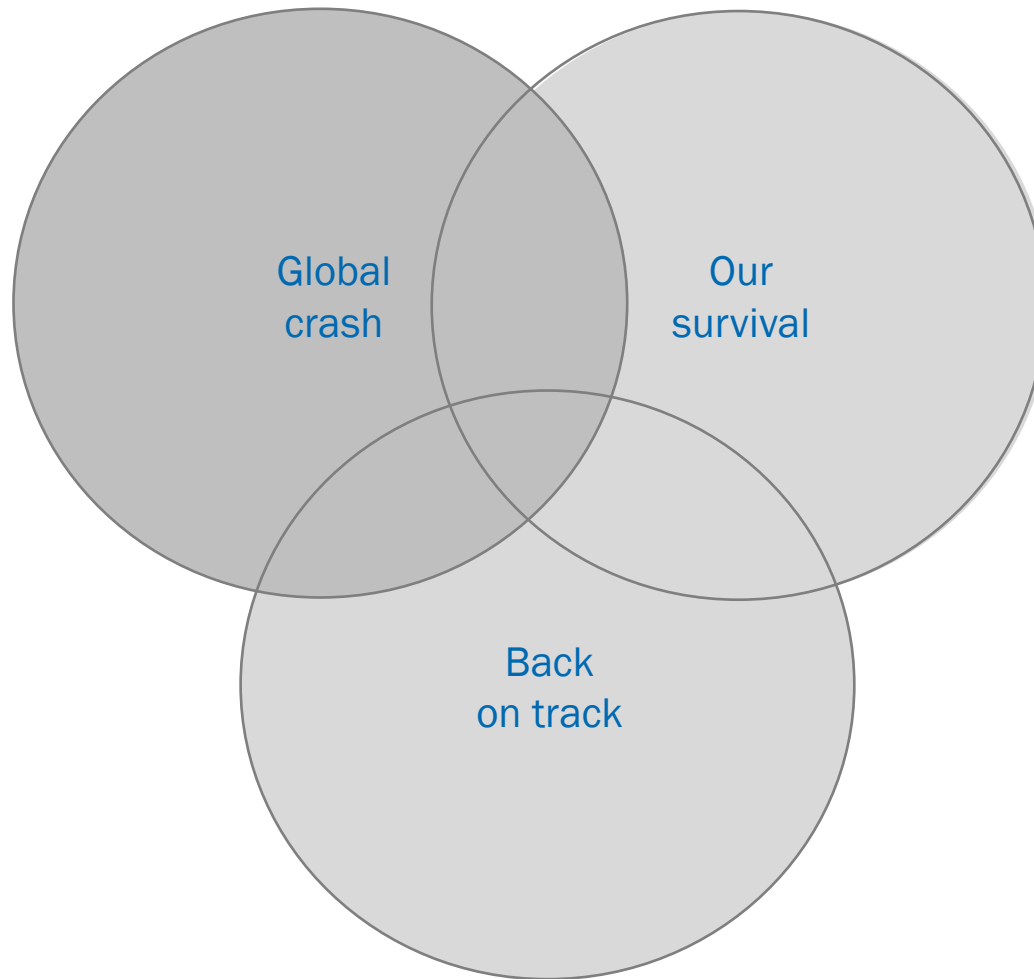


Q3 and October 2008 outlook and results

Chief Executive Officer
William Fall

Chief Financial Officer
Stephen Jack

Key messages



The incredible situation in global markets

ISK/EUR (-51%)



Citi (-92%)



CDS - 5 Year ITRAXX (+164%)



