



BANK

Condensed Consolidated Interim
Financial Statements 30 June 2009
ISK

MP Bank hf.
Skiopholt 50d
105 Reykjavík
Iceland

Reg. no.: 540599-2469

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Endorsement and Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of MP Bank hf. for the period from 1 January to 30 June 2009 have been prepared in accordance with International Financial Reporting Standard IAS 34. The Interim Financial Statements comprise the Consolidated Interim Financial Statements of MP Bank hf. and its subsidiaries (together referred to as the "Bank").

According to the income statement, loss for the period amounted to ISK 414 million. The Bank's equity at the end of June 2009 amounted to ISK 5,294 million. The Bank's capital adequacy ratio, calculated in accordance with the Act on Financial Undertakings, was 17.5% at the end of June. As of 30 June 2009 the Bank's total assets amounted to ISK 56,720 million.

The Bank's share capital amounted to 1,100 million at 30 June 2009. Of that amount, own shares amounted to 29 million. Four shareholders held more than 10.0% of the shares in the Bank at the end of June 2009. Their shareholding is specified as follows:

	Ownership
Margeir Pétursson and companies under his control	28.4%
BYR sparisjóður (Savings Bank)	13.4%
Jón Pálmason and company under his control	12.7%
Sigurður Gísli Pálmason and company under his control	12.7%

Statement by the Board of Directors and the CEO

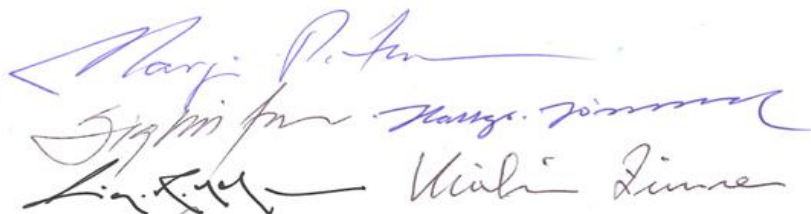
To the best of our knowledge the Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of the Bank for the period 1 January to 30 June 2009, its assets, liabilities and consolidated financial position as at 30 June 2009 and its consolidated cash flows for the six months period then ended.

Further, in our opinion the Condensed Consolidated Interim Financial Statements and the Endorsement of the Board of Directors and the CEO gives a fair view of the development and performance of the Bank's operations and its financial position and fairly describes the principal risks and uncertainties faced by the Bank.

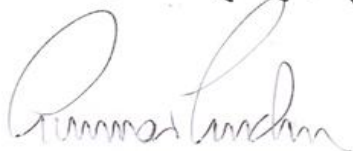
The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of MP Bank hf. for the six-month period ended 30 June 2009 and confirm them by means of their signatures.

Reykjavík, 31 July 2009.

The Board of Directors:



CEO:



Independent Auditor's Review Report

To the Board of Directors of MP Bank hf.

We have reviewed the accompanying condensed consolidated interim financial statements of MP Bank hf., which comprise the condensed consolidated statement of financial position as at 30 June 2009, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU. 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 Standard 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 interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2009, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 31 July 2009.

KPMG hf.



Condensed Consolidated Statement of Financial Position

	Notes	30.6.2009	31.12.2008
Assets			
Balances with Central Bank		17,105,192	5,504,659
Other cash and cash equivalents	9	3,454,552	10,019,673
Loans to Central Bank		0	5,011,885
Derivatives		521,392	1,419,923
Fixed income securities	10	17,224,430	9,626,049
Shares and other variable income securities	11	1,824,520	640,825
Securities used for hedging	12	4,726,491	7,337,259
Loans to customers	13,14	9,324,752	10,310,113
Investments in associates	15	147,489	1,328,125
Intangible assets	16	292,978	0
Property and equipment	17	608,357	653,626
Deferred tax asset		41,720	0
Other assets	18	1,447,676	1,525,676
Total assets		56,719,549	53,377,813
Liabilities			
Short positions in listed securities	19	7,550,934	15,825,079
Securities used for hedging	20	3,486,448	5,212,949
Derivatives		42,744	30,127
Deposits	21	31,033,406	8,575,692
Borrowings	22	6,752,181	13,624,594
Subordinated liabilities	23	28,951	29,411
Current tax liabilities		20,941	11,435
Deferred tax liabilities		17,173	17,895
Other liabilities	24	2,492,375	3,426,625
Total liabilities		51,425,153	46,753,807
Equity			
Share capital	25	1,070,738	1,045,339
Share premium		915,617	813,368
Other reserves		64,972	6,986
Retained earnings		3,243,069	4,758,313
Total equity		5,294,396	6,624,006
Total liabilities and equity		56,719,549	53,377,813

