

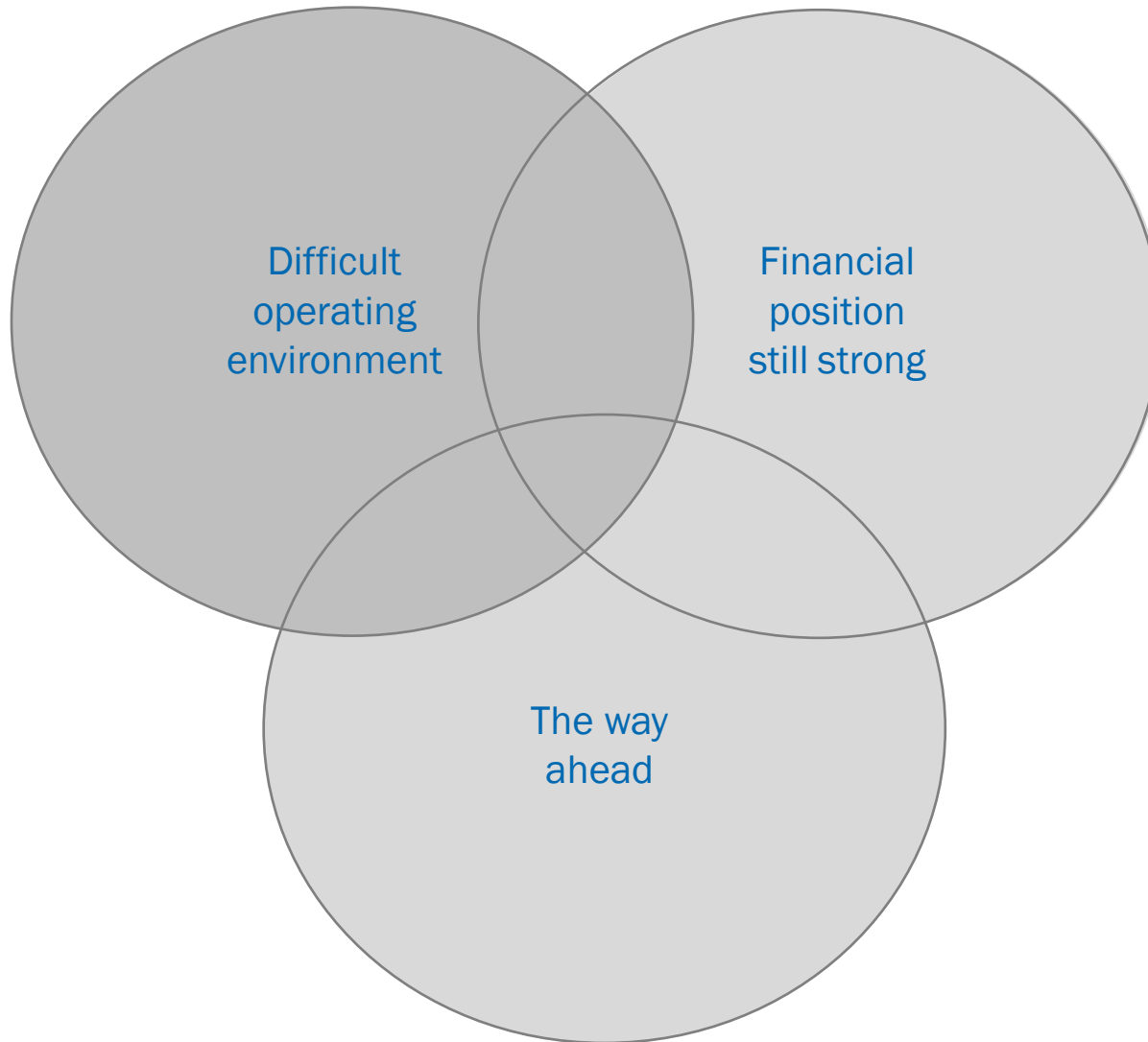
# Q4 and 2008 results

Chief Executive Officer  
William Fall

Chief Financial Officer  
Stephen Jack

# Key messages

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# Operating environment difficult

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Ongoing market deterioration despite massive Government intervention

Regulatory uncertainty

Gathering global economic distress

Political changes in Iceland

# Our survival

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Repositioning  
of risk profile

