

Condensed Consolidated Interim Financial Statements

31 March 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 quarter of the year 2008 amounted to ISK 5,859 million, which corresponds to a 15% return on equity. Equity, according to the consolidated balance sheet, amounted to ISK 188,690 million at the end of the period. The Bank's capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 11,1%. Under Icelandic law the minimum requirement is 8.0%.

The Bank's total assets amounted to ISK 3,864,876 million at the end of the period. Furthermore, the Bank held ISK 1,012,339 million under management for its clients.

Number of outstanding shares was 14.567 million at the end of March 2008. During the period, share capital decreased by 163 million. At 31 March 2008 the Bank's shareholders numbered 11.099 compared to 11.323 at the beginning of the

The condensed consolidated interim financial statements for the three months ended 31 March 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 three months ended at 31 March 2008 by means of their signatures.

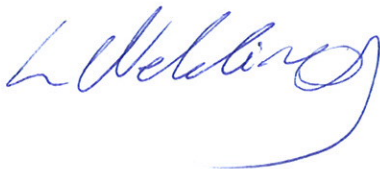
Reykjavík, 6 May 2008.

Board of Directors:



The image shows several handwritten signatures in blue ink. On the left, there are two signatures, with the name 'Kristin Edwald' written below them. On the right, there are three more signatures, with the name 'Jón Björn' written below them.

Chief Executive Officer:



A single handwritten signature in blue ink, which appears to be 'L. Helgason'.

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 31 March 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the three-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, 6 May 2008

PricewaterhouseCoopers hf



Condensed Consolidated Interim Income Statement for The Three Months Ended 31 March 2008

	Notes	Q1 2008	Q1 2007
Interest income		70.665	32.004
Interest expense .....	(	56.872)	(24.061)
Net interest income		13.793	7.943
Fee and commission income		12.276	8.060
Fee and commission expense .....	(	1.672)	(762)
Net fee and commission income		10.604	7.298
Net financial income	7-8	812	2.913
Other net operating income	9	415	59
Net operating income		25.624	18.213
Administrative expenses .....	(	13.799)	(8.637)
Net impairment losses	19 (	4.119)	(1.232)
Net gains (loss) on non-current assets classified as held for sale		4 (	136)
Share of profit of associates		0	208
Profit before income tax		7.710	8.416
Income tax	10 (	1.851)	(1.408)
Profit for the period		5.859	7.008
Attributable to:			
Equity holders of Glitnir banki hf.		5.867	6.615
Minority interest .....	(	8)	393
Profit for the period		5.859	7.008
Basic earnings per share	11	0.40	0.46
Diluted earnings per share	11	0.40	0.46

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Interim Balance Sheet as at 31 March 2008

	Notes	31.3.2008	31.12.2007
Assets			
Cash and balances with central banks	6,12	26.893	55.500
Derivatives	6,13-15	295.351	118.706
Bonds and debt instruments	6,20	212.278	181.764
Shares and equity instruments	6,21	54.164	38.438
Securities used for hedging	6,22	176.302	164.339
Loans to banks	6,16	396.851	278.469
Loans to customers	6,17-19	2.516.183	1.974.907
Investments in associates	23	587	2.820
Investment property	26	5.539	5.539
Property and equipment		4.915	4.202
Intangible assets	27	62.197	46.955
Deferred tax assets		1.840	1.269
Non-current assets held for sale		599	476
Other assets		111.177	75.526
Total Assets		3.864.876	2.948.910
Liabilities			
Short positions	6	11.939	15.023
Derivatives	6,13-15	171.711	77.497
Deposits from central banks	6,28	36.196	4.653
Deposits from banks	6,28	40.016	50.524
Deposits from customers	6,29	814.857	725.349
Debt issued and other borrowed funds	6,31	2.371.776	1.746.199
Subordinated loans	6	147.338	101.669
Post-employment obligations		654	425
Current tax liabilities		2.871	4.362
Deferred tax liabilities		4.826	5.641
Other liabilities		74.002	47.599
Total Liabilities		3.676.186	2.778.941
Equity			
Share capital	32	14.567	14.730
Share premium		53.550	58.329
Other reserves		32.616	9.456
Retained earnings		87.221	86.686
Total equity attributable to the equity holders of Glitnir banki hf.	32-33	187.954	169.201
Minority interest		736	768
Total Equity		188.690	169.969
Total Liabilities and Equity		3.864.876	2.948.910

