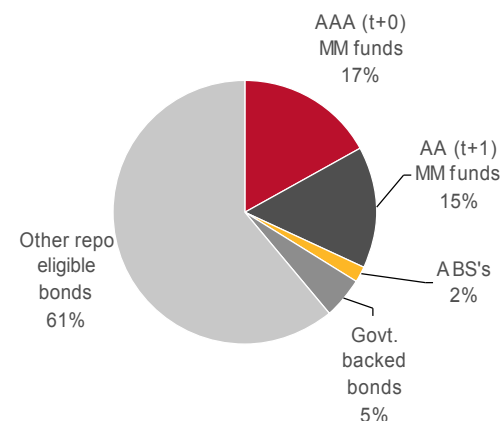


## Immediately Available Funds

**Group**  
EUR 6 bn



## Liquidity Portfolio

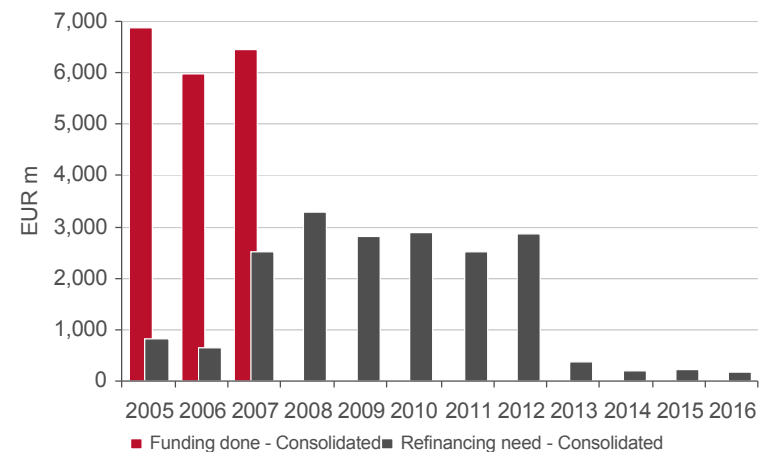


# Well diversified funding mix

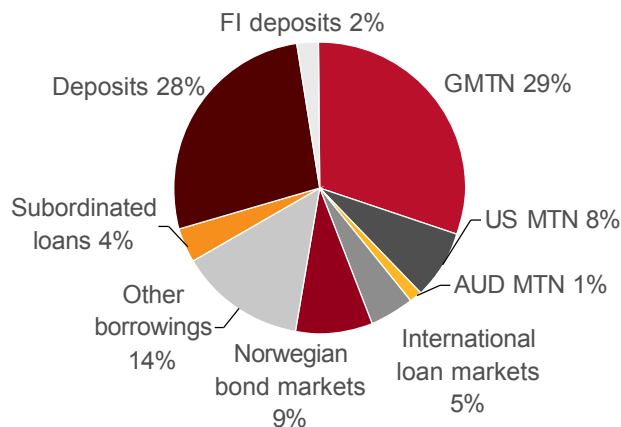
## Successful funding operations in 2007

- Long-term funding equivalent to EUR 6.45 bn during 2007
- Large part of parent's funding executed in the first half of 2007
- Well spread maturity profile

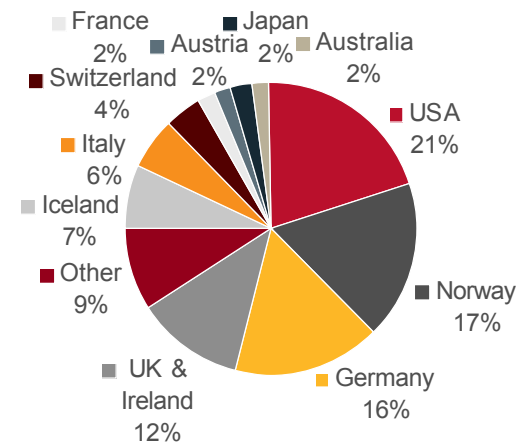
## Redemption profile (consolidated)