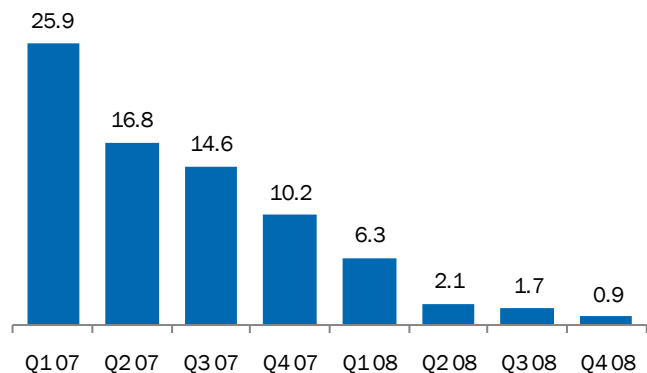
Diversification  
of business model

Capital and liquidity  
management

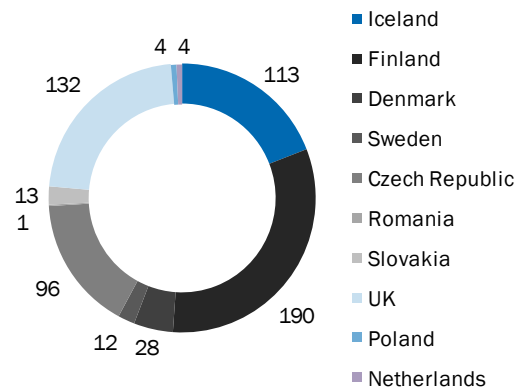
Cost  
control

# De-risking and diversification – our survival

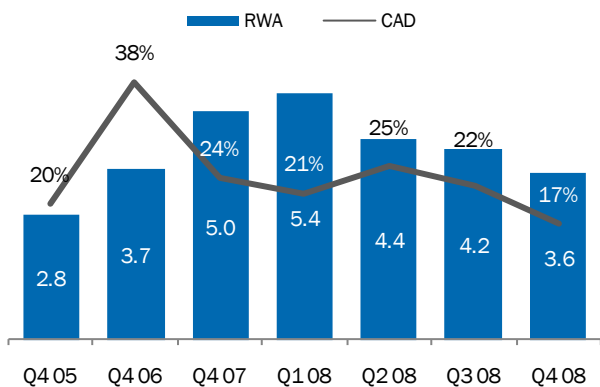
VaR – Trading book € m



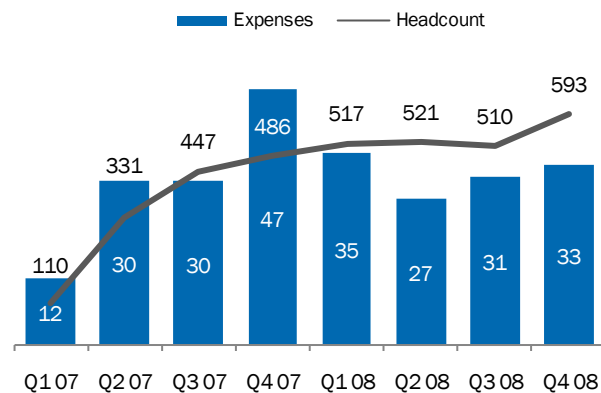
593 employees in 10 countries



CAD ratio and risk weighted asset (RWA) € bn

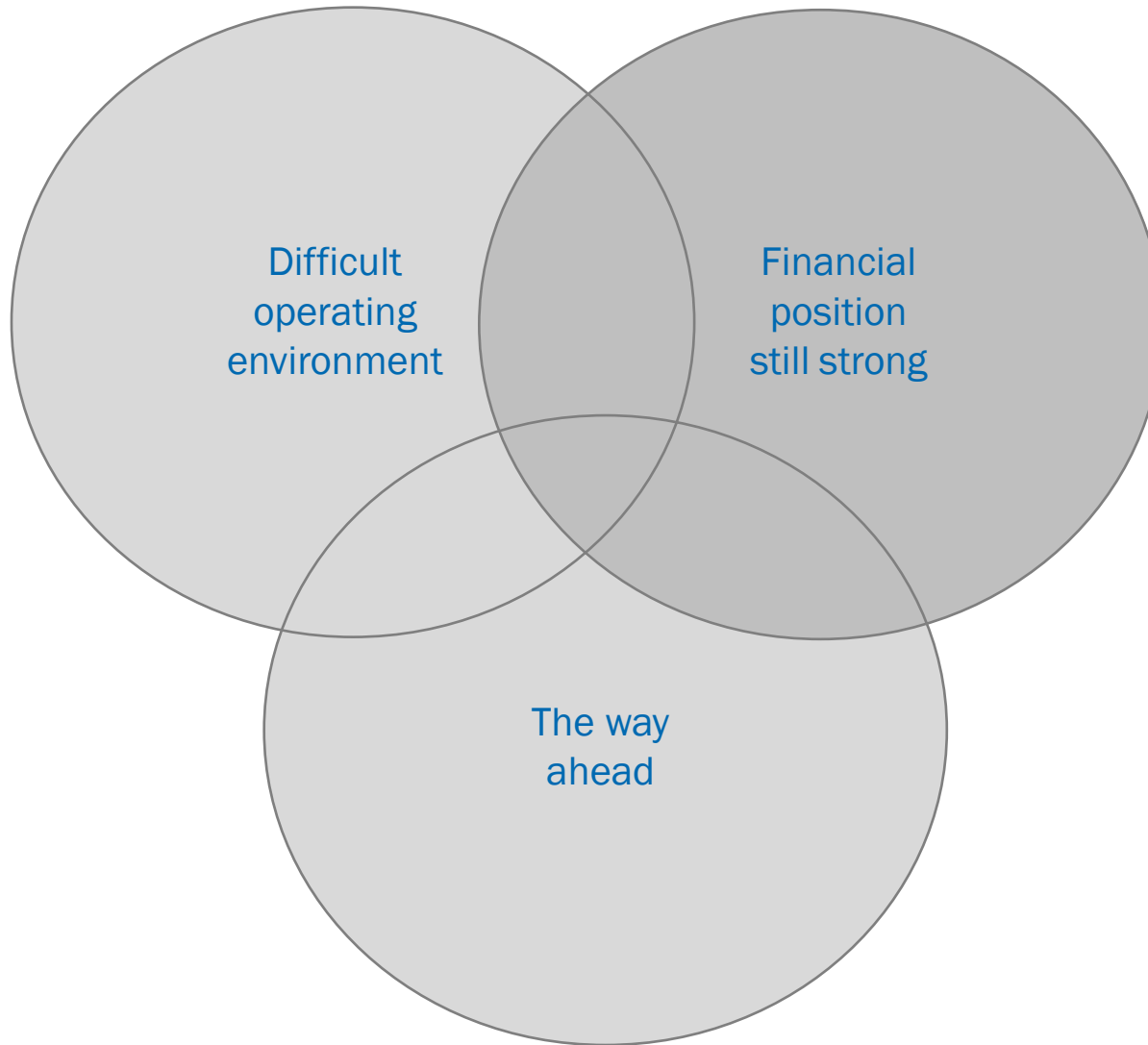


Headcount and Expenses € m



# Key messages

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# Financial performance in 2008

€ m	2008	2007
Net Interest Income	76.3	68.8
Net fees and commissions	104.6	131.3
Net financial income	(103.0)	111.4
Other operating income	7.9	18.5
<b>Operating income</b>	<b>85.8</b>	<b>330.0</b>
Operating expenses	(125.8)	(118.9)
<b>Gross loss / (profit)</b>	<b>(40.1)</b>	<b>211.1</b>
Impairment - loans and receivables	(413.5)	(20.2)
Impairment - intangible assets	(327.7)	-
Share of profit of associates	0.7	-
<b>Loss / (profit) before taxes</b>	<b>(780.6)</b>	<b>191.0</b>
Tax	81.3	(28.0)
<b>Loss / (profit) after tax</b>	<b>(699.3)</b>	<b>162.9</b>
Total assets	3,426	7,137
CAD ratio	16.9%	23.7%

## Commentary 2008

- Client income sustained despite difficult markets
- Net financial losses reflect challenging markets and recent developments in Iceland
- Operating expenses under control
- Significant impairments of loans because of global and Icelandic credit conditions
- Balance sheet de-risked and significantly reduced
- Capital position remains strong despite loss for the year
- Impairment of intangibles (goodwill)
  - Based on 2008 performance and general 2009 market outlook
  - No impact on regulatory capital
  - No cash or tax effects

# Financial performance in Q4 2008

€ m	Q4 08	Q3 08	Q2 08
Net Interest Income	14.4	14.8	23.9
Net fees and commissions	21.4	26.5	25.9
Net financial income	(4.3)	(73.6)	(36.0)
Other operating income	3.8	1.2	1.5
<b>Operating income</b>	<b>35.4</b>	<b>(31.1)</b>	<b>15.3</b>
Operating expenses	(33.1)	(30.7)	(26.9)
<b>Gross profit/(loss)</b>	<b>2.3</b>	<b>(61.9)</b>	<b>(11.6)</b>
Impairment - loans and receivables	(291.2)	(106.8)	(8.0)
Impairment - intangible assets	(327.7)	-	-
Share of profit of associates	0.7	(0.2)	(0.5)
<b>Loss before taxes</b>	<b>(615.9)</b>	<b>(168.9)</b>	<b>(20.2)</b>
Tax	41.4	23.4	18.7
<b>Loss after tax</b>	<b>(574.5)</b>	<b>(145.5)</b>	<b>(1.4)</b>