The notes on pages 9 to 25 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Interim Statement of Changes in Equity for the Period Ended 31 March 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			(4.372)	(4.372)	(107)	(4.479)	
Net loss on hedges of net investments in foreign operations			1.897	1.897		1.897	
Net change in fair value of financial assets available-for-sale			(69)	(69)		(69)	
Income tax on equity items			(449)	(449)		(449)	
Net income recognised directly in equity	0	0	(2.993)	0	(2.993)	(107)	(3.100)
Profit for the year				6.615	6.615	393	7.008
Total recognised income and expense for the year	0	0	(2.993)	6.615	3.622	286	3.908
Dividends paid				(9.400)	(9.400)		(9.400)
Issued new shares	616	14.661			15.277		15.277
Purchased and sold own shares	(24)	(946)			(970)		(970)
Accrued stock options			215		215		215
Capital transactions with minority shareholders in subsidiaries				(1.323)	(1.323)	(415)	(1.738)
Equity as at 31.3.2007	14.753	65.562	4.726	66.958	151.999	1.412	153.411
Equity at 1.1.2008	14.730	58.329	9.456	86.686	169.201	768	169.969
Translation differences for foreign operations			32.481	32.481		17	32.498
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			72	72			72
Income tax on equity items			2.193	2.193			2.193
Net income recognised directly in equity	0	0	22.492	0	22.492	17	22.509
Profit for the period				5.867	5.867	(8)	5.859
Total recognised income and expense for the year	0	0	22.492	5.867	28.359	9	28.368
Change in minority interest					0	(41)	(41)
Dividends paid				(5.332)	(5.332)		(5.332)
Purchased and sold own shares	(163)	(4.779)			(4.942)		(4.942)
Accrued stock options			668		668		668
Equity as at 31.03.2008	14.567	53.550	32.616	87.221	187.954	736	188.690

Condensed Consolidated Interim Statement of Cash Flows for The Three Months Ended at 31 March 2008

	Notes	Q1 2008	Q1 2007
Net cash provided by operating activities		26.964	81.253
Net cash provided by (used in) investing activities		794	(14.284)
Net cash provided by (used in) financing activities		43.952	(6.129)
Net increase in cash and cash equivalents		71.710	60.840
Cash and cash equivalents at the beginning of the year		429.827	304.648
Cash and cash equivalents at the end of the period		501.537	365.488
Reconciliation of cash and cash equivalents:			
Cash in hand	12	1.428	1.059
Cash balances with central banks	12	21.594	20.769
Treasury bills		0	2.877
Money market loans	16	288.633	134.108
Bank accounts	16	72.268	90.326
Other loans	16	35.950	15.095
Financial assets designated at fair value through profit and loss		81.664	101.254
Total cash and cash equivalents		501.537	365.488

The notes on pages 9 to 25 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 three months ended 31 March 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 6 May 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 allocated external customer revenue to a business segment on a reasonable basis.

The Bank is organised into six main business segments:

- a) Retail 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) 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 three months ended 31 March 2008

Operations

	Retail Banking	Corporate Banking	Investment Banking	Markets	Investment Management	Treasury other & eliminations	Total
Net interest income	3.756	7.275 (	225)	1.420	326	1.241	13.793
Net fee income	1.112	516	2.365	5.232	1.924 (	546)	10.604
Net financial income	16	447	747 (	398) (	108)	109	812
Other net operating income	204	114	1	77 (	24)	43	415
Administrative exp.	(3.442) (	1.868) (	753) (	2.865) (	1.792) (	3.080) (	13.799)
Impairment	(578) (	3.480) (	19) (	17) (	27)	1 (	4.119)
Other income	0 (	2)	0	0	0	6	4
Profit before tax	1.068	3.003	2.117	3.448	299 (	2.225)	7.710
Net segment revenue from external customers	18.557	220.052	7.904 (	26.253)	10.534 (	205.172)	25.624
Net segment revenue from other segments	(13.469) (	211.700) (	5.016)	32.583 (	8.417)	206.019	0