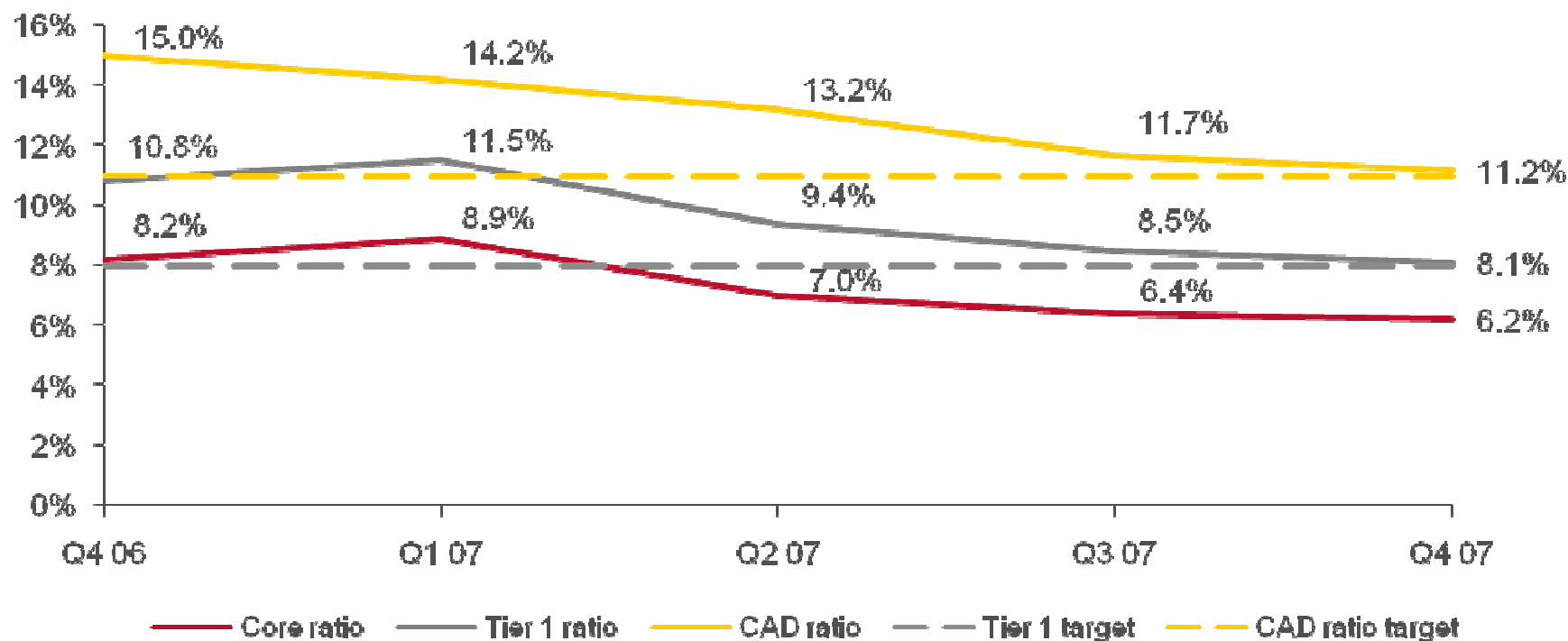
## Consolidated funding mix



## Distribution of LT debt investors (cons.)



# Capital Ratios on target



# Focused Strategy 03.

# Focused Strategy

## Integrated Service Offering to Corporates



## Utilise Niche Expertise Globally



Seafood



Sustainable Energy

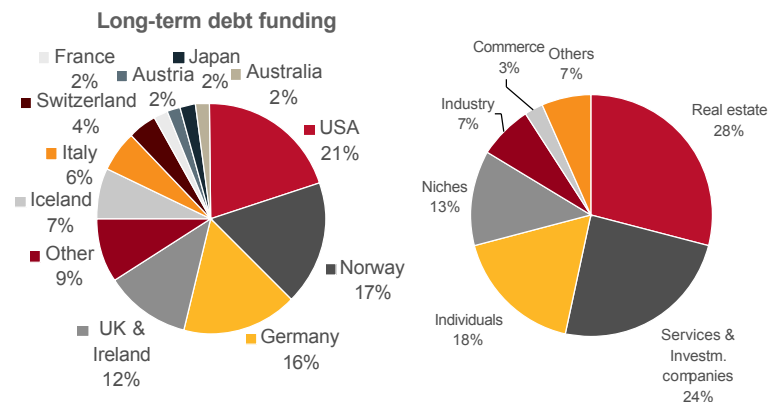


Offshore Service Vessels

## Leverage the Nordic Platform

- Expand the Corporate Bank in Norway
- Grow Investment Banking services on the back of lending activity and placing power
- Roll out Investment Management offering across the Nordics
- Consolidate the franchise