## Commentary Q4 2008

- Client income satisfactory considering difficult markets
- Product and geographical diversity still maintaining income momentum
- Financial income benefits from “one off” items
- Impairment of loans relate mainly to Icelandic exposures
- Impairment of intangibles result of independent year end review

# Net financial income driven by market events

€ m	Q4 08	Q3 08
Net Interest Income	14.4	14.8
Net fees and commissions	21.4	26.5
<b>Net financial income</b>	<b>(4.3)</b>	<b>(73.6)</b>
Other operating income	3.8	1.2
Operating income	35.4	(31.1)
Operating expenses	(33.1)	(30.7)
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Share of profit of associates	0.7	(0.2)
Loss before taxes	(615.9)	(168.9)
Tax	41.4	23.4
Loss after tax	(574.5)	(145.5)

## Commentary

- October events in Iceland led to:
  - Write back of losses on derivative contracts in default
  - Significant FX gain on open positions
- Continuing falls in markets contributed to asset write downs

Net financial loss 2008	€ m
Losses on trading assets	(32.9)
Losses on fair value & AFS assets	(174.4)
FX gains	101.4
Dividend income	2.9
<b>Net financial loss</b>	<b>(103.0)</b>

Net financial loss Q4	€ m
Losses on trading, fair value & AFS assets	(215.1)
Gain from write back on derivative contracts	99.6
FX gains	111.2
<b>Net financial loss</b>	<b>(4.3)</b>

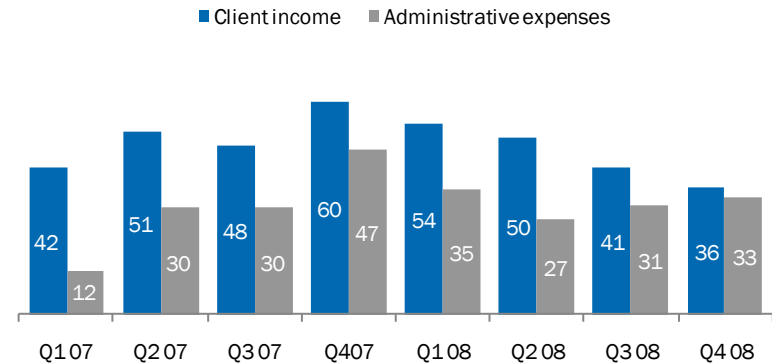
# Expenses are under control

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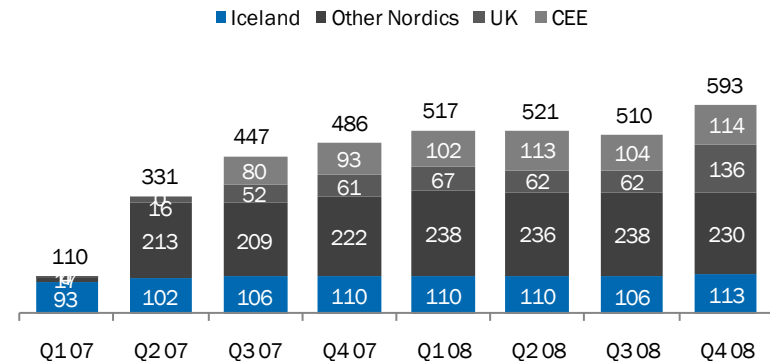
## Commentary

- Cost base is stable
- Headcount increases in UK and cost increases due to recruitment of Teathers team in Q4

Client driven income and operating expenses € m



Headcount



# Impairments

€ m	Q4 08	Q3 08
Net Interest Income	14.4	14.8
Net fees and commissions	21.4	26.5
Net financial income	(4.3)	(73.6)
Other operating income	3.8	1.2
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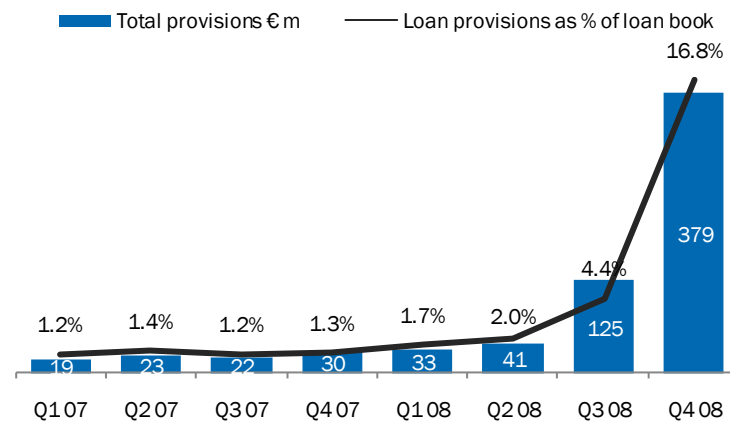
## Commentary

- Watch list impairments increased in line with global credit concerns
- Significant impairments arose on loans secured by, or related to, by Banks in Administration
- Intangibles impaired in line the with 2008 performance and general market outlook

## Income statement € m

	H1 08	Q3 08	Q4 08	2008
<b>Watch list exposures</b>				
Iceland	1	38	73	112
Other countries	14	34	82	130
Total watch list exposures	15	71	155	242
<b>Exceptional provisions</b>				
Lehman	0	35	4	40
Banks in Admin and related parties	0	0	132	132
Total exceptional provisions	0	35	136	172
Impairments on loans and receivables	15	107	291	413
Impairments on intangible assets	0	0	328	328
<b>Total impairments</b>	<b>15</b>	<b>107</b>	<b>619</b>	<b>741</b>