Notes to the Condensed Consolidated Interim Financial Statements

Segment Reporting

At 31 March 2008

Segment assets	Retail Banking	Corporate Banking	Investment Banking	Markets	Investment Management	Treasury & other	Eliminations	Total
Loans and cash	742.571	1.834.272	3.730	23.463	43.917	770.291 (	478.317)	2.939.927
Other financial assets	26.472	98.686	29.246	59.604	269	526.136 (	2.318)	738.095
Other assets	7.072	3.347	808	4.358	6.003	232.237 (	66.971)	186.854
Total assets	776.115	1.936.305	33.784	87.425	50.189	1.528.664 (	547.606)	3.864.876

Segment liabilities

Deposits, borrowings and subordinated loans	726.410	1.802.900	27.049	12.245	40.769	1.175.382 (	374.572)	3.410.183
Other liabilities	19.029	24.093	694	55.759	1.140	179.215 (	13.927)	266.003
Total liabilities	745.439	1.826.993	27.743	68.004	41.909	1.354.597 (	388.499)	3.676.186

The three months ended 31 March 2007

Operations	Retail Banking	Corporate Banking	Investment Banking	Markets	Investment Management	Treasury other & eliminations	Total
Net interest income	2.871	4.704 (	174)	246	104	192	7.943
Net fee income	920	706	1.547	3.355	899 (	129)	7.298
Net financial income	(5)	547	1.121	478	6	766	2.913
Other net operating income	191	103	0	528	3 (	766)	59
Administrative exp.	(2.763) (	2.003) (	553) (	2.212) (	645) (	461) (	8.637)
Impairment	(130) (	1.064) (	3)	7 (	37) (	5) (	1.232)
Other income	16	38	0	0	0	18	72
Profit before tax	1.100	3.031	1.938	2.402	330 (	385)	8.416

Net segment revenue from external customers	25.154	29.780	5.016	7.436	1.012 (	50.185)	18.213
Net segment revenue from other segments	(21.177) (	23.720) (	2.522) (	2.829)	0	50.248	0

At 31 December 2007

Segment assets	Retail Banking	Corporate Banking	Investment Banking	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
Total assets	607.094	1.369.779	48.369	66.244	44.590	2.133.459 (	1.320.626)	2.948.910

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
Total liabilities	579.238	1.253.663	38.236	49.192	36.048	1.971.142 (	1.148.578)	2.778.941

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 and China.

The three months ended 31 March 2008

	Iceland	Nordics	International	Other	Total
Net interest income	7.590	2.644	2.317	1.242	13.793
Net fee and commission income	7.824	2.964	361 (	545)	10.604
Net financial income	(2.530)	1.507	1.727	108	812
Other income	14	207	150	44	415
Operating income	12.898	7.322	4.555	849	25.624

At 31 March 2008

Loans and cash	1.154.562	915.327	578.063	291.974	2.939.926
Financial assets	85.445	97.415	31.418	523.818	738.096
Other assets	3.588	16.918	2.763	163.584	186.854
Total assets	1.243.595	1.029.660	612.244	979.376	3.864.876

The three months ended 31 March 2007

	Iceland	Nordics	International	Other	Total
Net interest income	4.166	1.758	1.838	181	7.943
Net fee and commission income	3.884	2.464	1.131 (	181)	7.298
Net financial income	1.833	166	689	225	2.913
Other income	12	207	5 (	165)	59
Operating income	9.895	4.595	3.663	60	18.213

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
Total assets	936.185	797.021	479.448	736.257	2.948.910

Quarterly Statements

5. Operations by quarters:

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	13.793	11.863	9.618	9.658	7.943
Net fee and commission income	10.604	10.594	10.864	8.888	7.298
Net financial income	812 (	2.285)	794	2.732	2.913
Other income	415 (	262)	2.514	1.905	59
Administrative expenses	(13.799) (	15.642) (	11.738) (	12.127) (	8.637)
Impairments on financial assets	(4.119) (	2.366) (	1.671) (	247) (	1.232)
Other income	4	1.904	13	478	72
Profit before income tax	7.710	3.806	10.394	11.287	8.416
Income tax	(1.851) (	1.320) (	1.759) (	1.766) (	1.408)
Profit for the period	5.859	2.486	8.635	9.521	7.008

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.

