



KAUPTHING BANK

SECURITIES NOTE

AUGUST 2007



EXISTA HF.
AUGUST 2007



(incorporated in Iceland as a public limited company)

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1. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bills. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bills are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Bills but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bills may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Risks Relating to the Bills

Set out below is a brief description of certain risks relating to the Bills generally:

Issuer's liability to make payments under the Bills

The Issuer is liable to make payments when due on the Bills. The obligations of the Issuer under the Bills are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations (save for any obligations required to be preferred by law).

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Bills regarding its ability to incur additional indebtedness ranking *pari passu* to the obligations under or in connection with the Bills.

No Prior Public Market

The Bills constitute a new issue of Bills. Prior to listing, there has been no public market for the Bills. Although application has been made to admit the Bills to trading on the regulated Market of the OMX ICE, there can be no assurance that an active public market for the Bills will develop and, if such a market were to develop, the Manager is under no obligation to maintain such a market. The liquidity and the market prices for the Bills can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market prices of the Bills, which may trade at a discount to the price at which a purchaser purchased the Bills.

An investment in the Bills may not be suitable for all prospective investors

The Bills are not suitable investments for all investors. In particular, prospective investors should not purchase the Bills unless they have sufficient knowledge and experience to make meaningful evaluation of the credit, liquidity and market risks associated with the Bills.

Prospective investors should possess, either alone or together with an investment advisor, the expertise necessary to evaluate the information contained in this Securities Note in the context of its financial situation and tolerance for risk. Potential investors should carefully consider, among other things, the factors described in this section before purchasing the Bills.

Change of law

The terms and conditions of the Bills are based on Icelandic law in effect as at the date of this Securities Note. No assurance can be given as to the impact of any possible judicial decision or change to Icelandic law or administrative practice after the date of this Securities Note.

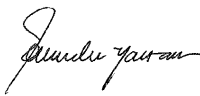
2. PERSON RESPONSIBLE

Exista hf., in its capacity as the Issuer, Icelandic ID-No. 610601-2350, registered office at Ármúli 3, 108 Reykjavík, Iceland, hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík 3 August 2007
On behalf of the Issuer



Lýður Guðmundsson
Chairman of the board



Erlendur Hjaltason
CEO




Sigurður Valtýsson
CEO

3. MANAGER

The Manager, Kaupthing Bank hf. - Capital Markets division, Icelandic ID-No. 560882-0419, registered office at Borgartun 19, 105 Reykjavík, Iceland has been the advisor to the Issuer in the preparation of this Securities Note. The Manager has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of the information contained or incorporated in this document or any other information provided by the Issuer in connection with the Bills of Exchange ("Bills"). The Manager does not accept any liability in relation to the information contained or incorporated by reference in this document or any other information provided by the Issuer in connection with the Bills.

Reykjavík, 3 August 2007
On behalf of the Manager



Ingvar Vilhjálmsson
Managing Director



Stefán Ákason
Head of Fixed Income Sales

4. STATUTORY AUDITORS

The Company's accounts for the years ending 31 December 2005 and 2006 respectively have been audited and the annual accounts for these years have been endorsed without remarks by Deloitte hf., ID No. 521098-2449, Stórhöfði 23, 110 Reykjavík, the Company's independent auditor. The account for the 1st half of 2007 has been reviewed without remarks by Deloitte hf.

A state authorised public accountant or accounting firm is elected as the auditor at each annual general meeting of Exista for a term of one year. The auditor examines the Company's accounts and all relevant accounting documents for each year of operation, and has access to all the Company's books and documents for this purpose. Auditors are not elected from among the members of the board of the Company or employees. The qualifications and eligibility of the auditor at elections are in other respects governed by law.

5. REFERENCES AND GLOSSARY OF TERMS AND ABBREVIATIONS

References to the "Issuer", "Exista" and "the Company" in this Securities Note shall be construed as referring to Exista hf., Icelandic ID-No. 610601-2350, unless otherwise clear from the context, and its subsidiaries and affiliates, unless otherwise clear from the context. Exista hf. is the legal Icelandic name of the Issuer.