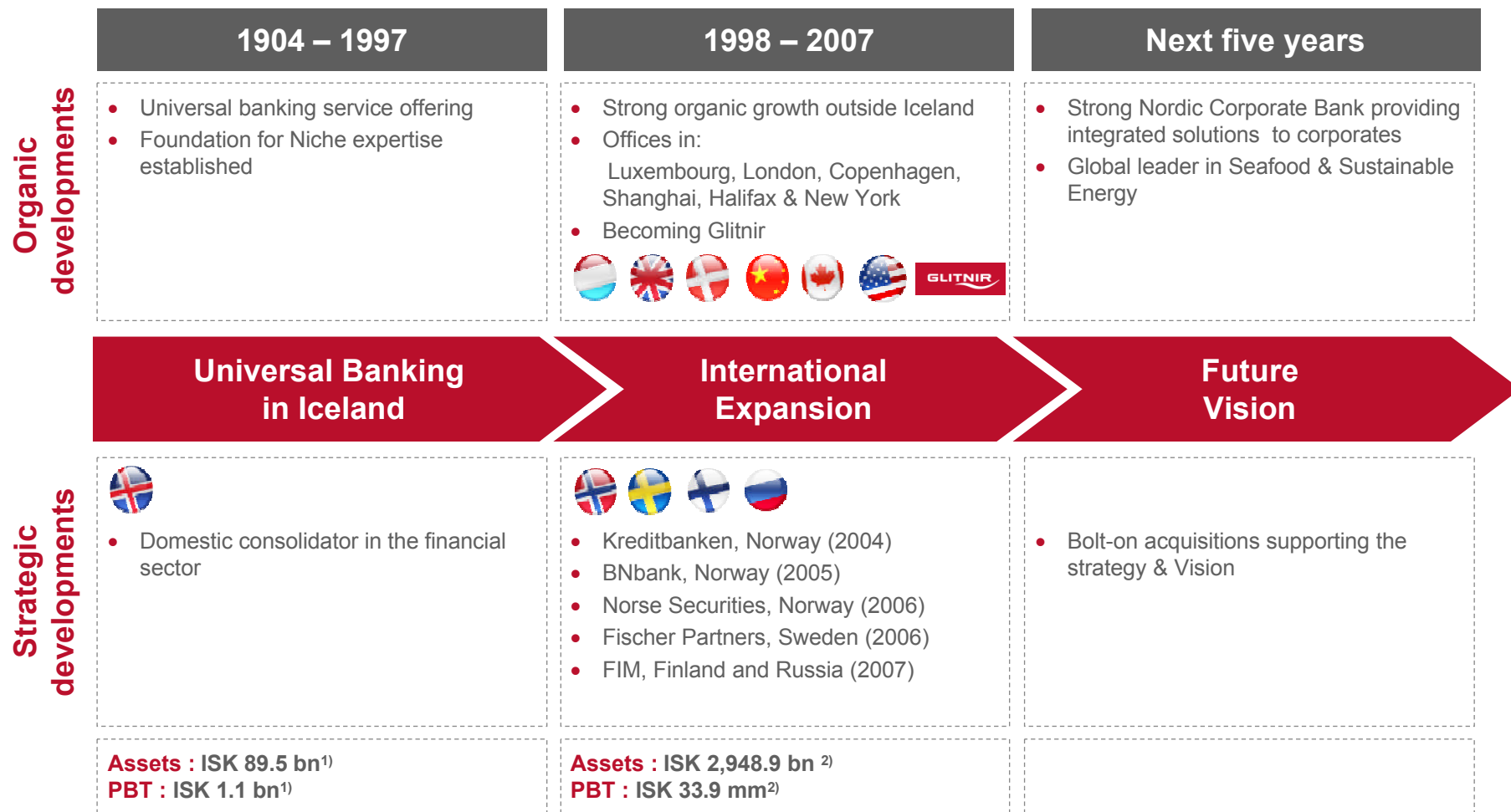
## Continued diversification of funding and loan book