At 31 March 2008		Held for trading	Designated at fair value through P&L	Loans & receivables	Available for sale	At amortised cost	Hedges	Total carrying amount
	Notes							
Cash and balances with central banks	12			26.893				26.893
Derivatives	13-15	275.873					19.478	295.351
Bonds and debt instruments	20	28.633	160.820		22.825			212.278
Shares and equity instruments	21	12.658	41.452		54			54.164
Securities used for hedging	22	176.302						176.302
Loans to banks	16			396.851				396.851
Loans to customers	17-19		93.720	2.422.463				2.516.183
Total		493.466	295.992	2.846.207	22.879	0	19.478	3.678.022
Short positions		11.939						11.939
Derivatives	13-15	164.245					7.466	171.711
Deposits from central banks	28					36.196		36.196
Deposits from banks	28					40.016		40.016
Deposits from customers	29		37.739			777.118		814.857
Debt issued and other borrowed funds	31		168.876			2.202.900		2.371.776
Subordinated loans			2.630			144.708		147.338
Total		176.184	209.245	0	0	3.200.938	7.466	3.593.833
At 31 December 2007								
Cash and balances with central banks	12			55.500				55.500
Derivatives	13-15	107.338					11.368	118.706
Bonds and debt instruments	20	2.516	161.707		17.541			181.764
Shares and equity instruments	21	10.373	28.001		64			38.438
Securities used for hedging	22	164.339						164.339
Loans to banks	16			278.469				278.469
Loans to customers	17-19		71.245	1.903.662				1.974.907
Total		284.566	260.953	2.237.631	17.605	0	11.368	2.812.123
Short positions		15.023						15.023
Derivatives	13-15	70.238					7.259	77.497
Deposits from central banks	28					4.653		4.653
Deposits from banks	28					50.524		50.524
Deposits from customers	29		37.836			687.513		725.349
Debt issued and other borrowed funds	31		224.053			1.522.146		1.746.199
Subordinated loans			2.427			99.242		101.669
Total		85.261	264.316	0	0	2.364.078	7.259	2.720.914

Notes to the Condensed Consolidated Interim Financial Statements

Financial income

7. Financial income is specified as follows:

	2008	2007
	Q1	Q1
Net (loss) gain on financial assets held for trading	(7.358)	651
Net (loss) gain on financial assets designated at fair value through profit or loss	2.980	1.844
Fair value adjustments in hedge accounting	662	54
Net foreign exchange gains	4.528	340
Other	0	24
Total	812	2.913

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

Shares	2.591	1.778
Dividend income on shares designated at fair value through profit or loss	13	0
Bonds	(1.429)	(155)
Loans to customers and related derivatives	769	(254)
Borrowings, deposits and related derivatives	1.036	475
Total	2.980	1.844

Other net operating income

9. Other net operating income is specified as follows:

	2008	2007
	Q1	Q1
Rental income	1	22
Sales revenue	207	26
Other net operating income	207	11
Other net operating income	415	59

Effective income tax rate

10. The corporate income tax rate in Iceland is 18.0% whereas the effective income tax rate in the Bank's income statement is 24.0% in Q1 2008. The difference is specified as follows:

	2008		2007	
	Q1		Q1	
Profit before tax.....	7.710		8.416	
18.0% income tax calculated on the profit of the year.....	1.388	18,0%	1.515	18,0%
Effect of tax rates in foreign jurisdictions.....	1.030	13,4%	205	2,4%
Dividends received, exempt from tax.....	(538)	(7,0%)	(312)	(3,7%)
Other differences.....	(29)	(0,4%)	0	0,0%
Income tax according to income statement	1.851	24,0%	1.408	16,7%

Notes to the Condensed Consolidated Interim Financial Statements

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.