References to "OMX ICE" in this Securities Note shall be construed as referring to the OMX Nordic Exchange Iceland hf., Icelandic ID-No.681298-2829, unless otherwise clear from the context. References to the "admission to trading" and the "admission to trading on a regulated market" in this Securities Note shall be

construed as referring to the admission to trading on the ICEX Fixed Income market, unless otherwise clear from the context.

References to "ISD" in this Securities Note shall be construed as referring to the Icelandic Securities Depository, i.e. to Verðbréfaskráning Íslands hf., Icelandic ID-No. 500797-3209, Laugavegi 182, 105 Reykjavík unless otherwise clear from the context.

References to the "Manager" in this Securities Note shall be construed as referring to Kaupthing Bank hf. - Capital markets division, Icelandic ID-No. 560882-0419, unless otherwise clear from the context.

References to the "Bills" in this Securities Note shall be construed as referring to the Bills of Exchange issue of ISK 3,000,000,000 which is described in this Securities Note, unless otherwise clear from the context.

6. DOCUMENTS INCORPORATED BY REFERENCE AND FOR DISPLAY

The Registration document and the appendices, which is a part of the prospectus dated 31 August 2006 and published 1 September 2006, is issued by the Issuer in respect of the share offering and which constitutes a Registration document, a Share Securities note and a Summary note for the purposes of the Prospectus Directive form part of this Prospectus in its entirety. This Securities Note must be read in conjunction with the Registration Document and the appendices. Full information on the Issuer is only available on the basis of the combination of this Securities Note, the Registration Document and the appendices.

The following documents are incorporated herein by reference to, and form part of, this Prospectus:

- a. The annual account of Exista hf. for the operating year 2006
- b. The interim account of Exista hf. for H1 2007

This Securities Note and aforementioned Registration document form this Prospectus. Copies of the aforementioned documents which form a part of this Prospectus and documents for display can be obtained from the Issuer's office and website (www.exista.is). In addition, such documents will be available, for Bills admitted to the official list of the OMX ICE and to trading on the Regulated Market of the Iceland Stock Exchange. This Prospectus will be published on the OMX ICE's news web (<http://omxgroup.com/nordicexchange/Markadsfrettir/Fyrirtaekjatilkygningar/>) when the Bills will be admitted to trading.

7. NOTICE TO INVESTORS

In making an investment decision, potential investors should carefully consider the merits and risks of an investment in the Bills and carefully review the terms and conditions of the Bills described under issue and Bills characteristics.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Securities Note or any other information supplied in connection with the Bills and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Manager.

Neither this Securities Note nor any other information supplied in connection with the Bills (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer or the Manager that any recipient of this Securities Note or any other information supplied in connection with the Bills should purchase any Bills. Each investor contemplating purchasing any Bills should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Securities Note nor any other information supplied in connection with the Issuer constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Bills.

Neither the delivery of this Securities Note nor the sale or delivery of any Bills shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Bills is correct as of any time subsequent to the date indicated in the document containing the same. The Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Bills or to advise any investor in the Bills of any information coming to their attention.

The Bills have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) and are subject to U.S. tax law requirements. Subject to certain exceptions, Bills may not be offered, sold or delivered within the United States or to U.S. persons.

8. KEY INFORMATION

In addition to any fees payable to the Manager in connection with this issue, the Issuer's and the Bank's interests are connected in the following manner:

- a) Exista is the largest shareholder in Kaupthing Bank and on 3 August 2007 holds 23.02% of the Bank's total issued shares.
- b) Exista is a customer of Kaupthing Bank's Investment Banking, Capital Markets and Corporate Banking divisions.
- c) Kaupthing Bank is among Exista's largest creditors.
- d) Both Kaupthing Bank and Exista own significant holdings in Icelandic Telecom hf. and Flaga Group hf.

9. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

Authorisation

On a board meeting held 26 April 2007, the board of Exista authorised to issue up to one year bill issue for a maximum of ISK 3 billion. This Issuer has at the date of this Securities Note issued bills amounting in total to ISK 3,000,000,000 under the issuer symbol, EXIS 071008B.

Issue and Bill characteristics

The Bills bear no interest and are not indexed. The Bills are registered electronically at the Icelandic Securities Depository and are registered there under the name of the relevant billholder or his/her nominee. The Bills are all in the same class, and the ticker symbol on OMX ICE will be EXIS 071008B.

The Bills constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Date of issue:	25 July 2007
Nominal amount:	ISK 3,000,000,000
Issued amount:	ISK 3,000,000,000
Denomination:	ISK 5,000,000
Currency:	ISK
Interest rates:	The Bills bear no interest.
Calculation agent:	Kaupthing Bank hf.
Maturity date:	The date of maturity is 8 October 2007. Repayment is made on the aforementioned maturity date. It is not permitted to bring forward the repayment of the Bills.
Method of payment:	All amounts payable under the Bills will be paid to relevant financial institution where the registered owner has his/her VS account.
Indication of yield:	15.0038%
Restrictions on transfer:	There are no restrictions on transferring the Bills to other parties.
ISIN code:	IS0000015279

Event of Default, Acceleration and Enforcement

If default occurs the Issuer shall pay default interest at the rate determined by the Central Bank of Iceland, cf. paragraph 1, article 6 of Act no. 38/2001.

Prescription

All claims according to the Bills against the acceptor expire three years after maturity, cf. paragraph 1, article 70 of Act no. 93/1933 on Bills.

Taxation

All payments in respect of the Bills, by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any tax jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will not pay any additional amounts in respect of amounts withheld pursuant to such withholding or deduction.

Governing law

The governing law is Icelandic law. The Issuer irrevocably agrees that any dispute shall be subject to the exclusive jurisdiction of the District Court of Reykjavík (Héraðsdómur Reykjavíkur).

Legal action regarding the Bills may be proceeded with in accordance with Chapter 17 of the Act on Civil Procedure No. 91/1991 (Lög um meðferð einkamála).

The issued bills are governed by Act no. 93/1933 on Bills as appropriate, cf. article 35 of Act No. 131/1997 on Electronic Registration of Title to Securities.

Admission to trading

Application has been made to the OMX Nordic Exchange Iceland (the **OMX ICE**) as the competent authority in Iceland for the purpose of Directive 2003/71/EC (the **Prospectus Directive**), the Icelandic law no 33/2003, as amended and the relevant regulations based on the law for approval of this Securities Note. Application has also been made for the Bills to be admitted to trading on the regulated market of the OMX ICE, which is an EU regulated market within the meaning of Directive 2004/39/EC.

The Bills will be admitted to trading on the OMX Nordic Exchange Iceland hf, 8 August 2007. The Issuer published a prospectus 1 September 2006 in connection to the company's shares being listed on OMX ICE.

Expenses of the admission to trading

The expenses related the listing of the Bills ISK 450,000 according to OMX ICE fee structure. Annual expenses because of this listing will be fixed fee of ISK 55,000 plus a variable fee of 0.001% of the market value of the Bills according to OMX ICE fee structure. The estimated cost at the ISD is ISK 120,000. The Issuers cost relating to the preparation of the Prospectus is ISK 250,000.

10. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES AND NEW DEVELOPMENTS

Operations

Exista is a financial services company with operations in the areas of insurance and asset financing and investment activities. With centralized risk management, finance and communications, the group aims at becoming a leading financial services company with northern Europe as its primary market.

Exista aims at expanding its insurance and asset financing business, with a focus on diversification in income streams, strong cash flows and sound financial fundamentals. At the same time, Exista has ambitions to further increase and diversify its portfolio of assets in line with its mission and strategy statements.