The notes on pages 10 to 19 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Income Statement

	Notes	2009 1.1. - 30.6.	2008 1.1. -30.6.
Interest income		2,021,365	3,189,762
Interest expense		(1,973,145)	(2,427,360)
Net interest income		48,220	762,402
Fee and commission income		444,115	578,001
Fee and commission expense		(7,486)	(19,900)
Net fee and commission income		436,629	558,101
Net financial (expense) income		(8,253)	678,860
Share in (loss) profit of associates		(72,358)	83,218
Other income		5,759	0
Net operating income		409,997	2,082,582
Administrative expenses	7	(622,985)	(497,984)
Impairment losses on financial assets		(192,100)	(44,938)
(Loss) profit before income tax		(405,088)	1,539,660
Income tax	8	(9,033)	(14,838)
(Loss) profit for the period		(414,121)	1,524,822
Basic and diluted (loss) earnings per share		(0.39)	1.43

The notes on pages 10 to 19 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Comprehensive Income

	2009 1.1. - 30.6.	2008 1.1. -30.6.
Profit for the period	(414,121)	1,524,822
Other comprehensive income:		
Foreign currency translation differences for foreign operations	(78,166)	91,736
Total comprehensive (loss) income for the period	(492,287)	1,616,558

The notes on pages 10 to 19 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Changes in Equity

	Other reserves					Total
	Share capital	Share premium	Translation reserve	Option reserve	Retained earnings	
1 January to 30 June 2009						
Equity at 1.1.2009	1,045,339	813,368	64,747	(57,761)	4,758,313	6,624,006
Translation of foreign operations			(16,078)			(16,078)
Translation transferred to P&L on disposal			(62,088)			(62,088)
Loss for the period					(414,121)	(414,121)
Total recognised income and expense	0	0	(78,166)	0	(414,121)	(492,287)
Share based payments				136,152		136,152
Own shares, change	25,399	102,249				127,648
Cash dividend					(369,203)	(369,203)
Dividend in the form of shares in Hraunbjarg					(731,920)	(731,920)
Equity at 30.6.2009	1,070,738	915,617	(13,419)	78,391	3,243,069	5,294,396
1 January to 30 June 2008						
Equity at 1.1.2008	1,063,776	942,368	(1,923)	(37,496)	4,220,361	6,187,086
Translation of foreign operations			91,736			91,736
Profit for the period					1,524,822	1,524,822
Total recognised income and expense	0	0	91,736	0	1,524,822	1,616,558
Share based payments				20,000		20,000
Own shares, change	323	279				602
Dividends paid					(322,203)	(322,203)
Equity at 30.6.2008	1,064,099	942,647	89,813	(17,496)	5,422,980	7,502,043

The notes on pages 10 to 19 are an integral part of these condensed consolidated interim financial statements

Condensed Consolidated Statement of Cash Flows

	Notes	2009 1.1. - 30.6.	2008 1.1. - 30.6.
Net cash provided by operating activities		260,415	1,153,921
Net cash used in investing activities		(1,248,803)	(17,136,852)
Net cash provided by financing activities		5,922,502	19,481,830
Net increase in cash and cash equivalents		4,934,114	3,498,899
Effects of exchange rate fluctuations on cash held		101,298	1,350
Cash and cash equivalents at the beginning of the year		15,524,332	7,241,857
Cash and cash equivalents at the end of June	10	20,559,744	10,742,106

The notes on pages 10 to 19 are an integral part of these condensed consolidated interim financial statements

Notes

General Information

1. Reporting Entity

MP Bank hf. is a company incorporated and domiciled in Iceland. The condensed consolidated interim financial statements as at and for the six months ended 30 June 2009 comprise MP Bank hf. (the "Parent") and its subsidiaries (together referred to as the "Bank") and the Bank's interest in associates. The address of the Bank is Skipholt 50d in Reykjavík. The Bank has offices in Reykjavík and Vilnius, Lithuania.

MP Bank's main purpose is to offer Banking services to individuals, corporates, and institutional investors. The Bank offers services in areas of lending, deposit taking, brokerage services, capital market services, asset management services and fund management.