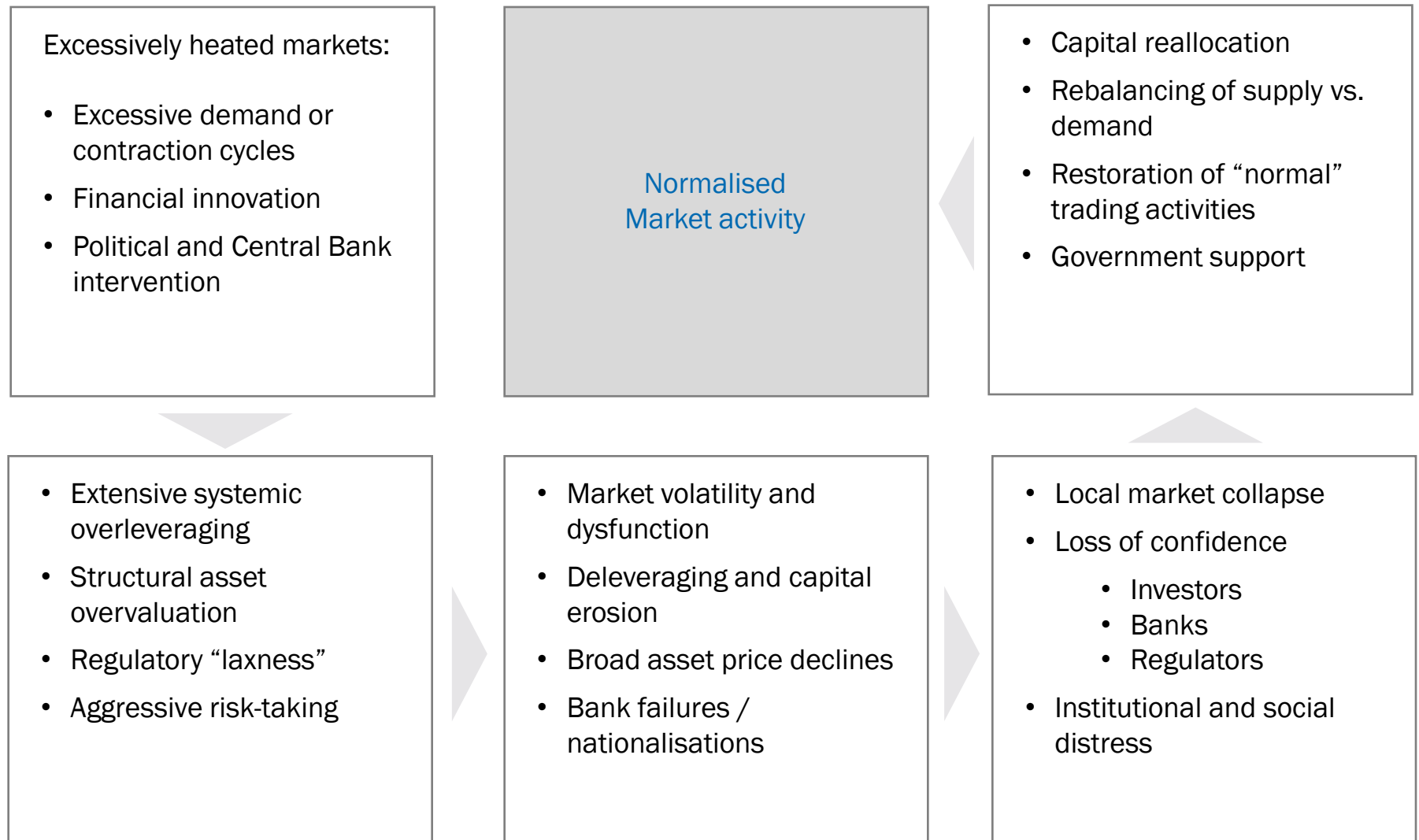
VIX (+307%)



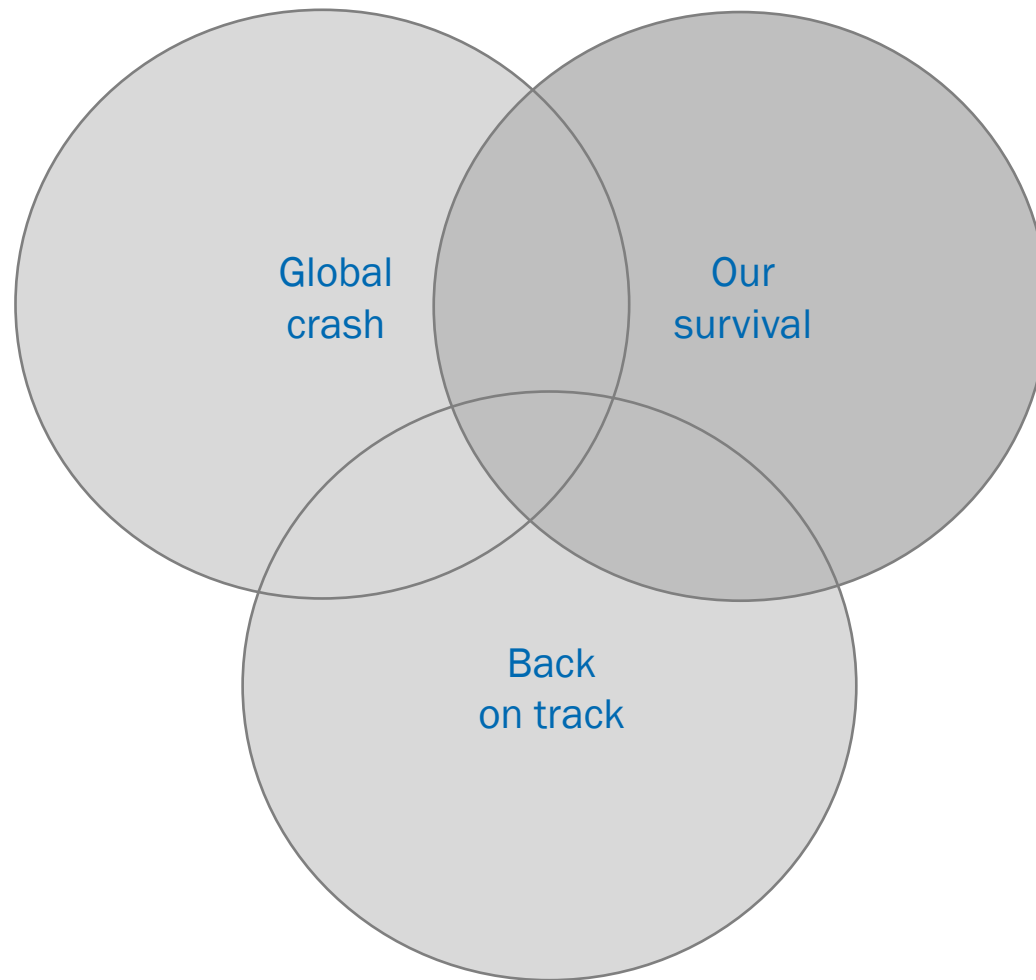
Source: Bloomberg - Changes from 1 October 2007

