1Q '08

FIRST QUARTER FINANCIAL RESULTS

FL GROUP

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Agenda

- Key highlights
- Financials
- Investment overview
- De-listing from OMX Nordic Exchange
- Summary / Q&A

KEY HIGHLIGHTS

Key highlights

- Continued difficult market conditions during first quarter 2008
- Execution of new strategy on track with non-core assets being divested
- Continued decrease of market exposure
- Plans of reducing operating expenses are progressing well
- Good liquidity and strong capital base
- Key focus on supporting core assets

FINANCIALS

Reporting considerations

- Financial statements are prepared in accordance with IFRS (IAS 34) as adopted by the EU, and reviewed by KPMG

- **Key considerations**
  - Listed holdings are valued at market value
  - Unlisted assets are reported on fair market value in accordance with IFRS
  - TM, acquired in 3Q is fully consolidated as of 1 October 2007 which decreases comparability from previous year

Income statement for the quarter

Income statement (ISK million)	1Q 08	1Q 07
Net income from securities and derivatives	-22,935	12,472
Interest income	2,583	1,498
Interest expenses	-7,338	-3,017
Net foreign exchange gain	-18,965	4,627
Net investment income	**-46,655**	**15,580**
Insurance premium	3,176	0
Insurance claims	-3,327	0
	-46,806	**15,580**
Operating expenses	1,461	884
Profit before income tax	**-48,267**	**14,696**
Income tax	452	388
Profit (loss) for the period	**-47,815**	**15,084**

- Consolidation of TM from 1 October 2007 decreases comparability between years
- Net income from securities and derivatives is negative by ISK 23 billion due to a significant decrease in market value of listed holdings
  - Fair value adjustments of listed and unlisted holdings
  - Interest expenses on forward contracts
  - Currency gain / loss through forward contracts
- ISK 19 billion currency loss because of fx items on balance sheet
- Interest expenses increase in line with larger balance sheet and increased funding cost
- Operating expenses include ISK 588 million from investment operations and ISK 873 million from TM
- TM's loss for the period amounts to ISK 3.3 billion in 1Q 2008, mainly explained by the performance of TM's investment operations

Reduction in operating expenses

- Operating expenses in investment operations decrease by 33.5% from previous year and 73.4% from previous quarter
- Non cash expenses such as stock options and depreciation amount to ISK 198 million
- Operations have been restructured. Current number of employees 26, compared to 41 five months ago
- Objectives set last year to decrease operating expenses in 2008 by 50%, compared to 2007, are on track

Operating expenses (ISK million)	1Q 08	1Q 07	YoY %
Investment operations	588	884	-33.5%
Insurance operations	872	na	na
Total	**1,461**		

Operating expenses (ISK million)	1Q 08	4Q 07	QoQ %
Investment operations	588	2,213	-73.4%
Insurance operations	872	841	3.7%
Total	**1,461**	**3,054**	**-52.2%**

Balance sheet | Assets

Assets (ISK million)	31 / 03	31 / 12	Change
Cash and cash equivalents	18,941	21,125	-10.3%
Unpaid share capital	0	7,500	nm
Equity investments	177,291	218,998	-19.0%
Bond and debt investments	18,697	16,021	16.7%
Derivatives	6,450	6,604	-2.3%
Restricted cash	25,960	53,060	-51.1%
Assets classified as held for sale	19,864	0	nm
Loans and receivables	69,195	42,348	63.4%
Reinsurance assets	19,826	13,937	42.3%
Deferred tax asset	9,020	8,623	4.6%
Operating assets	2,290	2,167	5.7%
Intangible assets	33,855	31,937	6.0%
Total assets	**401,389**	**422,320**	**-5.0%**

» Strong cash position maintained

» Equity investments decreased due to sale of assets and devaluation

» Restricted cash used to reduce borrowings

» Eik, the property company, is classified as held for sale in the 1Q accounts

» Loans and receivables increased during the period mainly due to sale of property funds to Landic Property