2. Basis of preparation

a. *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting. They do not include all of the information required for a complete set of consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank as at and for the year ended 31 December 2008.

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 31 July 2009.

b. *Preparation*

The accounting policies and methods of computation applied by the Bank in these condensed consolidated interim financial statements are the same as those applied by the Bank in its consolidated financial statements as at and for the year ended 31 December 2008. The consolidated financial statements for the Bank as at and for the year ended 31 December 2008 are available upon request from the Bank's registered office at Skipholt 50d, Reykjavík, or its website www.mp.is and on the website of OMX Nordic Exchange in Iceland, www.omxnordicexchange.com.

The condensed consolidated interim financial statements are prepared in Icelandic Krona (ISK), which is the Bank's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

c. *Use of estimates and judgements*

The preparation of the condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources, actual results may differ from these estimates.

3. Operating segments

Since established, the Bank has been managed as a single business unit. Near the end of the first half of 2009 the Bank opened its first retail branch. The opening of the branch marks the end of the Bank as a single business segment and the Bank's management will revise its reporting structure during the second half of the year 2009.

Notes

4. Liquidity risk

The following table shows the Bank's contractual maturity profile at 30 June 2009 and 31 December 2008.

30 June 2009	0-1 months	1 to 3 months	3-12 months	1-5 years	Over 5 years	No stated maturity	Total
Assets:							
Cash and cash equivalents	20,559,744						20,559,744
Derivatives	503,413	17,979					521,392
Fixed income securities	17,224,430						17,224,430
Shares and other variable income securities						1,824,520	1,824,520
Securities used for hedging	4,726,491						4,726,491
Loans to customers	2,871,192	51,543	2,864,354	1,403,097	1,420,607	713,959	9,324,752
Other assets	1,447,678					1,090,542	2,538,220
Total	47,332,948	69,522	2,864,354	1,403,097	1,420,607	3,629,021	56,719,549
Liabilities:							
Short positions	7,550,934						7,550,934
Securities used for hedging	3,486,448						3,486,448
Derivatives	41,757	987					42,744
Deposits	27,971,336	381,834	919,782	1,755,381	5,073		31,033,406
Borrowings		3,674,095	2,280,713	691,495		105,878	6,752,181
Subordinated liabilities			28,951				28,951
Current tax liabilities		20,941					20,941
Deferred tax liabilities						17,173	17,173
Other liabilities	2,492,375						2,492,375
Total	41,542,850	4,077,857	3,229,446	2,446,876	5,073	123,051	51,425,153
Assets - Liabilities	5,790,098	(4,008,335)	(365,092)	(1,043,779)	1,415,534	3,505,970	5,294,396

31 December 2008	0-1 months	1 to 3 months	3-12 months	1-5 years	Over 5 years	No stated maturity	Total
Assets:							
Cash and cash equivalents	15,524,332						15,524,332
Loans to Central Bank		5,011,885					5,011,885
Derivatives	1,419,923						1,419,923
Fixed income securities	9,626,049						9,626,049
Shares and other variable income securities						640,825	640,825
Securities used for hedging	1,707,823		40,335	886,051	4,703,050		7,337,259
Loans to customers	2,831,700	1,304,667	3,418,570	1,695,289	1,059,887		10,310,113
Other assets	1,525,676					1,981,751	3,507,427
Total	32,635,503	6,316,552	3,458,905	2,581,340	5,762,937	2,622,576	53,377,813

Notes

31 December 2008	0-1 months	1 to 3 months	3-12 months	1-5 years	Over 5 years	No stated maturity	Total
Liabilities:							
Short positions	15,825,079						15,825,079
Securities used for hedging	2,478		1,876,179	2,727,168	607,124		5,212,949
Derivatives	20,145	9,982					30,127
Deposits	7,330,213	755,248	490,231				8,575,692
Borrowings	9,419,609	1,718,135	734,255	1,752,595			13,624,594
Subordinated liabilities				29,411			29,411
Current tax liabilities			11,435				11,435
Deferred tax liabilities						17,895	17,895
Other liabilities	3,426,625						3,426,625
Total	36,024,149	2,483,365	3,112,100	4,509,174	607,124	17,895	46,753,807
Assets - Liabilities	(3,388,646)	3,833,187	346,805	(1,927,834)	5,155,813	2,604,681	6,624,006

5. Currency risk

The table below summarises the Bank's exposure to currency risk at 30 June 2009 and the comparable figures for 31 December 2008.