	Q1 - 2008	Q1 - 2007
Net profit of the equity holders of the parent, according to the financial statements	5.867	6.615
Average outstanding shares:		
Outstanding shares according to the financial statements at the beginning of the year, millions	14.730	14.162
Issuance of new shares, millions	(163)	80
Average outstanding shares, millions	14.649	14.242
Earnings per share, ISK	0,40	0,46
Adjustment for share options	13	157
Average outstanding shares for the calculation of diluted earnings per share	14.662	14.399
Diluted Earnings per share, ISK	0,40	0,46

Cash and balances with central banks

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

	31.3.2008	31.12.2007
Cash in hand	1.428	1.180
Balances with central banks other than mandatory reverse deposits	21.594	51.624
Included in cash and cash equivalents	23.022	52.804
Mandatory reverse deposits with central banks	3.871	2.696
Total	26.893	55.500

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	Notional amount	Assets	Liabilities	Notional amount
	31.3.2008	31.3.2008	31.3.2008	31.12.2007	31.12.2007	31.12.2007
Interest rate swap	21.236	32.208	896.239	12.179	22.129	832.462
Cross currency interest rate swaps	98.346	64.564	1.257.875	19.122	20.992	991.383
Forward rate agreements	0	62	48.272	1	8	34.326
Interest rate future	88	0	110.274	158	34	112.794
Caps & Floors	2	0	34.695	24	23	21.269
Equity forwards	34.394	4.783	14.568	16.027	3.057	12.028
Equity futures	0	0	0	0	0	121
Equity swaps	5.618	300	986	3.023	9	8.298
Equity options	2.322	602	3.973	1.234	967	5.197
FX forwards	21.561	2.673	268.564	2.811	2.690	179.989
FX swaps	46.207	40.444	1.162.354	23.143	10.474	742.928
FX options	17.699	9.599	350.145	2.446	1.764	308.562
Bond forwards	7.572	290	69.741	5.451	145	55.287
Bond swaps	4.433	589	36.473	2.244	0	10.422
Bond options	60	11	6.000	0	0	0
Total return swaps	7.807	2.208	28.798	7.216	158	119
Equity linked options	8.528	5.912	45.603	12.259	7.788	38.280
Total	275.873	164.245	4.334.560	107.338	70.238	3.353.465

14. Derivatives to which hedge accounting is applied:

Derivatives held as fair value hedges:	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
	31.3.2008	31.3.2008	31.3.2008	31.12.2007	31.12.2007	31.12.2007
Interest rate swap	17.701	3.941	446.884	11.089	3.824	357.080
Cross currency interest rate swaps	1.777	3.525	18.960	279	3.435	14.804
Total	19.478	7.466	465.844	11.368	7.259	371.884
Total derivatives	295.351	171.711	4.800.404	118.706	77.497	3.725.349

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 Q1 for 2008 the Bank recognised a gain of ISK 9,516 million representing the gain on the hedging instruments. The total loss on hedged items attributable to the hedged risk amounted to ISK 8,854 million.

Notes to the Condensed Consolidated Interim Financial Statements

Loans

16. Loans to banks:	31.3.2008	31.12.2007
Money market loans	288.633	192.918
Bank accounts	72.268	63.360
Other loans	35.950	22.191
Loans to banks	396.851	278.469
17. Loans to customers:		
Loans and advances to customers at fair value through profit or loss	93.720	71.245
Loans and advances to customers at amortised cost	2.422.463	1.903.662
Loans to customers	2.516.183	1.974.907
18. Loans to customers specified by sectors::	31.3.2008	31.12.2007
Real estate	22%	29%
Individuals	22%	18%
Investment companies	18%	19%
Industry	14%	16%
Service	12%	8%
Commerce	4%	3%
Other	8%	7%
Loans to customers	100%	100%
19. Allowances for impairments:	Q1 2008	Q1 2007
Balance at 1 January	14.371	12.462
Charge to income statement	3.714	1.232
Recoveries	10	22
Exchange differences	1.565 (	1.762)
Write-offs	(14) (	199)
Balance at the end of the period	19.646	11.755
Charge to income statement for allowances for impairment	3.714	1.232
Charge to income statement for impairment of goodwill	405	0
Total impairment charge	4.119	1.232