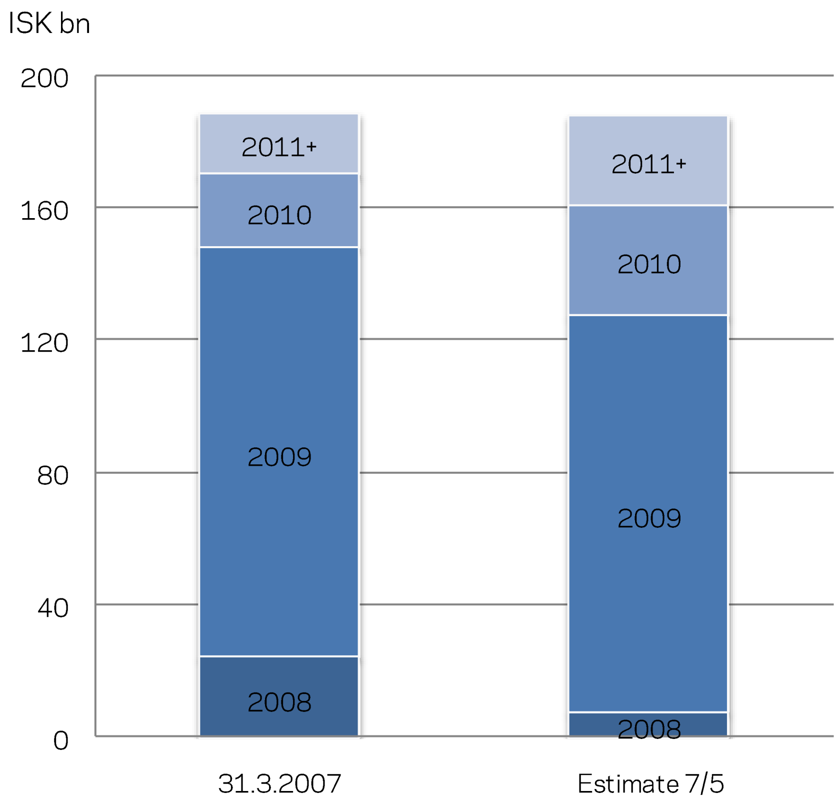
» Reinsurance assets increase due to seasonal and currency effects

Balance sheet | Equity and liabilities

Equity and liabilities (ISK million)	31 / 03	31 / 12	Change
Total equity	115,181	155,844	-26.1%
Derivatives	13,835	13,488	2.6%
Short positions	4,914	3,350	46.7%
Trade and other payables	20,575	14,469	42.2%
Liabilities classified as held for sale	17,043	0	nm
Insurance liability	40,148	29,626	35.5%
Borrowings	189,023	204,979	-7.8%
Income tax liability	670	564	18.8%
Total equity and liabilities	**401,389**	**422,320**	**-5.0%**

- Total equity decreased by ISK 40.6 billion
  - Loss of ISK 47.8 billion
  - Translation difference of ISK 7.1 billion
- Consolidated equity ratio of Group is 29% and 33% in investment operations
- Liabilities classified as held for sale is due to the incorporation of Eik, the property company, in the 1Q accounts
- Insurance liability increased due to seasonal and currency effects
- Borrowings decreased by net ISK 16 billion
  - Liabilities increse due to currency effect by ISK 29 billion during 1Q

Maturity profile



- Current need for refinancing in 2008, which amounts to ISK 7 billion, is well covered with current liquidity
- Further focus to be placed on lengthening the maturity profile with refinancing and further sale of assets

INVESTMENT OVERVIEW

Activity in 1Q

- Strategic divestment of shares and reduction of market exposure
  - Commerzbank for ISK 40.2 bn
  - Finnair for ISK 13.6 bn
  - Aktiv Kapital for ISK 6.3 bn
  - Holdings in property funds to Landic Property for ISK 20.6 bn
  - Geysir Green Energy for ISK 10.5 bn

- Successful refinancing of Refresco
- Investment in Glacier Renewable Energy Fund for ISK 4.5 bn

Glitnir | 1Q 08

Glitnir, key financials (ISK million)	1Q 08	1Q 07	% chg
Net interest income	13,793	7,943	74%
Net fees and commissions	10,604	7,298	45%
Net operating income	25,624	18,213	41%
Profit after tax	**5,859**	**7,008**	**-16%**
Total assets	3,864,876	2,255,896	71%
Total equity	188,690	153,411	23%
ROE	15.0%	20.5%	
CAD ratio	11.0%	14.2%	

Key financial highlights

- Strong growth in Net interest income
- Second best quarter ever for fees & commissions
- Profit after tax of ISK 5.9 bn, equalling ROE of 15%. Satisfying during current environment
- Total recognised income ISK 28.4 bn for the quarter as ISK 22.5 bn recognised directly in equity

Key operational highlights

- Glitnir has shown its strength delivering strong core profit figures in current environment
- Glitnir has realigned its European operation, closing down its branch in Copenhagen and scaling down its operation in Luxembourg
- Immediately available funds of EUR 8.7 bn, more than enough to cover all maturing debt in remainder of 2008 and 2009
- Issuance of convertible bond during Q1, to strengthen the capital ratios of the bank

- **Outlook:**
  - Outlook for solid results in the coming quarters
  - Strong momentum in core income
  - Cost-income ratio expected to come down

TM | 1Q 08

TM, key financials (ISK million)	1Q 08	1Q 07	% chg
Net insurance premium revenue	3,176	2,378	34%
Financial income	-2,141	1,894	-213%
Net insurance claims	-3,327	-2,362	41%
Profit after tax	**-3,271**	**886**	**-469%**
Total assets	75,858	73,812	3%
Total equity	23,748	21,277	12%
ROE	-	16.3%	
Combined ratio	127.3%	118.5%	