Exista operates one of the largest non-life insurance companies in Iceland, Vátryggingafélag Íslands hf., with a market share of about 30% in the Icelandic market. Exista also operates Lífis, a life insurance company, Lýsing hf. which is the largest specialized asset financing company in Iceland and Öryggismiðstöð Íslands ehf. which offers security solutions for individuals and businesses.

Exista is the largest shareholder in Kaupthing Bank, with a 23.02% stake, the largest shareholder in Sampo Group, with a 19.93% stake, the largest shareholder in Bakkavör Group, with a 39.6% stake and the largest shareholder in Iceland Telecom, with a 43.6% stake, and has other short-term and long-term investments in a diversified portfolio.

Exista is listed on OMX Nordic Exchange Iceland hf. as EXISTA.

The following EUR/ISK exchange rates are used in comparisons in following chapters:

- Average exchange rate for the first quarter of 2006: 78.46
- Average exchange rate for the first quarter of 2007: 89.26
- Average exchange rate for the second quarter of 2006: 92.63
- Average exchange rate for the second quarter of 2007: 85.80
- Average exchange rate for the first half of 2006: 85.14
- Average exchange rate for the first half of 2007: 87.59
- Year-end exchange rate as of 31 December 2006: 94.61
- Closing exchange rate for the quarter ending 31 March 2007: 87.63
- Closing exchange rate for the quarter ending 30 June 2006: 97.38
- Closing exchange rate for the quarter ending 30 June 2007: 84.02

FINANCIAL REPORT 2006

Profitability

Exista's profit before tax in 2006 totaled ISK 38,280 million (EUR 405 million), as opposed to ISK 45,925 million (EUR 485) in 2005. Profit after taxes totalled ISK 37,409 million (EUR 395 million), as compared with ISK 50,315 million (EUR 532 million) in the prior year.

Revenues

Total revenues amounted to ISK 61,083 million (EUR 646 million) in 2006, as opposed to ISK 50,700 million (EUR 536 million) for the prior year.

Financial assets at fair value yielded capital gains of ISK 31,348 million (EUR 331 million) during 2006, as opposed to ISK 48,952 million (EUR 517 million) in 2005.

The gain on financial assets held for trading for 2006 totaled ISK 11,309 million (EUR 120 million), as opposed to a gain of ISK 960 million (EUR 10 million) during 2005. Dividend income totaled ISK 6,902 million (EUR 73 million) for 2006, as opposed to ISK 687 million (EUR 7 million) for the year 2005. This increase is largely due to an extraordinary dividend payment from Kaupthing bank in October. The dividends were paid with Exista shares, which are deducted from the Group's equity at year-end. The asset finance arm is included in the Group accounts as of 1 June. Interest income, which is generated primarily by asset finance activities, totaled ISK 4,411 million (EUR 47 million) during 2006 for the Group, but interest income was ISK 102 million (EUR 1 million) for the year 2005.

Premiums from insurance underwriting were included in the Group accounts as of 1 June and therefore cover a period of seven months. Life and non-life insurance premiums totaled ISK 6,452 million (EUR 68 million) for that seven-month period, including ISK 2,278 million in the fourth quarter.

Other revenues totaled ISK 662 million (EUR 7 million) as opposed to ISK 0 in 2005.

Expenses

Total expenses amounted to ISK 9,613 million (EUR 102 million) during the year, as opposed to ISK 245 million (EUR 3 million) for the prior year. This reflects the substantial changes that Exista has undergone in the wake of its acquisition of VÍS Holdings on 1 June and its transformation from an investment company to a financial services group.

Insurance claims were included in the Group accounts as of 1 June, totaling ISK 5,136 million (EUR 54 million) for the seven-month period.

Operating expenses for the year as a whole totaled ISK 4,476 million (EUR 47 million), as opposed to ISK 245 million (EUR 3 million) for the prior year, reflecting the substantially increased scope of Exista's operations following the addition of insurance and asset financing companies to the Group's operations.

Operating profit, financial expenses and taxes

The Group's profit before financial expenses for the year 2006 totaled ISK 51,470 million (EUR 544 million), as opposed to ISK 50,455 million (EUR 533 million) in 2005.