Bonds and debt instruments

	Held for trading	Designated at fair value through P&L	Available for sale	31.3.2008	31.12.2007
20. Specification of bonds and debt instruments:					
Listed.....	24.925	95.521	0	120.446	108.227
Unlisted.....	3.708	65.299	22.825	91.832	73.537
Total	28.633	160.820	22.825	212.278	181.764

Notes to the Condensed Consolidated Interim Financial Statements

Shares and equity instruments

	Held for trading	Designated at fair value through P&L	Available for sale	31.3.2008	31.12.2007
21. Specification of shares and equity instruments:					
Listed.....	12.556	564	54	13.174	11.215
Unlisted.....	102	40.888	0	40.990	27.223
Total	12.658	41.452	54	54.164	38.438

Securities used for hedging

	31.3.2008	31.12.2007
22. Specification of securities used for hedging:		
Bonds and debt instruments.....	107.316	97.196
Shares and equity instruments.....	68.986	67.143
Total	176.302	164.339

Investments in associates

	31.3.2008	31.12.2007
23. Changes in investments in associates:		
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	25	38
Investments in associates at the end of the period	587	2.820

Investments in subsidiaries

24. 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 Oy	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%
21 other wholly owned subsidiaries		100%

Notes to the Condensed Consolidated Interim Financial Statements

Related party disclosures

25. 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:

	31.03.2008	31.12.2007
Loans to the CEO and managing directors	1.991	1.832
Loans to large shareholders and members of the board	43.525	38.904
Loans to associated companies	71.104	16.890

Investment property

26. Investment property is specified as follows:

	31.03.2008	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
Investment property at the end of the period	5.539	5.539

Intangible assets

27. 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:

	31.03.2008	31.12.2007
Glitnir Bank ASA	16.651	12.630
Glitnir Oy	29.243	21.855
Glitnir Securities AS	2.120	1.317
Glitnir AB	598	448
Kreditkort hf.	186	186
Borgun hf.	280	280
Glitnir Privatökonomi ASA	2.765	2.451
Parent company - Markets	478	359
Parent company - Investment Banking	239	179
Parent company - Corporate Banking	478	359
Other cash-generating units	609	451
Total goodwill at the end of the period	53.647	40.515

Intangible assets are specified as follows:

	31.3.2008	31.12.2007
Goodwill	53.647	40.515
Software	835	369
Brands & other	7.715	6.071
Total	62.197	46.955

Notes to the Condensed Consolidated Interim Financial Statements

Deposits from central banks and banks

	31.3.2008	31.12.2007
28. Deposits from central banks and banks are specified as follows:		
Repurchase agreements with central banks	36.196	4.653
Deposits from banks	40.016	50.524
Deposits from central banks and banks	76.212	55.177

Deposits from customers

	31.3.2008	31.12.2007
29. Deposits from customers are specified by type as follows:		
Demand deposits	447.283	350.227
Time deposits	367.574	375.122
Deposits from customers total	814.857	725.349

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

	31.3.2008		31.12.2007	
	Amount	% of total	Amount	% of total
Central government and state-owned enterprises.....	15.637	2%	15.531	2%
Municipalities.....	63.405	8%	95.237	13%
Other companies.....	423.806	52%	311.690	43%
Individuals.....	312.009	38%	302.891	42%
Deposits from customers total	814.857	100%	725.349	100%

Debt issued and other borrowed funds

	31.3.2008	31.12.2007
31. Specification of debt issued and other borrowed funds:		
Issued bonds	1.178.581	967.672
Loans from banks	760.979	380.158
Other debt securities	19.087	8.375
Hedged borrowings	413.129	389.994
Total	2.371.776	1.746.199

Equity

32. According to the Parent Company's Articles of Association, the total number of shares is 14,881 million. At the end of March 2008 treasury shares were 314 million. One vote is attached to each share.