## Balance sheet position € m

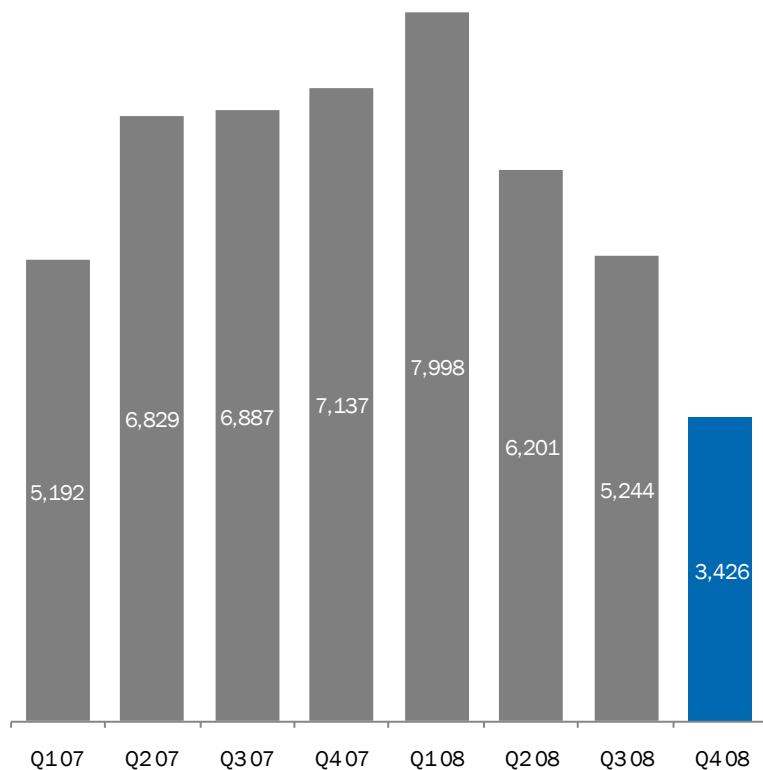


# Balance sheet development

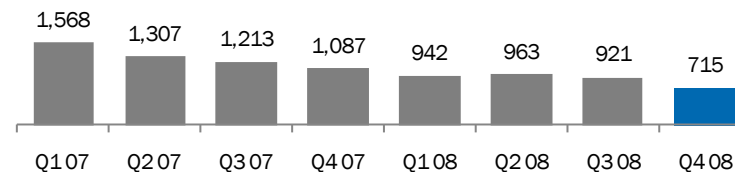
## Commentary

- Balance sheet substantially reduced due to:
  - Deliberate de-risking
  - Assets sales
  - Impairments
  - Netting down of claims with Banks in Administration