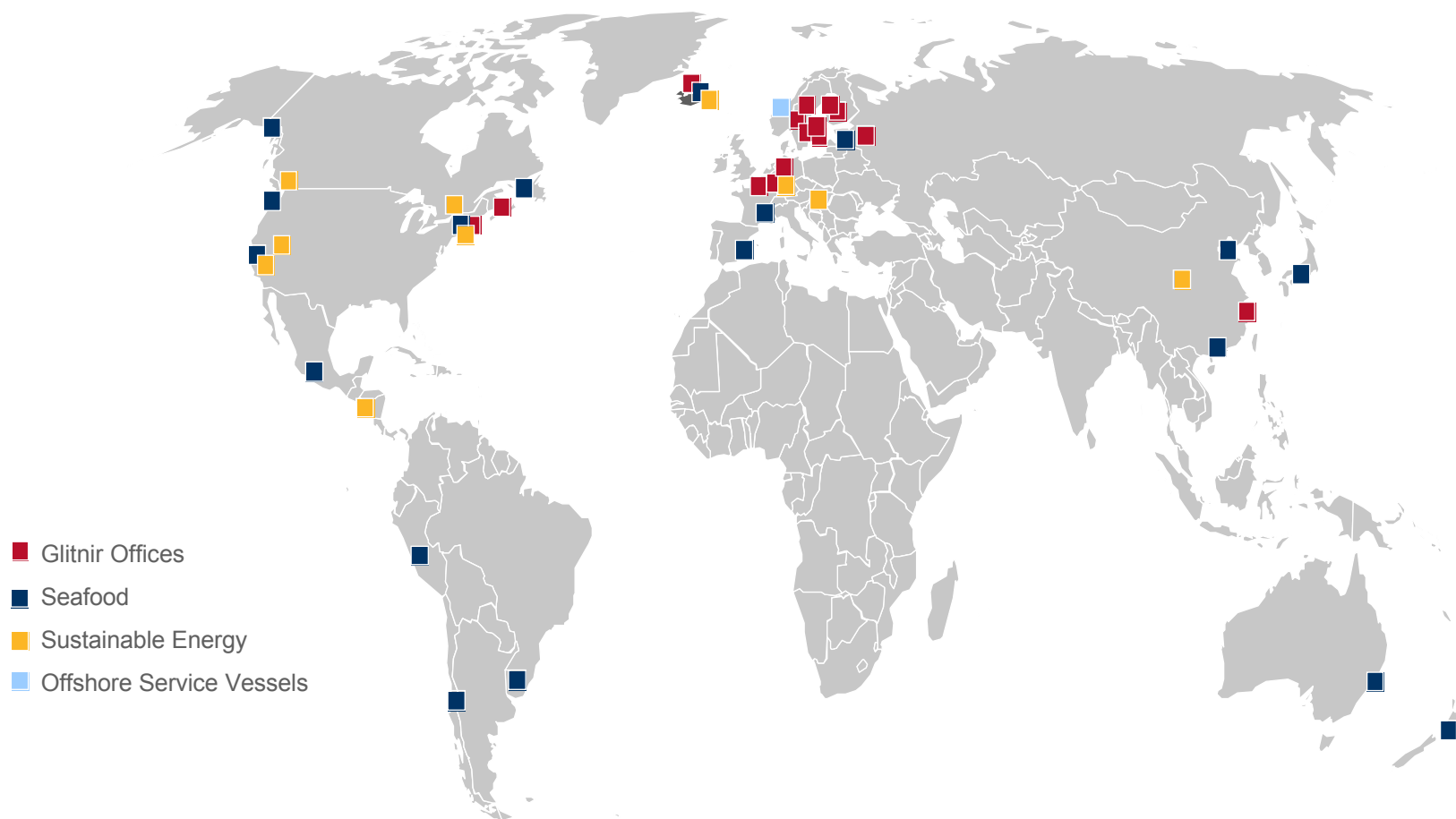
# The Journey – Built on Nordic Heritage