Notes to the Condensed Consolidated Interim Financial Statements

Capital adequacy ratio

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

	31.03.2008	31.12.2007
Shareholders' equity	187.954	169.201
Minority interest	736	768
Total shareholders' equity	188.690	169.969
Intangible assets	(60.458)	(45.574)
Core capital	128.232	124.395
Hybrid core capital	63.129	39.564
Tier 1 capital	191.361	163.959
Subordinated loans, excluding hybrid core capital	82.724	61.617
Capital base	274.085	225.576
Risk-weighted assets		
Not included in trading portfolio	2.423.804	1.929.818
With market risk in trading portfolio	61.306	87.652
Total risk weighted assets	2.485.110	2.017.470
Core capital ratio	5,2%	6,2%
Tier 1 capital ratio	7,7%	8,1%
Capital adequacy ratio	11,0%	11,2%

Off Balance Sheet Information

Obligations

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

	31.03.2008	31.12.2007
Guarantees granted to customers	77.022	44.932
Committed undrawn lines of credit	28.668	42.404
Unused overdrafts	46.824	44.005

Assets under management and in custody

35. Balance of assets under management and custody assets:

	31.3.2008	31.12.2007
Assets under management	1.012.339	936.010
Custody assets	1.226.340	1.317.827

Notes to the Condensed Consolidated Interim Financial Statements

Liquidity Risk

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

At 31 March 2008

	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
Assets								
Cash and cash balances with central banks.....	26.893	0	0	0	0	0	0	26.893
Derivatives (balance sheet amount).....	295.352	0	0	0	0	0 (	0)	295.351
Bonds and debt instruments.....	8.040	23.422	19.381	35.990	23.748	18.590	83.105	212.276
Shares and equity instruments.....							56.164	56.164
Securities used for hedging.....	0	4.034	10.754	20.772	25.508	12.589	102.645	176.302
Loans to banks.....	218.562	38.830	6.154	9.040	2.638	116.453	5.173	396.851
Loans to customers.....	313.754	84.885	118.806	230.529	231.322	528.173	1.008.713	2.516.183
Investment in associates	0	0	0	0	0	0	587	587
*Other assets.....	67.543	0	0	0	1.455	371	116.898	186.267
Total assets	930.144	151.171	155.096	296.331	284.671	676.176	1.373.284	3.866.874

* Other assets: Investment property, property and equipment, intangible-, deferred tax-, non-current assets held for sale as well as other assets according to the balance sheet

Liabilities and equity

Deposits from central banks.....	36.196	0	0	0	0	0	0	36.196
Deposits from banks.....	34.715	5.301	0	0	0	0	0	40.016
Deposits from customers.....	680.332	62.873	26.577	29.281	5.759	2.579	7.458	814.857
Short positions.....	11.939	0	0	0	0	0	0	11.939
Derivatives (balance sheet amount).....	171.711	0	0	0	0	0	0	171.711
Debt issued and other borrowed funds.....	298.361	296.580	198.322	241.320	370.709	812.366	154.120	2.371.776
Subordinated loans.....	0	0	0	6.182	14.516	47.554	79.087	147.338
*Other liabilities.....	27.927	331	367	199	0	0	53.528	82.352
Equity.....	0	0	0	0	0	0	188.690	188.690
Total liabilities and equity	1.261.181	365.085	225.266	276.981	390.984	862.498	482.882	3.864.876

* Other liabilities are post-employment obligations, current and deferred tax liabilities and other liabilities according to the balance sheet

Maturity gap	(331.036)	(213.914)	(70.170)	19.350	(106.313)	(186.322)	890.402	
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	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
At 31 December 2007								
Total assets.....	530.637	135.061	91.882	267.643	232.597	510.258	1.180.832	2.948.910
Total liabilities and equity.....	971.634	263.212	121.348	214.531	290.427	772.526	315.232	2.948.910
Maturity gap	(440.997)	(128.151)	(29.466)	53.112	(57.830)	(262.268)	865.600	

Notes to the Condensed Consolidated Interim Financial Statements

Liquidity position	31.3.2008	31.12.2007
Cash in hand.....	1.428	1.180
Cash balances with central banks.....	21.594	51.624
Treasury bills.....	0	0
Money market loans.....	288.633	192.918
Bank accounts.....	72.268	63.360
Other loans.....	35.950	22.191
Liquid debt securities.....	81.664	98.554
Cash and cash equivalents	501.537	429.827
Unused securities eligible as collateral for secure borrowing.....	146.531	44.414
Regulatory liquidity reserves.....	33.941	25.277
Committed credit facilities.....	131.059	88.920
Immediately available funds	813.068	588.438