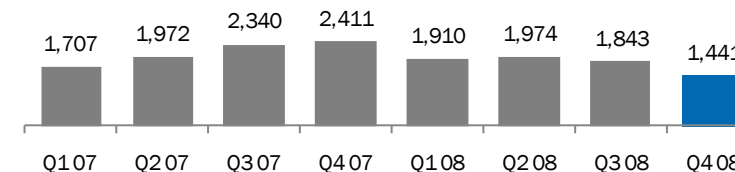
## Gross assets € m



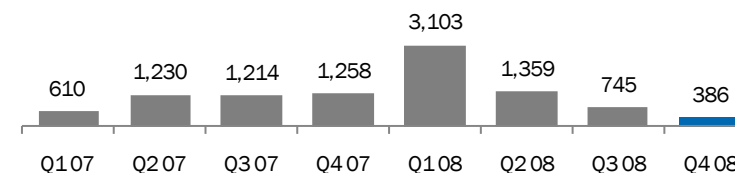
## Equities € m



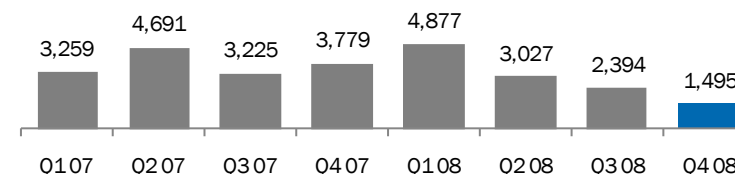
## Loans € m



## Debt instruments € m

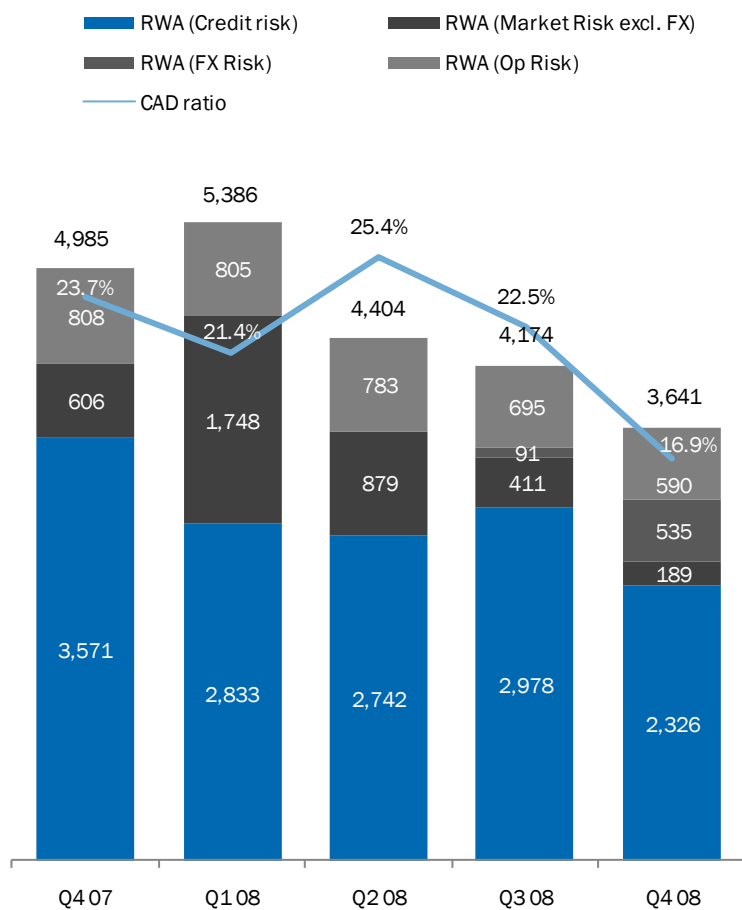


## Borrowings € m

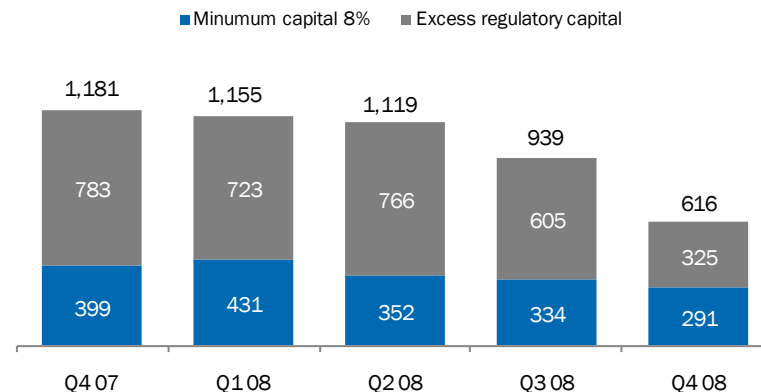


# Capital strength substantially preserved

CAD ratio and risk weighed assets € m



Total own funds € m

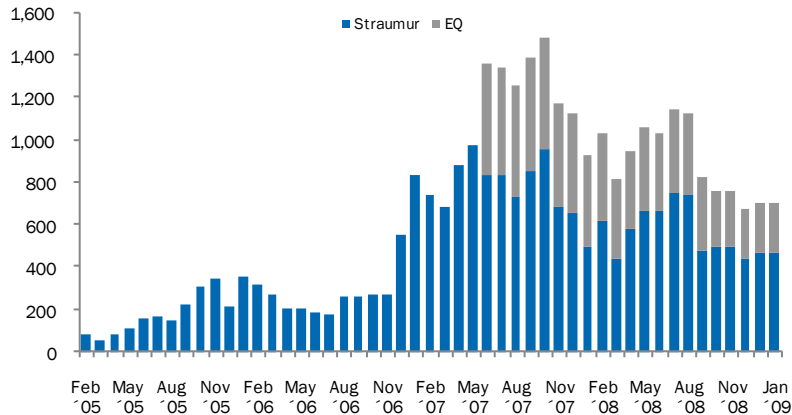


## Commentary

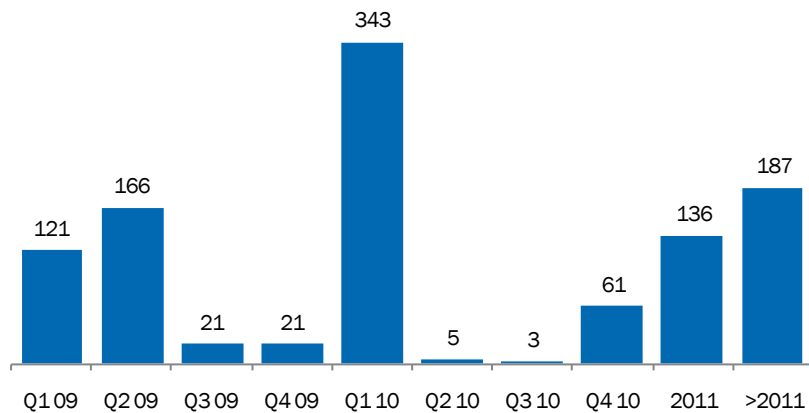
- Straumur has maintained a significant capital buffer despite market turmoil & exceptional events in Iceland
- Impairment of intangibles does not reduce Tier 1 capital
- Unhedged FX positions are creating significant short term pressure on capital requirements (normalised capital adequacy ratio 19.2%)
- Straumur business model in 2009 is less capital intensive

# Managing liquidity through tight markets

## Deposits – monthly development € m



## Maturity of long term funding € m



## Current position

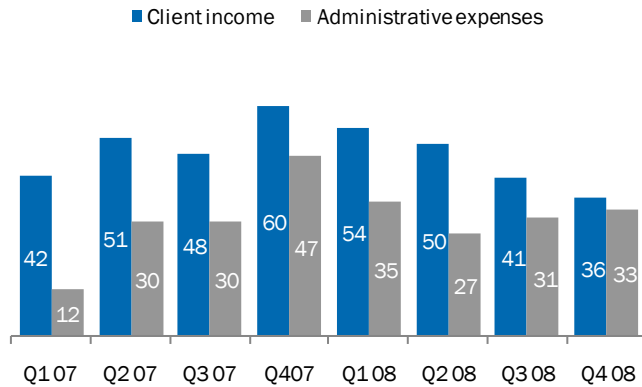
- Position now stabilised after pressure of October and November
- Recovery in deposits
- Continued focus on selling or exchanging assets
- The bank continues to meet all its obligations as they fall due

## Outlook

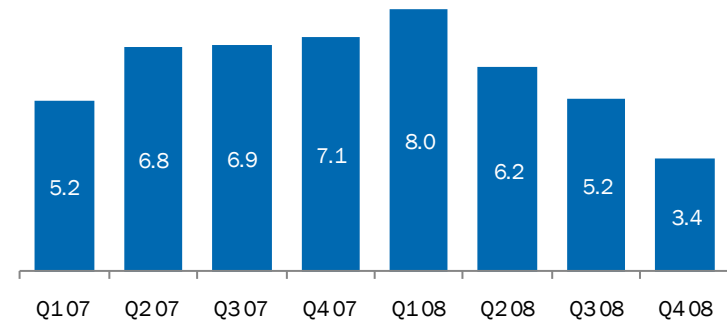
- Cash flow forecast is based on deposit and disposal programmes
- Near term repayments should be met from mandated asset sales (a number well advanced)
- Then no significant funding challenges until March 2010