Well positioned for further international growth



# Nordic Player with International Reach

...and a global platform and client base in target niches



**Services provided to Nordic and Niche clients Globally**

Corporate Banking

Investment Banking

Capital Markets

# Q&A

# Appendix

# Solid core income development

## Q4 2007 compared to previous quarters

(ISK billion)	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06
Net interest income	11.9	9.6	9.7	7.9	7.7
Net fees and commission	10.6	10.9	8.9	7.3	9.8
Other income	-2.6	3.3	4.6	3.0	3.7
Net operating income	19.9	23.8	23.2	18.2	21.2
Expenses	-15.6	-11.7	-12.1	-8.6	-8.1
-Salaries	-8.9	-7.1	-7.1	-4.8	-5.1
-Other expenses	-6.7	-4.7	-5.0	-3.8	-3.0
Impairment	-2.4	-1.7	-0.2	-1.2	-1.7
Profit from associates & JV's	1.9	0.0	0.5	0.1	0.1
Profit before tax	3.8	10.4	11.3	8.4	11.6
Income tax	-1.3	-1.8	-1.8	-1.4	-2.3
Net profit	2.5	8.6	9.5	7.0	9.3
Core profit	4.5	7.1	6.2	5.4	7.8
Net profit to Glitnir shareholders	2.7	7.9	9.4	6.6	8.9
Net profit to minority interest	-0.2	0.8	0.1	0.4	0.4

# Corporate Banking

## P&L Summary

ISK m	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06	2007	2006
Net interest income	7,156	6,312	5,025	4,704	5,781	23,198	19,961
Net fees and commission	715	872	626	706	1,062	2,919	2,989
Other income	105	61	624	650	-130	1,440	71
Net operating income	7,975	7,246	6,275	6,060	6,713	27,556	23,022
Expenses	-3,035	-1,713	-1,529	-1,582	-1,176	-7,859	-5,140
Impairment	-1,991	-1,179	-82	-1,064	-1,289	-4,316	-2,729
Allocated cost	-568	-889	-806	-383	-499	-2,646	-1,547
Profit before tax	2,382	3,465	3,858	3,031	3,749	12,735	13,606

# Investment Banking

## P&L Summary

ISK m	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06	2007	2006
Net interest income	-110	-140	-138	-174	-118	-562	-370
Net fees and commission	1,279	2,201	1,203	1,547	2,953	6,230	6,161
Other income	2,381	942	1,167	1,121	892	5,611	2,333
Operating income	3,549	3,003	2,233	2,494	3,727	11,279	8,125
Expenses	-804	-591	-416	-387	-685	-2,198	-1,362
Impairment	4	-8	0	-3	62	-7	-25
Allocated cost	-311	-230	-269	-166	-169	-976	-402
Profit before tax	2,438	2,174	1,547	1,939	2,936	8,098	6,335

## P&L Summary

ISK m	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06	2007	2006
Net interest income	1,080	1,016	572	246	981	2,914	3,078
Net fees and commission	5,150	5,017	3,659	3,355	4,016	17,182	11,978
Other income	-2,264	-440	1,663	1,006	646	-35	1,548
Net operating income	3,966	5,593	5,894	4,607	5,642	20,061	16,604
Expenses	-3,445	-3,005	-2,439	-1,847	-319	-10,736	-4,117
Impairment	-1	7	-9	7	0	5	-7
Allocated cost	-624	-552	-612	-365	-281	-2,154	-816
Profit before tax	-103	2,044	2,834	2,402	5,043	7,176	11,663



# Investment Management

## P&L Summary

ISK m	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06	2007	2006
Net interest income	267	260	166	104	309	797	785
Net fees and commission	3,111	1,978	2,563	899	1,150	8,551	3,061
Other income	-12	0	-56	8	15	-59	-13
Net operating income	3,366	2,238	2,673	1,011	1,475	9,288	3,833
Expenses	-2,906	-1,793	-1,354	-257	-764	-6,310	-1,420
Impairment	-46	-71	18	-37	91	-135	5
Allocated cost	-307	-16	-619	-388	-240	-1,331	-772
Profit before tax	106	357	719	330	562	1,512	1,647