Exposure towards inflation

37. Assets and liabilities linked to the Icelandic Consumer Price Index

	Assets	Liabilities	Net
31.3.2008.....	324.977	180.732	144.244
31.12.2007.....	367.058	226.500	140.558

Notes to the Condensed Consolidated Interim Financial Statements

Currency risk

38. Assets and liabilities classified according to currencies

At 31 March 2008

Assets	ISK	NOK	EUR	USD	GBP	SEK	CHF	JPY	Other	Total
Cash and cash balances with ctrl. banks.....	22.926	127	3.839	0	0	0	0	0	0	26.893
Derivatives (balance sheet amount).....	279.617	14.437	976	315	0	0	0	0	6	295.351
Bonds and debt instruments.....	149.916	38.281	18.559	0	5.372	0	0	0	150	212.278
Shares and equity instruments.....	23.786	7.599	3.917	8.454	5.459	0	0	0	4.948	54.163
Securities used for hedging.....	109.112	6.792	24.560	23.090	356	8.401	0	0	3.991	176.302
Loans to banks.....	29.190	8.229	285.705	52.045	1.119	14.418	1.597	2.495	2.054	396.851
Loans to customers.....	430.908	842.194	537.005	163.107	122.246	51.846	161.892	105.406	101.579	2.516.183
Investment in associates	277	310	0	0	0	0	0	0	0	587
Other assets.....	122.012	42.377	12.020	1.164	0	6.553	587	64	1.490	186.267
Total assets	1.167.744	960.346	886.581	248.174	134.552	81.219	164.075	107.964	114.218	3.864.874
Liabilities and equity										
Deposits from central banks.....	36.196	0	0	0	0	0	0	0	0	36.196
Deposits from banks.....	15.025	1.529	23.295	151	0	15	0	0	1	40.016
Deposits from customers.....	213.841	296.770	72.541	52.089	160.488	8.591	975	571	8.992	814.857
Short positions.....	11.678	150	87	0	0	0	0	0	25	11.939
Derivatives (balance sheet amount).....	120.633	19.380	31.494	206	0	0	0	0	0	171.711
Debt issued and other borrowed funds.....	299.918	293.135	1.003.414	458.640	106.479	22.156	60.834	22.537	104.661	2.371.776
Subordinated loans.....	21.104	21.562	35.329	65.491	0	0	0	3.852	0	147.338
Other liabilities.....	43.297	30.487	6.017	356	61	2.025	0	8	101	82.352
Equity.....	188.690	0	0	0	0	0	0	0	0	188.690
Total liabilities and equity	950.382	663.012	1.172.177	576.933	267.028	32.787	61.809	26.968	113.780	3.864.876
Net on-balance sheet position.....	217.362	297.334	(285.596)	(328.759)	(132.476)	48.431	102.267	80.996	439	
Net off-balance sheet position.....	(374.270)	(252.216)	344.395	359.409	139.732	(42.646)	(102.092)	(79.066)	6.753	
Net gap 31 March 2008	(156.908)	45.118	58.799	30.649	7.256	5.786	175	1.930	7.192	
Net on-balance sheet position.....	310.409	213.852	(378.585)	(231.687)	(71.958)	40.869	56.770	63.659	(3.329)	
Net off-balance sheet position.....	(388.046)	(175.624)	415.847	228.327	72.240	(38.713)	(56.182)	(63.168)	5.320	
Net gap 31 December 2007	(77.637)	38.228	37.262	(3.360)	282	2.156	588	491	1.991	

Value at risk

39. 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 three months ended March 31st 2008, with reference figures from full year 2007.

Value at Risk

Risk type	3 months to 31 March 2008				12 months to 31 December 2007			
	Average			High	Average			High
	Average	High	Low	quarter	Average	High	Low	year
Equity risk	450	572	332	362	228	390	101	353
Interest rate risk	67	106	49	58	45	96	28	55
Currency risk	101	400	16	100	136	327	4	146
Diversification gain	(194)	(336)	(199)	(221)	(184)	(313)	(76)	(205)
Group VaR	424	614	299	299	225	389	99	349