Interest expenses amounted to ISK 9,123 million (EUR 96 million) during the year, as compared with ISK 3,562 million (EUR 38 million) during 2005. Of the increase between years, ISK 1,651 million can be traced to the asset financing activities that were included in the Group accounts as of 1 June. The fourth quarters interest expenses amounted to ISK 3,356 million.

The net foreign exchange difference was negative in the amount of ISK 4,067 million (EUR 43 million) for the year 2006 as a whole but negative of ISK 967 million (EUR 10 million) the prior year. The Group actively manages its foreign exchange balance, but currency exposure was less than 10% of equity at year-end 2006.

Income tax was negative in the amount of ISK 872 million (EUR 9 million) for the year 2006.

INTERIM REPORT FOR THE FIRST HALF 2007

Profitability

Exista's profit before tax for the second quarter of 2007 was EUR 225 million, while in the same period a year ago it was negative in the amount of EUR 132 million. Profit before tax for the first six months of the year totalled EUR 822 million.

Profit after tax totalled EUR 221 million in the second quarter and EUR 862 million for the first six months of the year. For the first half of 2006, net earnings were negative in the amount of EUR 38 million.

Earnings per share were 7.65 cents for the period from January through June 2007, and annualised return on equity was 70.2%.

Revenues

The Group's total revenue amounted to EUR 290 million in the second quarter. Revenue amounted to EUR 958 million for the first half of the year, as opposed to EUR 75 million for the same period in 2006.

Financial assets at fair value yielded capital gains of EUR 35 million for the second quarter and EUR 73 million for the first half of 2007, while gains on financial assets totalled EUR 11 million for the first six months of 2006.

Financial assets held for trading yielded gains of EUR 36 million in the second quarter. Gains on financial assets held for trading totalled EUR 147 million during the six-month period, as opposed to EUR 21 million during the same period a year ago.

Dividend income according to the income statement totalled EUR 7 million in the second quarter and EUR 12 million for the first six months of the year. Dividend income totalled EUR 20 million during the first half of 2006. The year-on-year reduction can be explained by the fact that the dividends received for strategic holdings in financial companies are not recorded in the income statement, as they were a year ago; instead, dividends of associated companies, in the amount of EUR 135 million, are now recorded as a reduction in book value in the balance sheet.

Interest income, which is generated primarily by the Company's asset financing operations, totalled EUR 19 million during the second quarter and EUR 38 million for the first half of the year. Interest income amounted to EUR 10 million for the first half of 2006, as asset financing activities were first included in the Group accounts in June of that year.

Premium income from insurance companies was also included in the Group accounts for the first time in June 2006. Income from life and non-life insurance premiums totalled EUR 31 million during the second quarter and EUR 66 million during the first half of 2007. A reduction in premium income between quarters is due to the sale of the UK insurance company IGI in April.

Share in profit of associates totalled EUR 158 million in the second quarter and EUR 615 million for the first six months of the year. The calculation of Exista's share in the quarterly profits of the financial companies Sampo Group and Kaupthing Bank is based on the market consensus concerning these companies' profit for the period. If actual profit deviates from these estimates, the difference is recorded as income or expense in the next financial statements.

Expenses

The Group's total expenses, including insurance claims, totalled EUR 40 million for the second quarter and EUR 83 million for the first half of the year. During the first six months of 2006, however, total expenses were EUR 17 million, which reflects the effect that the addition of insurance and asset finance businesses has had on the Group's operations.

Life and non-life insurance claims, which were first included in the Group accounts in June 2006, totalled EUR 25 million in the second quarter and EUR 51 million for the first six months of the year.

Operating expenses totalled EUR 15 million in the second quarter and EUR 32 million for the first six months of 2007. Operating expenses amounted to EUR 9 million in the first half of 2006.