Key financial highlights

» Strong growth in net insurance premium revenue

» High claims frequency resulting in unusually high claims ratio

» Cost ratio higher YoY due to higher sales cost and changed reinsurance structure

» Combined ratio 127% which is far above acceptable level

» Loss on financial assets explaining majority of the loss in 1Q 08. Challenging equity markets as Icelandic market down 20% and the Norwegian down 15%

Geographical highlights

» **Icelandic operation:**

- » Difficult quarter because of high claims frequency. Voluntary motor insurance and property insurance with high claims ratio
- » Big improvement in result from seamen's accident insurance
- » Operating expenses below budget
- » Outlook for improved results in 2Q

» **Norwegian operation:**

- » Strong growth in net insurance premiums
- » High claims frequency in Marine resulting in high claims ratio
- » High cost ratio due to higher sales cost and lower commissions because of changed reinsurance structure
- » Outlook for improved results in 2Q

Landic Property | Overview

Key financials (ISK million)	2006	2007
Revenues	6,191	16,588
Gross profit	21,610	18,070
Operating profit	20,853	15,842
Profit after tax	**11,395**	**2,524**
Total assets	156,634	452,075
Investment properties	144,719	341,527
Cash and cash equivalents	453	11,065

Key financial highlights

- Profit in 2007 amounted to ISK 2.5 billion compared to ISK 11.4 billion in the previous year
- Keops consolidated in the Group's accounts as of 3 September 2007
- Total assets amount to around ISK 452 billion or EUR 5 billion

Highlights

- Landic is one of the largest real estate companies in Scandinavia
- Operations comprised of seven business units: Sweden, Denmark, Iceland, Finland, Keops Investments, Property Funds and Keops Developments
- Well diversified asset portfolio in key locations in the Nordic countries
- Integration with Keops has gone well and entities comprising Landic are now fully working as one

- Main focus of 2008 has been on preserving liquidity and refinancing maturing debt

Other notable highlights

Refresco HOLDING

- A successful refinancing of Refresco completed
  - The deal received unanimous approval from the existing Refresco debt syndicate
  - Add-on debt facilities over-subscribed
  - A clear demonstration of confidence which the lending banks have in Refresco, its management team and FL Group's buy and build strategy
- New equity injected into the business which puts Refresco in a strong position to continue the buy-and-build strategy

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Northern Travel Holding

- Difficult market conditions for airline and travel companies due to higher fuel prices and decrasing demand
- Changes at Sterling to move the company forward. New logo and branding campaign has been launched to reinforce Sterling as a full fledged scheduled airline
- Sterling revenues in the year 2007 were approx. DKK 4 billion, EBITDA 2007 was DKK 15 million compared to DKK -119 million in 2006
- Reza Taleghani appointed CEO of Sterling and Christian Gormsen appointed COO

DE-LISTING FROM OMX NORDIC EXCHANGE

De-listing of shares from OMX Nordic Exchange

- The Board of Directors of FL Group has approved a motion to call an EGM in order to put to vote the Board's recommendation to proceed with the application for the de-listing of the Company's shares from the OMX Nordic Exchange in Iceland.
- The Board believes de-listing will help unlock the long-term potential in FL Group and is in the best interests of the Company and its shareholders
    - Allows the management team to take a longer-term view
    - Avoid the pressure of pursuing short-term objectives sometimes demanded by the market
- Logical step in the continued restructuring of the Group

De-listing: Process overview

- **Shareholders meeting**
  - Held tomorrow at 8:30 in Hilton Nordica Hotel
  - Majority vote at the meeting is neccesary to approve the de-listing process

- **Offer to swap shares**
  - FL Group shares purchased at ISK 6.68 per share
  - Paid with with Glitnir shares at ISK 17.05 per share. The swap ratio is therefore 0.3918 shares in Glitnir Bank for each share in FL Group
  - FL Group has made arrangements with Jotunn Holding ehf which will provide the Glitnir shares used in the share trade. The transaction will therefore have no effect on FL Group's 31.97% holding in Glitnir Bank
  - The swap offer will be valid from 9 May to 21 May 2008 at 4.00 PM for shareholders registered in the company's registry at close of business on 8 May and the de-listing process is expected to be completed a few weeks after that

SUMMARY

Summary

- **Financials**
  - Financial position strong with equity of ISK 115 bn, and equity ratio of 33% in investment operations
  - Strong liquidity maintained, cash on hand amounts to ISK 18.9 bn
- **Asset portfolio restructured**
  - Market exposure decreased significantly
  - Non-core holdings divested
- **Operations streamlined**
  - Operating expenses reduced by 33.5% in investment operations
  - Plans of 50% reduction of operating expenses for 2008 on track
  - Current number of employees 26, compared to 41 five months ago
- **Focus on core assets**
  - Glitnir, TM and Landic Property

Q&A

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