# Retail Banking

## P&L Summary

ISK m	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06	2007	2006
Net interest income	3,755	3,696	3,199	2,871	3,637	13,521	12,974
Net fees and commission	1,275	1,177	1,036	920	950	4,408	3,057
Other income	397	-33	345	186	43	895	72
Net operating income	5,428	4,840	4,581	3,976	4,631	18,825	16,103
Expenses	-2,726	-2,030	-2,136	-1,895	-1,732	-8,787	-6,473
Impairment	-361	-395	-181	-130	-491	-1,067	-1,970
Allocated cost	-1,275	-820	-1,062	-851	-976	-4,009	-2,764
Profit before tax	1,066	1,594	1,202	1,100	1,433	4,962	4,895

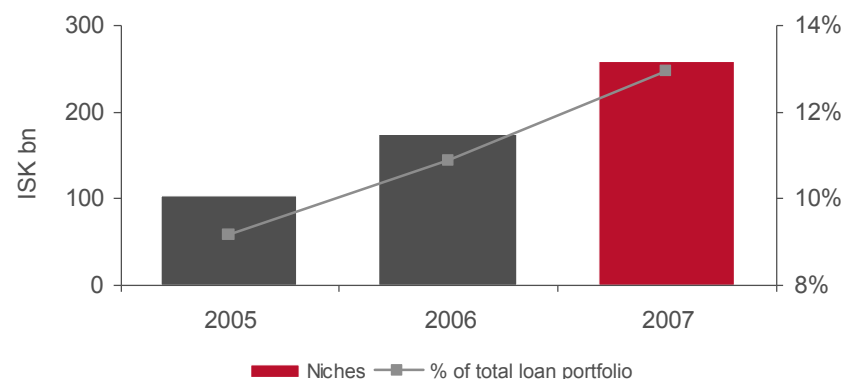
# Niches – Financial Performance

## Increased emphasis on niche activities

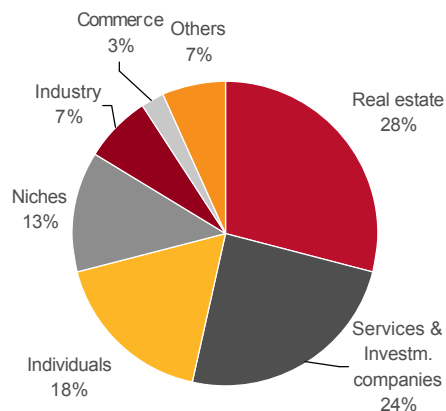
### Integrated service offering to niche clients

- Well- positioned in growth industries
  - Seafood: Long- standing position
  - Sustainable Energy: Unique position in booming industry
  - Offshore Service Vessels: Local niche in Norway- the leading global OSV hub
- Break- through year in niche transactions

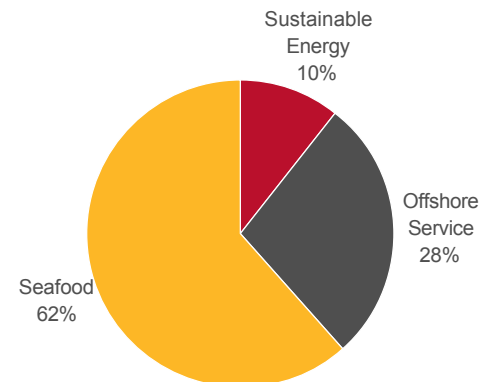
## Niche Loan Portfolio (2005-2007)



## Loan Portfolio 2007



## Niches Loan Portfolio 2007



# More sustainable economic growth

## Iceland



- Economy cooling down
- Domestic demand contracts
- Slow growth will gradually pick up steam

## Sweden



- Good growth years ahead
- Historically strong corporate sector
- High private consumption

## Finland



- Growth is decelerating
- Wage growth is picking up
- Higher inflation and wages eroding competitiveness

## Norway



- Still booming
- Slower growth
- Risk of wage-price pressure



## Russia



- Domestic demand still robust
- Expansionary fiscal policy
- Oil prices underpinning growth
- Persistent cost pressures

## Euro Area



- Good growth still
- Benefits from strong eastern Europe
- Strong Euro worrying

## United States



- Economy cooling down
- Housing market in a slump
- Aggressive monetary and fiscal easing to combat credit crunch