# Straumur financial position is still strong

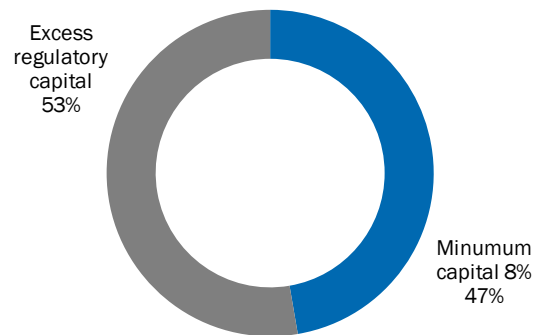
## Client based income > expenses € m



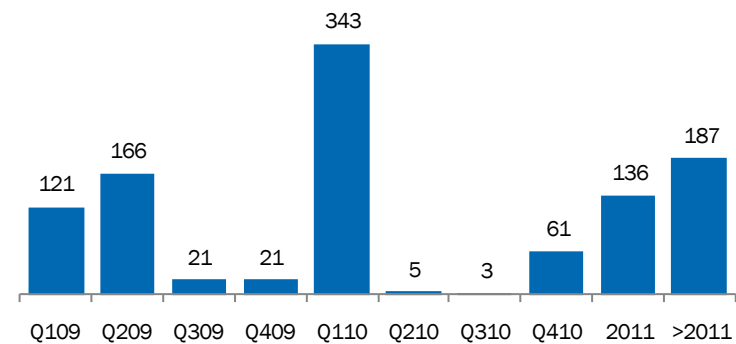
## Reducing balance sheet € bn



## Excess regulatory capital of € 325m

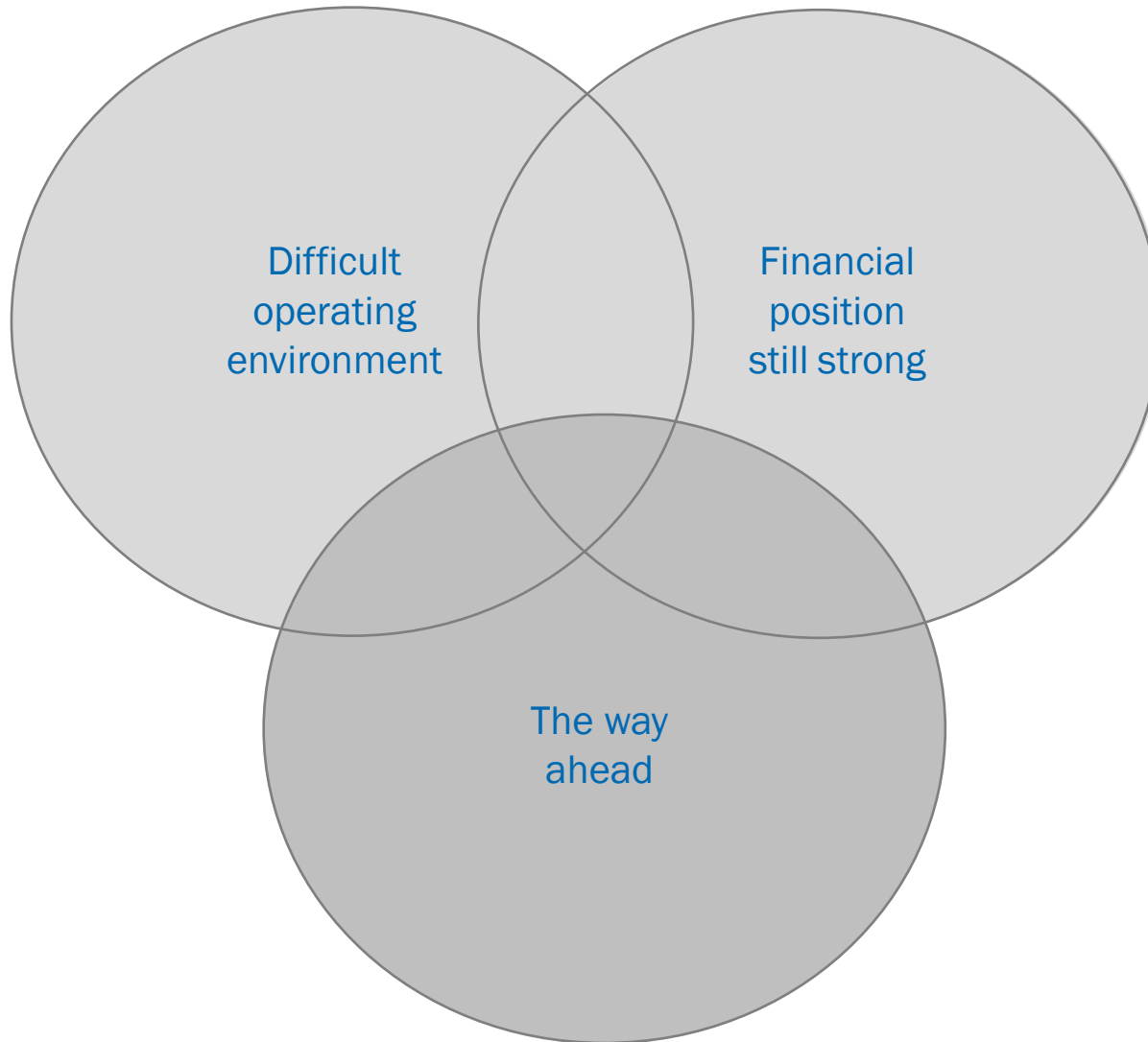


## Helpful maturity of long term funding € m



# Key messages

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# Our strategy

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To create a pan regional investment bank  
with international distribution

**Continue** to grow advisory and broking client base leveraging the breadth of the platform

**Continue** to reposition the platform to reduce balance sheet and risk, with expectations of further asset erosion in 2009

**Continue** to build the four main business lines

- Investment Banking
- Securities
- Asset Management
- Merchant Banking

**Continue** to shape the bank to maximise shareholder value across our footprint

# Near-term goals

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## Weathering the storm

- Building liquidity
  - Asset sales
  - Stabilising deposit-gathering
- Meeting upcoming debt maturities
- Preserving capital through active restructuring and work-outs

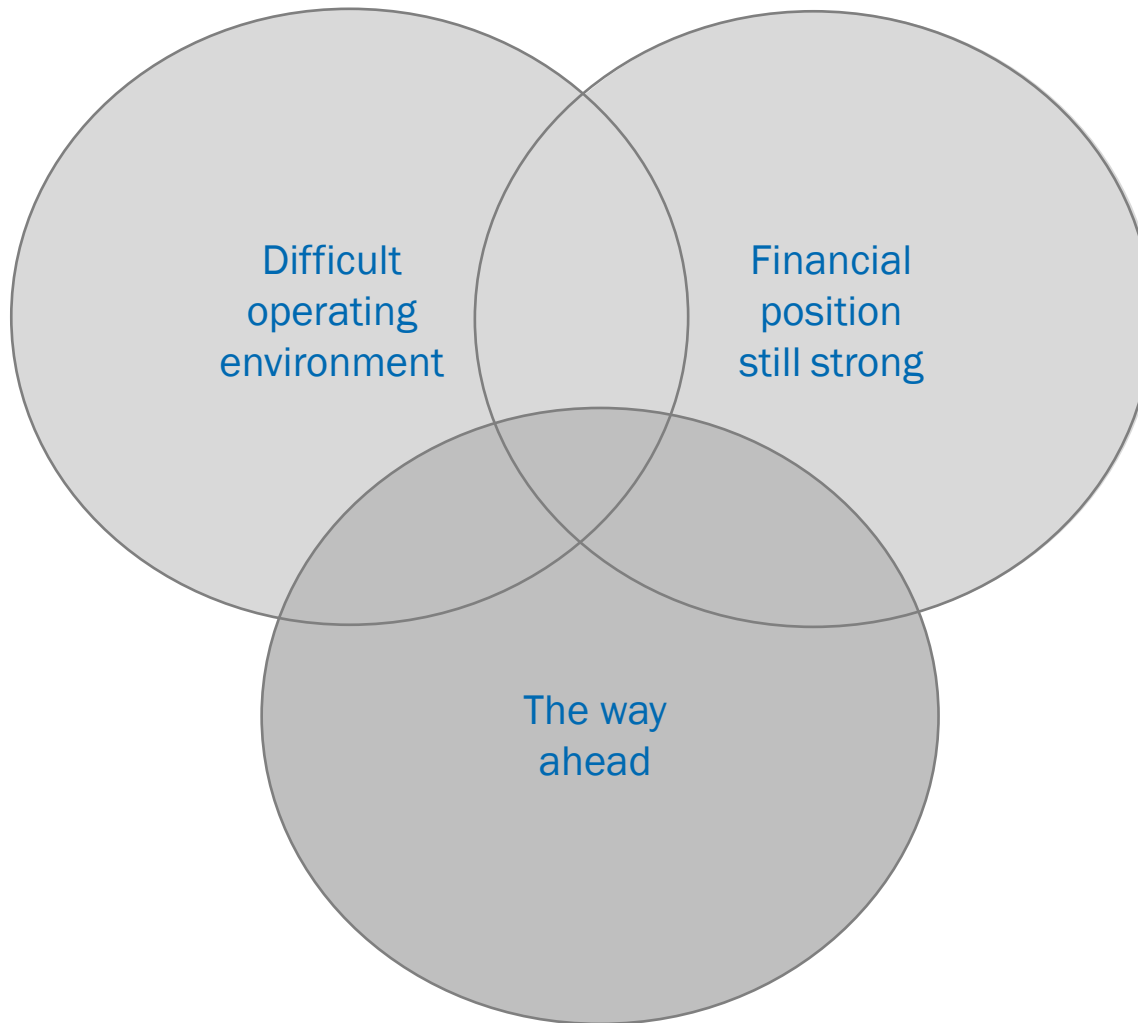
## Retaining the momentum for eventual market recovery

- Maintaining client-driven revenues
- Investing in a platform to match market circumstances
- Key staff retention and platform stability
  - Ongoing equity distribution across company
  - Rotations across growing footprint
  - Alignment across footprint activities

# Key messages

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We have  
faced  
extraordinary  
challenges,.....



surviving the  
initial market  
shocks, as a  
result of our  
business model  
and capital  
strength,.....