Operating profit, financial expenses, and taxes

Profit before financial expenses amounted to EUR 250 million for the second quarter, while it was negative in the amount of EUR 88 million during the same period a year ago. Profit before financial expenses totalled EUR 875 million for the first six months of the year, as opposed to EUR 58 million during the same period in 2006.

Interest expenses totalled EUR 78 million in the second quarter and EUR 135 million for the first six months of the year. Interest expenses were EUR 39 million for the first half of 2006.

The foreign exchange difference was positive in the amount of EUR 53 million during the second quarter, and EUR 82 million for the first six months of the year, whereas it was negative in the amount of EUR 61 million in the first half of 2006. In this context, it should be noted that Exista's accounting currency is now the euro instead of the Icelandic króna. This has led to changes in the Group's currency hedging. In accordance with IFRS hedge accounting, currency hedging is now recorded in the Group accounts as a change in equity offsetting the translation reserve.

Income tax amounted to EUR 3 million in the second quarter and was positive in the amount of EUR 40 million for the first six months of the year. This is explained by the deferred income tax liability that was dissolved in the first quarter.

Key Figures - Exista hf.

Consolidated Income Statement in EUR

(EUR millions)	Jan-Jun 2007	Jan-Jun 2006	Change
Financial assets designated at fair value	73.5	11.2	62.2
Financial assets held for trading	147.3	21.3	125.9
Dividends	12.0	19.6	-7.7
Interest income	37.8	10.2	27.6
Insurance premium	65.8	11.5	54.4
Share in profit of associates	615.3	0.0	615.3
Other revenue	6.6	1.1	5.5
Revenue	958.2	74.9	883.3
Insurance claims	-51.0	-7.4	-43.6
Operating expenses	-32.2	-9.4	-22.8
Expenses	-83.2	-16.8	-66.4
Profit before financial expenses	875.0	58.1	816.9
Interest expense	-134.6	-39.1	-95.5
Foreign exchange difference	81.8	-61.0	142.8
Profit (loss) before tax	822.1	-42.1	864.2
Income tax	39.9	3.7	36.3
Profit (loss) for the period	862.1	-38.4	900.5

(EUR millions)	Q2 2007	Q1 2007	Q4 2006	Q2 2006	Q2 2006
Financial assets designated at fair value	35.3	38.2	24.6	309.0	-95.7
Financial assets held for trading	36.4	110.8	103.8	2.9	1.0
Dividends	6.9	5.0	58.3	0.5	0.2
Interest income	19.3	18.4	22.8	16.8	9.1
Insurance premium	30.6	35.2	25.6	35.0	10.5
Share in profit of associates	158.3	457.0	0.0	0.0	0.0
Other revenue	3.3	3.3	2.5	3.7	1.1
Revenue	290.2	668.0	237.5	368.0	-73.7
Insurance claims	-24.5	-26.5	-21.8	-28.1	-6.8
Operating expenses	-15.5	-16.7	-17.6	-23.2	-7.3
Expenses	-40.0	-43.2	-39.4	-51.2	-14.1
Profit (loss) before financial expenses	250.2	624.8	198.0	316.8	-87.9
Interest expense	-78.2	-56.4	-37.7	-26.7	-21.3
Foreign exchange difference	52.7	29.0	-8.0	20.2	-23.0
Profit (loss) before tax	224.7	597.5	152.3	310.3	-132.2
Income tax	-3.3	43.2	-4.8	-8.3	6.3
Profit (loss) for the period	221.4	640.7	147.4	302.0	-125.9

Consolidated Balance Sheet

Assets

Exista's total assets amounted to EUR 7,709 million as of 30 June 2007, an increase of EUR 3,314 million, or 75%, since the beginning of the year. The increase is explained in part by the Company's purchase of its stake in the Nordic financial services company Sampo Group.

Financial assets at fair value totalled EUR 991 million at the end of June. This is a decrease of EUR 1,281 million, or 56%, since the beginning of the year. The main reason for this change is that the Group's share in Kaupthing Bank is no longer entered at fair value, as it was last year, but rather accounted for by equity method, as a share in the profit of an associate. Listed shares, which totalled approximately EUR 769 million, consist primarily of shares in Bakkavör Group (EUR 706 million). Shares in unlisted companies, which totalled EUR 222 million, consist largely of shares in Skipti, Iceland Telecom (EUR 161 million). Unlisted shares are recorded at the original purchase price.

