



INVESTMENT BANK

Press Release

Condensed Consolidated Interim
Financial Statements
1 January – 30 June 2007

28 August, 2007

MP Investment Bank 6 months' Results for 2007

MP Investment Bank hf. Achieved Record Results for the First 6 Months Result of 2007

The Board of Directors and the Managing Director of MP Investment Bank hf. confirmed the Condensed Consolidated Interim Financial Statements for the period from 1 January to 30 June 2007 with their signatures at their board meeting on Monday the 27th of August.

Main results

- MP Investment Bank achieved record results for the first 6 months of 2007.
- Net profit for the period was ISK 1,118 million, an 94% increase from the first six months results of 2006.
- Net interest income was ISK 159 million for the first six months of 2007 compared to a loss of ISK 269 million for the first six months of 2006.
- ROE was 41,7% on annual basis for the first six months of 2007
- Interest income grew by 126% from the first six months of 2006 and was ISK 2,191 million after the first six months of 2007.
- Operating income was ISK 1,788 million after the first six months of 2007, 69% increase from the same period last year.
- Fees and commission grew by 50% from the first six months of 2006, increased from ISK 548 million to ISK 821 million.
- Net trading gain was ISK 808 million after the first six months of 2007, compared to ISK 779 million after the same period last year.
- Total assets were ISK 42,435 million at the end of June 2007, compared to ISK 42,837 million at the end of last year
- The capital was ISK 5,804 million on the 30 June 2007, 18% increase from 31 December 2006.
- The share capital is ISK 1,070 million, which is the same as at the end of 2006.
- EPS for the first half of this year was 1,04 compared with 0,54 last year.
- The capital adequacy ratio (CAD) was 24,70% at the end of June 2007 compared to 19,20% at the beginning of the year.
- Number of employees were 26 on 31 December 2006, but had increased to 41 by 30 June 2007.

	2007	2006	
Income Statement	1.1.-30.6.	1.1.-30.6.	Change
Financial income	2.191.174	970.636	125,7%
Financial expenses	-2.031.792	-1.239.473	63,9%
Net interest income	<u>159.382</u>	<u>-268.837</u>	
Other operating income	1.628.544	1.327.275	22,7%
Net operating income	<u>1.787.926</u>	<u>1.058.438</u>	68,9%
Other operating expenses	-421.111	-356.240	18,2%
Profit before income tax	1.366.815	702.197	94,6%
Income tax	-248.719	-125.585	98,0%
Net profit	<u><u>1.118.096</u></u>	<u><u>576.612</u></u>	<u><u>93,9%</u></u>

	30.06.2007	31.12.2006	Change
Balance Sheet			
Assets			
Cash and amounts due from credit institutions	3.075.691	2.157.724	42,5%
Loans	8.126.014	7.935.503	2,4%
Market securities and shares in other companies	28.600.193	29.482.780	-3,0%
Other assets	2.633.079	3.261.088	-19,3%
Total assets	<u><u>42.434.977</u></u>	<u><u>42.837.095</u></u>	<u><u>-0,9%</u></u>

Liabilities and Capital			
Amounts owed to credit institutions	11.813.100	7.733.282	52,8%
Borrowings	21.770.165	26.441.549	-17,7%
Other liabilities	2.756.501	3.672.126	-24,9%
Deferred income tax liability	232.750	4.740	
Subordinated loans	58.440	58.437	0,0%
Capital	5.804.021	4.926.961	17,8%
Total liabilities and capital	<u><u>42.434.977</u></u>	<u><u>42.837.095</u></u>	<u><u>-0,9%</u></u>

Capital adequacy ratio (CAD)	24,70%	19,20%
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Earnings per share:

Basic and diluted earnings per share	1,04	0,54	92,6%
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Amounts are in thousands of ISK

MP Investment Bank achieved record results for the first six months period of 2007, where income from fees and commissions increased substantially between the years, as well as operating income.

The consolidated interim balance sheet didn't change much, a 0,94% decrease from the 31 Desember 2006 to 30 June 2007. It was a result in decreased banks own trading positions in stocks and bonds. Trading income was quite good for the first half of the year as most of the trading profit was mainly from sold financial assets. Larger part of the bank's income came from abroad. The bank's activities in Central and Eastern Europe, is expected to increase further in the future. A substantial growth at the end of last year and beginning of this year called for some new sources of funding, resulting in the bank's first syndicated loan with foreign banks.

Outlook

The Board of MP Investment Bank looks positive into the future prospects of the bank, despite increased volatility in the world's financial markets. The goal is to further increase the Bank's fee and commission income as well as the net interest income. MP Investment Bank has increased overseas income significantly, thanks to the opening of the Bank's Baltic Branch in Vilnius, Lithuania, achieving direct access to all Nordic Stock Exchanges and Baltic Stock Exchanges, as well as the opening of an Eastern European Trading Desk. Today there are 8 employees at the MP Investment Bank's Baltic Branch in Vilnius and 38 employees at the headquarters in Reykjavík. The Bank's objectives for the next months are to increase income from overseas even more.

Further information:

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About MP Investment Bank | The Bank is a fast growing and progressive financial company with emphasis on smaller and emerging European markets, showing excellent results. MP Investment Bank was founded in 1999 as a securities brokerage in 1999 and became an investment bank in 2003. The Bank provides asset management for individuals and companies, brokerage services in domestic and foreign markets and takes on a diversity of projects in connection with financial services and consulting. The Bank's headquarters are in Reykjavík but a branch is operated in Vilnius, Lithuania. For further information, please visit www.mp.is.