30 June 2009	EUR	LTL	USD	UAH	Other	Total
Assets:						
Cash and cash equivalents	1,550,345		482,625	36,398	349,094	2,418,462
Derivatives	398,562	1,330	5,463		14,481	419,836
Fixed income securities	759,389		127,492	314,126	394,161	1,595,167
Shares & other variable income securities	802,051	24,529	294,504	583	40,048	1,161,715
Securities used for hedging	1,093,023	163,118	68,153	666	342,054	1,667,014
Loans to customers	1,351,157	0	1,193,802	1,420,607	665,695	4,631,261
Total	5,954,527	188,977	2,172,040	1,772,380	1,805,532	11,893,456
Liabilities:						
Short positions	136,464	67,176	81,573		200,523	485,735
Derivatives	1,761	3,784	3,500		1,809	10,854
Deposits	1,471,839		125,749		106,170	1,703,758
Borrowings	575,807					575,807
Total	2,185,871	70,959	210,822	0	308,501	2,776,153
Net position	3,768,657	118,018	1,961,217	1,772,380	1,497,031	9,117,302

Notes

31 December 2008	EUR	LTL	USD	UAH	Other	Total
Assets:						
Cash and cash equivalents	1,045,239	18,275	579,996	25,818	356,611	2,025,939
Derivatives	805,876	125,399	134,714		49,737	1,115,726
Fixed income securities	5,085			944,912	385,877	1,335,875
Shares & other variable income securities	169,123	27,744	194,677	1,349	34,121	427,014
Securities used for hedging	215,548	165,274	42,250	456	265,585	689,113
Loans to customers	1,834,324	398,345	850,988	1,329,436	739,581	5,152,674
Other assets		577,309				577,309
Total	4,075,195	1,312,346	1,802,625	2,301,971	1,831,512	11,323,650
Liabilities:						
Short positions	184,625	92,710	134,473		138,010	549,818
Securities used for hedging	2,478					2,478
Derivatives	30,127				0	30,127
Deposits from customers	1,217,352		46,655		50,175	1,314,182
Borrowings	3,457,895					3,457,895
Other liabilities	0	8,758	0	0	0	8,758
Total	4,892,477	101,468	181,128	0	188,185	5,363,258
Net balance sheet position	(817,282)	1,210,878	1,621,497	2,301,971	1,643,327	5,960,392
Net off balance sheet position	(14,475)	(39,873)	54,225	0	(187,814)	(187,937)
Net position	(831,757)	1,171,005	1,675,722	2,301,971	1,455,513	5,772,455

6. Financial assets and liabilities - Accounting classification

The table below sets out the Bank's classification of each class of financial assets and liabilities.

30 June 2009	Trading	Designated at fair value	Loans and receivables	Other at amortized cost	Total carrying amount	Fair value
Assets:						
Cash and cash equivalents				17,105,192	17,105,192	16,676,001
Derivatives	521,392				521,392	521,392
Fixed income securities	14,467,267	2,757,163			17,224,430	17,224,430
Shares & other variable income securities	1,824,520				1,824,520	1,824,520
Securities used for hedging	4,726,491				4,726,491	4,726,491
Loans to customers			9,324,752		9,324,752	
Other assets			1,447,676		1,447,676	
Total	21,539,670	2,757,163	10,772,428	17,105,192	52,174,453	

Notes

	Trading	Designated at fair value	Loans and receivables	Other at amortized cost	Total carrying amount	Fair value
30 June 2009						
Liabilities:						
Short positions in listed securities	7,550,934				7,550,934	7,550,934
Securities used for hedging	3,486,448				3,486,448	3,486,448
Derivatives	42,744				42,744	42,744
Deposits from customers				31,033,406	31,033,406	
Borrowings				6,752,181	6,752,181	
Subordinated liabilities				28,951	28,951	
Current tax liabilities				20,941	20,941	
Deferred tax liabilities				17,173	17,173	
Other liabilities				2,492,375	2,492,375	
Total	11,080,126	0	0	40,345,027	51,425,153	
31 December 2008						
Assets:						
Cash and cash equivalents				20,559,744	20,559,744	20,559,744
Derivatives	1,419,923				1,419,923	1,419,923
Fixed income securities	8,293,594	1,332,455			9,626,049	6,926,049
Shares & other variable income securities	640,825				640,825	640,825
Securities used for hedging	7,337,259				7,337,259	7,337,259
Loans to customers			10,310,113		10,310,113	
Other assets			1,525,676		1,525,676	
Total	17,691,601	1,332,455	11,835,789	20,559,744	51,419,589	
Liabilities:						
Short positions in listed securities	15,825,079				15,825,079	15,825,079
Securities used for hedging	5,212,949				5,212,949	5,212,949
Derivatives	30,127				30,127	30,127
Deposits from customers				8,575,692	8,575,692	
Borrowings				13,624,594	13,624,594	
Subordinated liabilities				29,411	29,411	
Current tax liabilities				11,435	11,435	
Deferred tax liabilities				17,895	17,895	
Other liabilities				3,426,625	3,426,625	
Total	21,068,155	0	0	25,685,652	46,753,807	