Financial assets held for trading totalled EUR 643 million at the end of the second quarter, after having decreased by roughly EUR 194 million since the beginning of the year. The vast majority of financial assets held for trading, or EUR 531 million, are listed equities, bonds, and funds.

Loans and accounts receivable totalled some EUR 769 million at the end of June, up 9% since the beginning of the year, and are mostly due to the Group's asset financing activities. Asset financing agreements and loans totalled EUR 697 million at the end of the second quarter.

The Group's goodwill was valued at EUR 505 million as of the end of June and is due to the purchase of insurance and asset financing businesses. During the second quarter, the Group completed the allocation of its goodwill, which accounts for less than 7% of total assets.

Holdings in associated companies were valued at EUR 4,612 million at the end of June. A substantial portion of these holdings is the Group's stake in the financial services companies Sampo Group and Kaupthing Bank. In the Company's accounts, the book value of these assets is EUR 19 million under market value according to the market price of 30 June.

Reinsurance assets totalled EUR 14 million at the end of June. Operational assets totalled EUR 28 million, while cash and cash equivalents amounted to EUR 110 million at the end of the second quarter, an increase of 44% since the beginning of the year. Other assets totalled EUR 31 million.

Liabilities and equity

Exista's total liabilities amounted to EUR 4,882 million as of 30 June 2007, which is an increase of EUR 2,387 million since the beginning of the year. In broad terms, Exista's liabilities consist of borrowings and technical provisions.

Borrowings totalled EUR 4,575 million at the end of June, an increase of approximately EUR 2,392 million since the beginning of the year. Of Exista's outstanding borrowings at the end of the quarter, EUR 643 million is related to asset financing activities.

Technical provisions totalled EUR 255 million at the end of the second quarter, after having increased by roughly EUR 31 million since the beginning of the year.

The Group's deferred income tax liability amounted to EUR 28 million at the end of June, as opposed to EUR 60 million at the beginning of the year.

The Group's equity totalled EUR 2,828 million as of 30 June 2007, which is an increase of EUR 928 million, or 49%, since the beginning of the year.

The Group's equity ratio was 36.7% as of 30 June 2007; however, the equity ratio was 39.6% if the Company's asset financing activities are excluded. The legally required minimum CAD ratio for asset financing businesses in Iceland is 8%, whereas Lýsing's CAD ratio was 11.49% at the end of June.

Consolidated Balance Sheet

(EUR millions)	30 Jun 2007	31 Dec 2006	Change
Assets			
Financial assets designated at fair value	991	2,273	-56%
Financial assets held for trading	643	837	-23%
Loans and accounts receivable	769	704	9%
Goodwill and other intangibles	512	465	9%
Associates	4,612	0	
Reinsurance assets	14	16	-14%
Operational assets	28	12	130%
Cash and cash equivalents	110	76	44%
Other assets	31	13	192%
Total assets	7,709	4,395	75%
Equity			
Share capital	121	112	7%
Statutory reserves	23	23	0%
Capital reserves	892	698	28%
Other reserves	-8	0	
Retained earnings	1,800	1,061	70%
Shareholders' equity	2,827	1,894	49%
Minority interest	0	6	
Total equity	2,828	1,900	49%
Liabilities			
Borrowings	4,575	2,183	110%
Technical provisions	255	224	14%
Deferred Income tax liability	28	60	-54%
Other liabilities	24	28	-15%
Total liabilities	4,882	2,495	96%
Total equity and liabilities	7,709	4,395	75%

Exista with 19,93% shareholding in Finnish Group Sampo

On 25 July it was announced that the total number of Sampo A-shares controlled by Exista has risen to 19,93 per cent of Sampo's issued share capital.