## United Kingdom

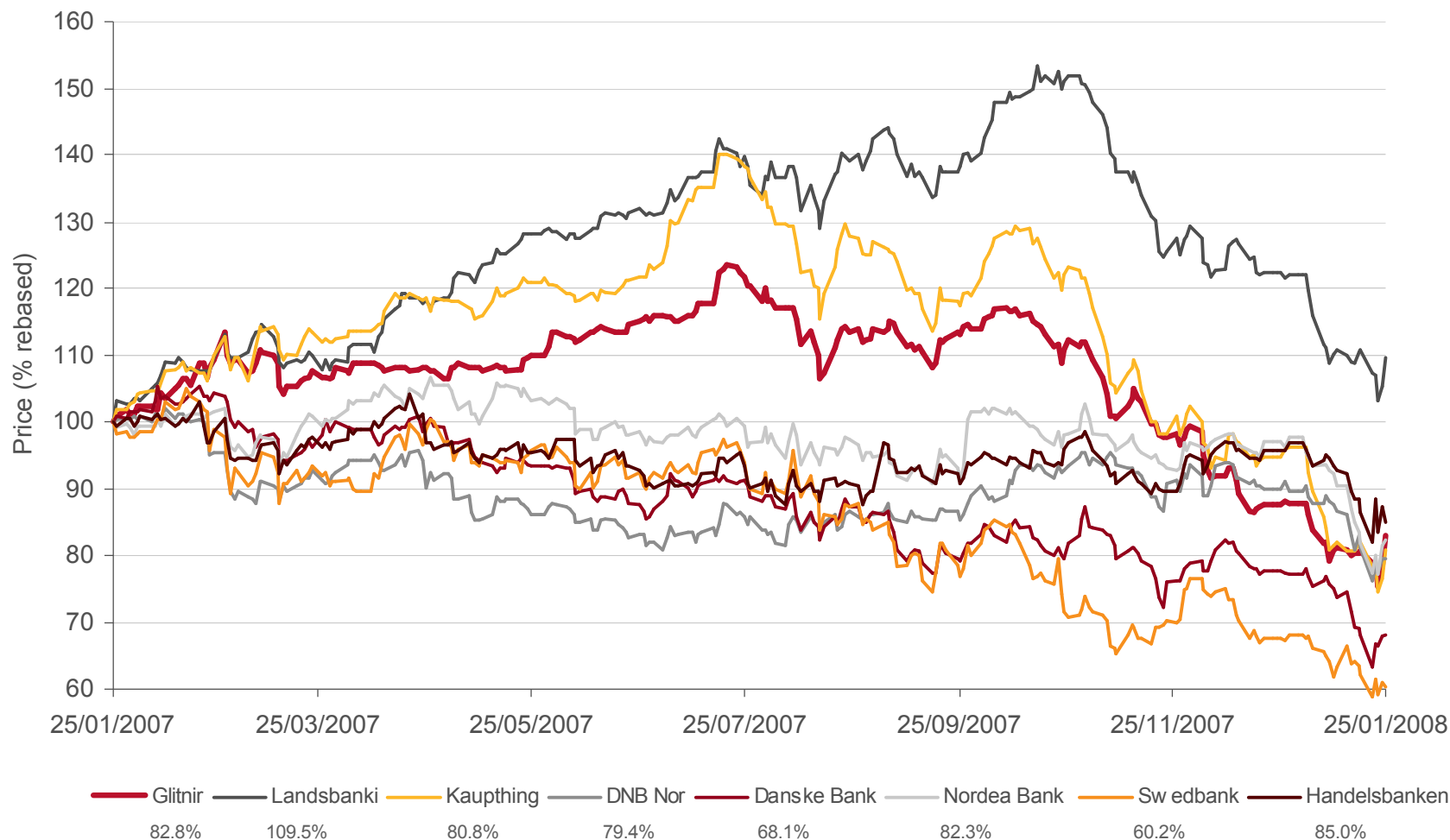


- Market turmoil affecting economy
- Cooling housing sector
- Moderate growth and improving external balance