Notes

7. Administrative expenses

	2009	2008
Administrative expenses are specified as follows:	1.1. - 30.6.	1.1. - 30.6.
Salaries and related expenses	296,443	283,525
Other operating expenses	326,542	214,459
Total administrative expenses	622,985	497,984

8. Income tax

		2009
Reconciliation of effective tax rate:		1.1. - 30.6.
Loss before tax		(405,088)
Income tax using the domestic corporate tax rate	15.0%	60,763
Effect of tax rates in foreign jurisdictions	(0.7%)	(2,681)
Non-deductible expenses	(16.6%)	(67,115)
Effective tax	(2.2%)	(9,033)

9. Other cash and cash equivalents

	30.6.2009	31.12.2008
Other cash and cash equivalents are specified as follows:		
Cash	32,475	128
Balances with banks	3,422,077	10,019,545
Total cash and cash equivalents	3,454,552	10,019,673

10. Fixed income securities

	30.6.2009	31.12.2008
Fixed income securities are specified as follows:		
Listed bonds on Iceland Stock Exchange	1,161,996	1,323,586
Listed foreign bonds	1,595,167	1,332,455
Government bonds	14,467,267	6,970,008
Total fixed income securities	17,224,430	9,626,049

11. Shares and other variable income securities

	30.6.2009	31.12.2008
Shares and other variable income securities are specified as follows:		
Listed shares on Iceland Stock Exchange	46,062	15,627
Listed foreign shares	372,362	357,568
Listed domestic unit shares	51,629	76,491
Listed foreign unit shares	82,996	59,778
Unlisted domestic shares	307,733	121,193
Unlisted foreign shares	963,738	10,168
Total shares and other variable income securities	1,824,520	640,825

Notes

12. Securities used for hedging - assets

Securities used for hedging are specified as follows:	30.6.2009	31.12.2008
Listed bonds on Iceland Stock Exchange	0	44,817
Government bonds	3,061,286	5,584,619
Listed shares on Iceland Stock Exchange	0	8,669
Listed foreign shares	685,139	615,292
Listed domestic unit shares	0	787
Listed foreign unit shares	83,760	73,820
Unlisted domestic shares	0	1,009,255
Unlisted foreign shares	896,306	0
Total securities used for hedging	4,726,491	7,337,259

13. Loans to customers

Loans to customers are specified as follows:	30.6.2009	31.12.2008
Loans, gross amount	11,047,944	11,805,832
Impairment allowance	(1,723,192)	(1,495,719)
Net amount shown in the balance sheet	9,324,752	10,310,113

14. Allowance for impairment

Change in the allowance is specified as follows:	Specific	Collective	Total
Balance at 1 January	2,134,596	100,000	2,234,596
Charge to the income statement	142,100	50,000	192,100
Final write-offs	(165,661)		(165,661)
Translation	1,862		1,862
Balance at 30 June 2009	2,112,897	150,000	2,262,897

The impairment allowance is subtracted from the following balance sheet items:

Loans to customers	1,723,192
Other assets	539,705
Total	2,262,897

15. Investments in associates

Changes in investments in associates are specified as follows:

Investment in associates at 1 January 2009	1,328,125
Purchases of shares in associates	33,424
Share of results	(72,358)
Dividends	(294,000)
Disposals	(731,920)
Reclassification	(57,008)
Foreign exchange translation difference	(58,774)
Investments in associates at 30 June 2009	147,489

Notes

16. Intangible assets

	Software
Book value at 1 January 2009	0
Reclassification	43,102
Acquisitions	255,126
Amortisation	(6,080)
Effects of foreign currency translation	830
Book value at 30 June 2009	292,978