.....and positioned for eventual market recovery

# Appendix

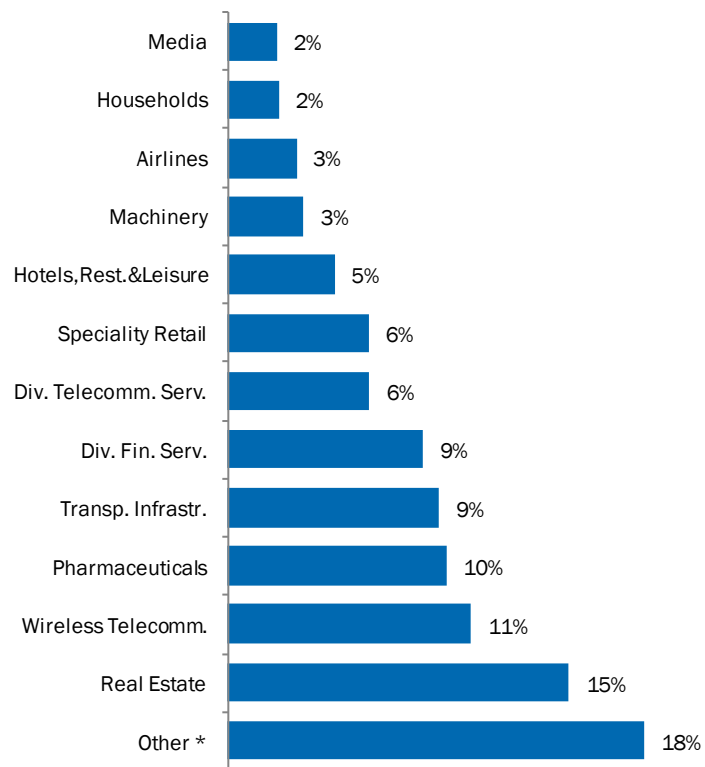
# Profit loss in Q4 2008

€ m	Q4 08	Nov-Dec 08	Oct 08
Net Interest Income	14.4	11.7	2.7
Net fees and commissions	21.4	12.8	8.7
Net financial income	(4.3)	(70.6)	66.3
Other operating income	3.8	3.0	0.8
<b>Operating income</b>	<b>35.4</b>	<b>(43.1)</b>	<b>78.5</b>
Operating expenses	(33.1)	(24.1)	(9.0)
<b>Gross profit/(loss)</b>	<b>2.3</b>	<b>(67.1)</b>	<b>69.4</b>
Impairment - loans and receivables	(291.2)	(46.6)	(244.6)
Impairment - intangible assets	(327.7)	(327.7)	0.0
Share of profit of associates	0.7	0.7	0.0
<b>Loss before taxes</b>	<b>(615.9)</b>	<b>(440.8)</b>	<b>(175.1)</b>
Tax	41.4	16.8	24.6
<b>Loss after tax</b>	<b>(574.5)</b>	<b>(424.0)</b>	<b>(150.6)</b>

# Asset quality

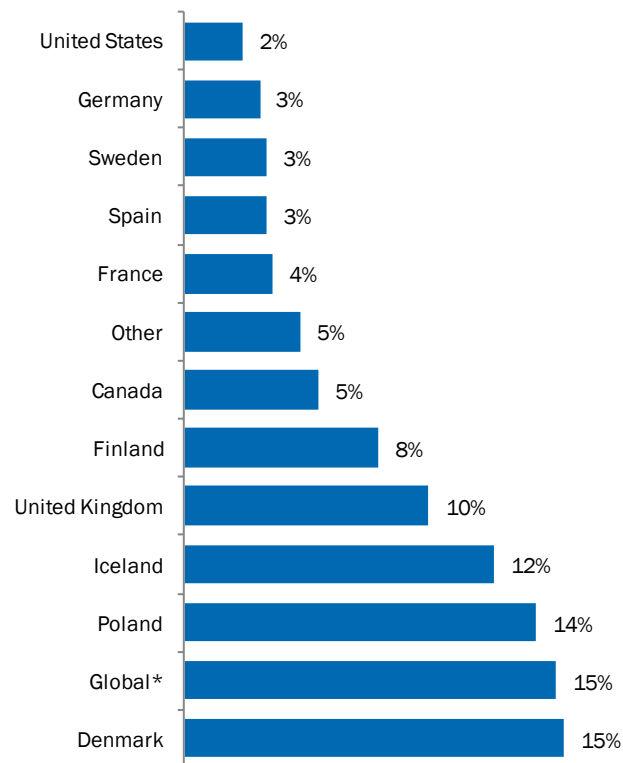
## Total assets (risk weighted basis)