# Share price last 12 months

## In line with peers

GLITNIR

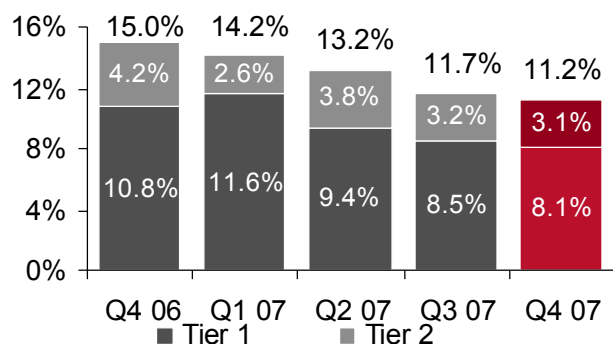


# Key Financial Ratios

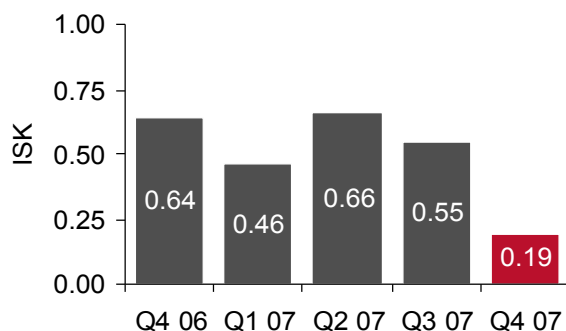
	2004	2005	2006	2007
CAD ratio (end of period)	12.6%	12.6%	15.0%	11.2%
Tier 1 capital (end of period)	9.4%	9.9%	10.8%	8.1%
Return on equity after taxes	40.0%	30.3%	39.4%	19.3%
Earnings per share (ISK)	1.13	1.48	2.68	1.86
Average number of full-time employees	1,126	1,216	1,392	1,977
Net interest margin	2.7%	1.9%	2.0%	1.6%
Cost/income ratio	49%	36%	38%	57%
Impairment losses				
- as a proportion of average total assets	0.6%	0.2%	0.3%	0.2%
- as a proport. of loans and quarantees	0.7%	0.2%	0.3%	0.2%
Share price (end of period)	11.2	17.3	23.3	22.0
Price/earnings (end of period)	9.5	11.7	8.7	11.7
Dividend per share	0.35	0.38	0.66	0.37
Pay-out ratio	29.7%	25.7%	24.6%	20.0%
Outstanding shares (end of period)	11,081	13,112	14,161	14,729
Share price/book value (end of period)	2.56	2.68	2.26	1.90
Market Capital (ISK bn end of period)	124,107	226,838	329,951	323,302

# Key Ratios

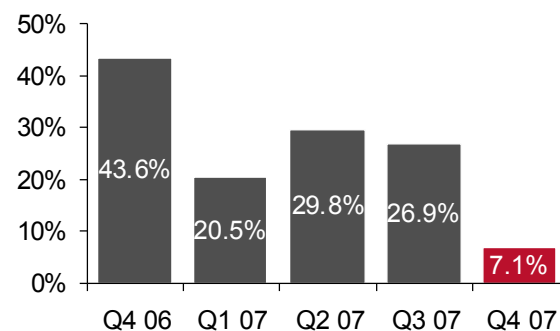
## CAD ratio



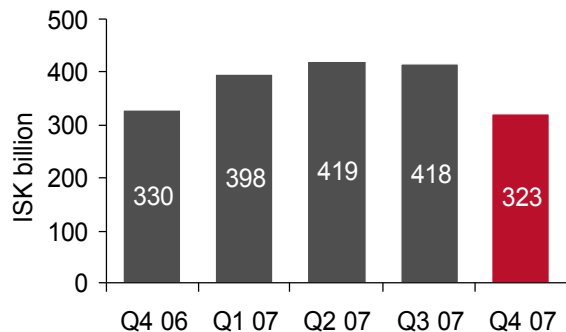
## EPS



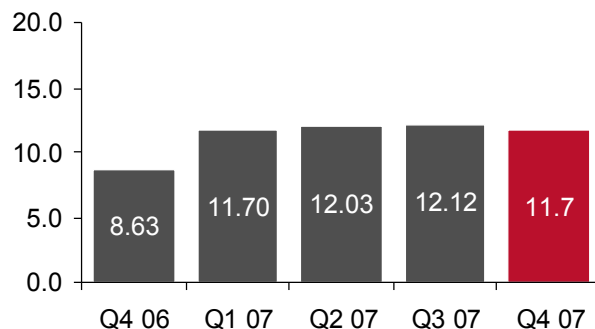
## ROE



## Market Capitalization



## P/E



## P/B