17. Property and equipment

	Real estate	Office equipment & fixtures	Total
Book value at 1 January 2009	535,930	117,696	653,626
Reclassification	0	(43,102)	(43,102)
Acquisitions	0	8,952	8,952
Depreciation	(14,031)	(11,917)	(25,948)
Effects of foreign currency translation	13,601	1,228	14,829
Book value at 30 June 2009	535,500	72,857	608,357

18. Other assets

Other assets are specified as follows:	30.6.2009	31.12.2008
Unsettled securities transactions	506,371	956,507
Unsettled derivatives transactions	261,323	278,035
Short-term receivables	557,554	217,985
Prepayments	122,428	73,149
Total other assets	1,447,676	1,525,676

19. Short positions in listed securities

Short positions in listed securities are specified as follows:	30.6.2009	31.12.2008
Government bonds	7,063,156	14,800,088
Listed foreign shares	415,969	433,906
Listed foreign unit shares	71,809	115,908
Unlisted domestic shares	0	475,088
Other	0	89
Total short positions in listed securities	7,550,934	15,825,079

Notes

20. Securities used for hedging - liabilities

Securities used for hedging are specified as follows:	30.6.2009	31.12.2008
Listed bonds on Iceland Stock exchange	3,486,420	5,210,471
Listed foreign shares	0	2,460
Other	28	18
Total securities used for hedging	3,486,448	5,212,949

21. Deposits

Deposits are specified as follows:	30.6.2009	31.12.2008
Demand deposits	27,864,823	7,330,213
Time deposits	3,168,583	1,245,479
Total deposits	31,033,406	8,575,692

22. Borrowings

The Bank's borrowings are specified as follows:	30.6.2009	31.12.2008
Issued bonds, listed	4,256,562	4,227,824
Issued bills, listed	0	1,366,968
Loans from credit institutions	1,915,219	7,497,258
Other debt securities	580,400	532,544
Total borrowings	6,752,181	13,624,594

23. Subordinated liabilities

	Currency	Maturity date	Book value	
			30.6.2009	31.12.2008
Loans that qualify as Tier II capital:				
Subordinated loan - Interest 6 months REIBOR	ISK	2010	28,951	29,411

24. Other liabilities

Other liabilities are specified as follows:	30.6.2009	31.12.2008
Unsettled securities transactions	410,280	655,565
Unsettled derivatives transactions	1,601,436	1,686,160
Accounts payable	156,418	52,616
Withholding taxes	192,293	701,614
Various liabilities	131,948	330,670
Total other liabilities	2,492,375	3,426,625

Notes

25. Equity

a. Share capital

According to the parent company's articles of association, total share capital amounts to ISK 1,100 million. The nominal amount of treasury shares at end of June 2009 and year-end 2008 amounted to ISK 29,262 thousand and ISK 54,661 thousand respectively. One vote is attached to each share of one ISK and the holders of ordinary shares are entitled to one vote per share at meetings of the Bank.

b. Regulatory capital

Equity at the end of the period amounted to ISK 5.294 million, equivalent to 9.3% of total assets according to the balance sheet. The capital adequacy ratio of the Bank, calculated in accordance to Article 84 of the Act on Financial Undertakings, is 17.5%. The minimum requirement according to that Act is 8.0%. The ratio is calculated as follows:

	30.6.2009	31.12.2008
Capital requirements for:		
Credit risk	823,478	1,059,198
Market risk	1,131,472	856,273
Operational risk	465,330	465,330
Total risk base	2,420,280	2,380,801
Tier 1 capital:		
Recorded capital	5,294,396	6,624,006
Total capital	5,294,396	6,624,006
Surplus capital	2,874,116	4,243,205
Solvency ratio	17.5%	22.3%

26. Group entities

The Bank holds eleven subsidiaries which are all included in the condensed consolidated interim financial statements. The direct subsidiaries included in the condensed consolidated financial statements are specified as follows:

	Domicile	Share at 30.6.2009
Axia Asset Management	Lithuania	100%
UAB Heildun	Lithuania	100%
Fleða ehf.	Iceland	100%
MP Sjóðir hf.	Iceland	100%
Max Credit Investments Ltd.	UK	100%
Orange International Investments Ltd.	UK	100%
MP East European Credit Investments Ltd.	UK	100%
Reykjavík Savings Investments Ltd.	UK	100%
Saga Credit Investments Ltd.	UK	100%
Torpedo Leisure Ltd.	UK	100%
Visoky Zamok Investments Ltd.	UK	100%