### Breakdown by sector 31.12 2008



\* Other = No exposure larger than 2%

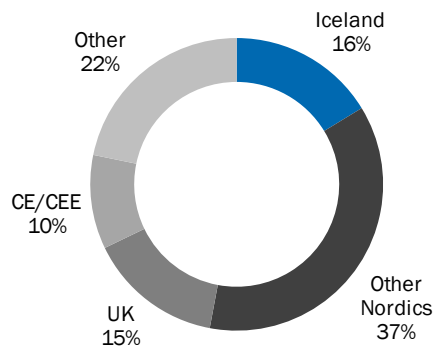
### Geographical breakdown 31.12 2008



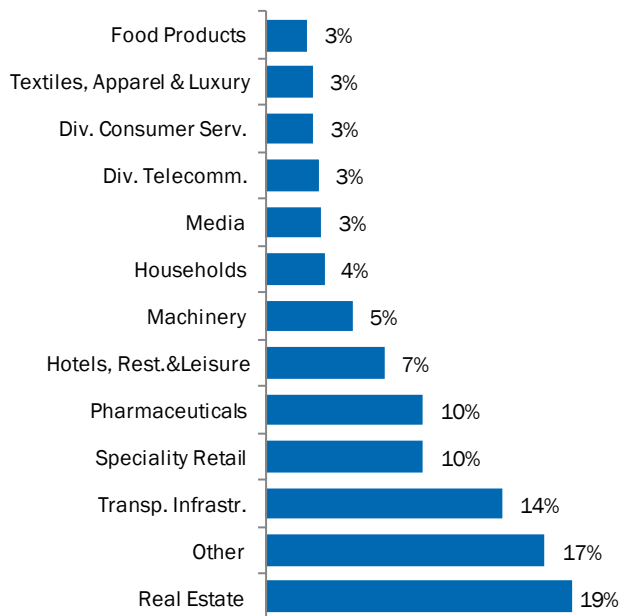
\* Global = Multinational corporations

# Loan portfolio – more diversified

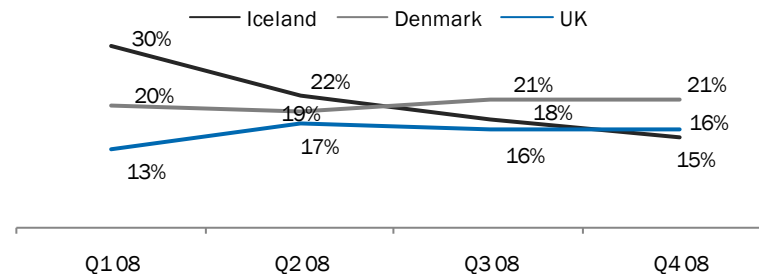
## Geographical breakdown 31.12 2008



## Breakdown by sector 31.12 2008



## Largest exposures - countries



## Largest loan exposures 31.12 2008

Country	Value € m
Global	131
Canada	119
UK	93
Denmark	80
UK	76
Denmark	69
Spain	53
Iceland	52
Finland	49
Finland	45
Denmark	40
Iceland	38
UK	34
Denmark	26
Sweden	25
Iceland	24
Denmark	20
Denmark	20
Denmark	19
United States	17
<b>Total top 20 loans</b>	<b>1,030</b>
Other loan exposures	411
<b>Total loan portfolio</b>	<b>1,441</b>

# Financial assets

€ m	Trading assets	Pledged assets	Fair value assets	AFS & AHS assets	Total Q4 2008	Total Q3 2008
Debt instruments	115	47	-	224	386	745
Equities	14	27	596	77	715	921
Derivatives	41	-	-	-	41	101
<b>Total financial assets</b>	<b>171</b>	<b>74</b>	<b>596</b>	<b>301</b>	<b>1,142</b>	<b>1,767</b>

## Largest listed and unlisted equity investments 31.12 2008

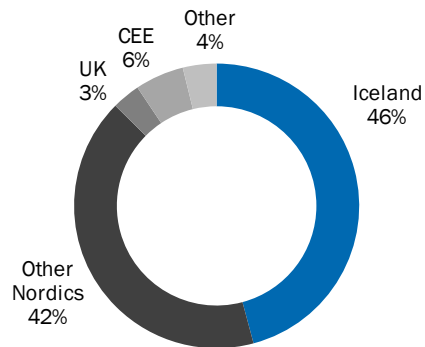
Listed equity holdings	Value €	Country	Sector
Netia	75	Poland	Div. Telecomm. Services
Hungarian Telephone & Cable	10	Hungary	Div. Telecomm. Services
Nýherji hf.	2	Iceland	IT Services
Reinhold Polska AB	1	Poland	Real Estate
Amer Sports oyj A SHS	1	Finland	Leisure Equipment & Products
Other*	23		
<b>Total listed equity investments</b>	<b>112</b>		

\* Hedging positions € 18m included

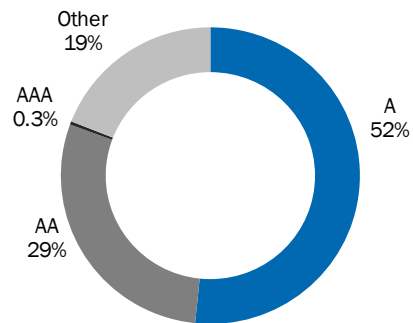
Unlisted equity holdings	Value €	Country	Sector
P4	242	Poland	Wireless Telecomm. Services
Actavis Pharma Holding 1 hf	80	Global	Pharmaceuticals
XLH Holdings S.á.r.l	57	France	Airlines
Julia Capital Management	30	Global	Div. Financial Services
RAM Defender Fund	20	Global	Div. Financial Services
Other	173		
<b>Total unlisted equity investments</b>	<b>603</b>		

# Financial assets – debt instruments

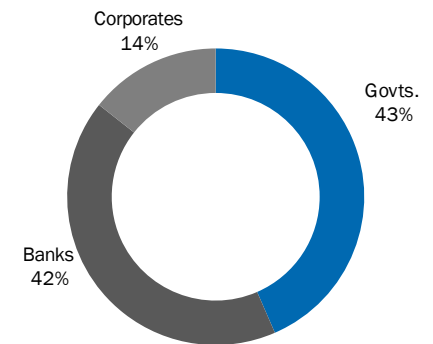
Breakdown by geography  
31.12 2008



Breakdown by credit quality  
31.12 2008

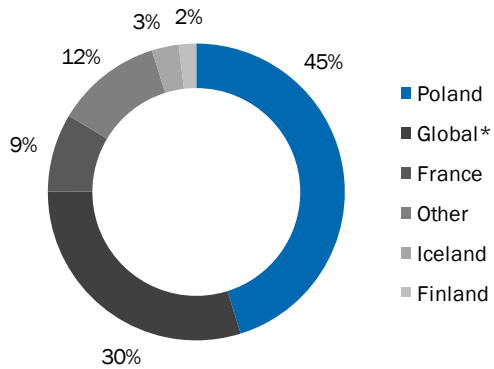


Breakdown by type  
31.12 2008



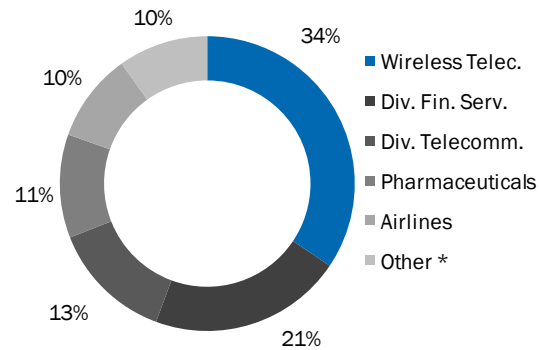
# Financial assets – equities

Breakdown by geography  
31.12 2008



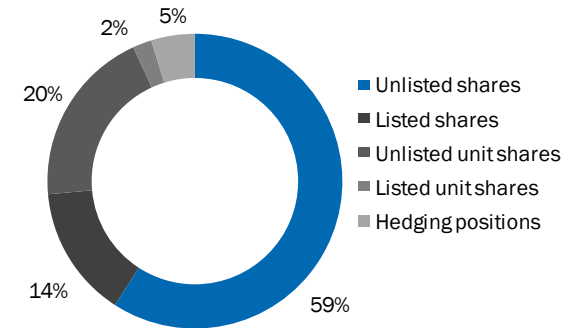
\* Global = Multinational corporations

Breakdown by sector  
31.12 2008



\* Other = No exposure larger than 3%

Breakdown by type  
31.12 2008



# Disclaimer

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