VIX, a popular measure of the implied volatility of S&P 500 index options. Often referred to as the fear index, it represents one measure of the market's expectation of volatility over the next 30 day period.

Global crash



Key messages



Our survival

Repositioning of risk

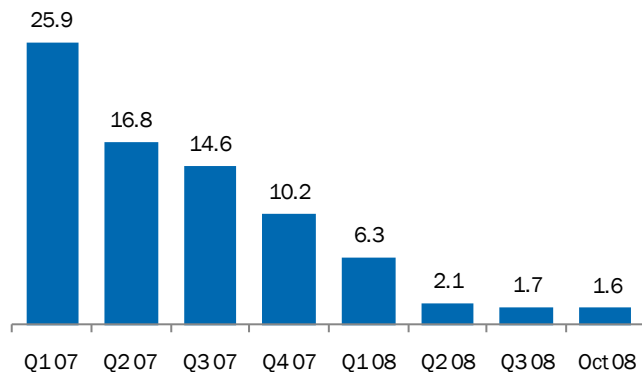
- Risk positions reduced over last 18 months
- Reduction in loan portfolio and equity
- Ongoing asset sales
- Smaller and less leveraged balance sheet leading to capital strength

Definition and diversification of business model

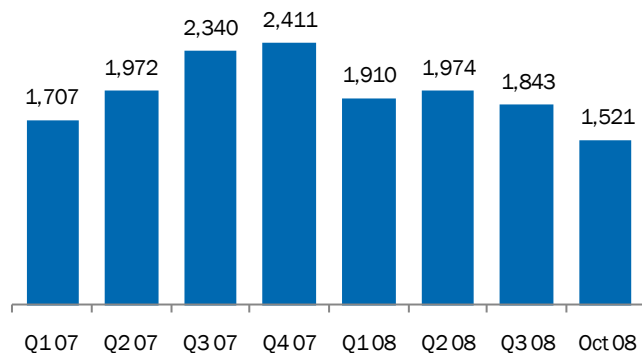
- Well-defined investment banking model across pan-regional franchise
- Increased sources of revenue through an ongoing “buy and build” strategy
- Emphasis on developing client-income sources
- Broader funding access across footprint

Repositioning and diversification

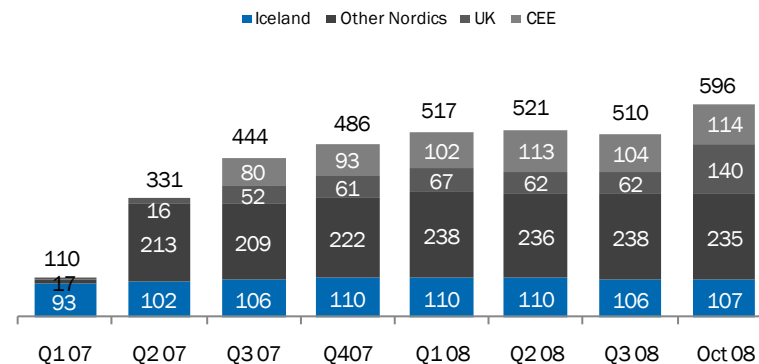
VaR – Trading book € m



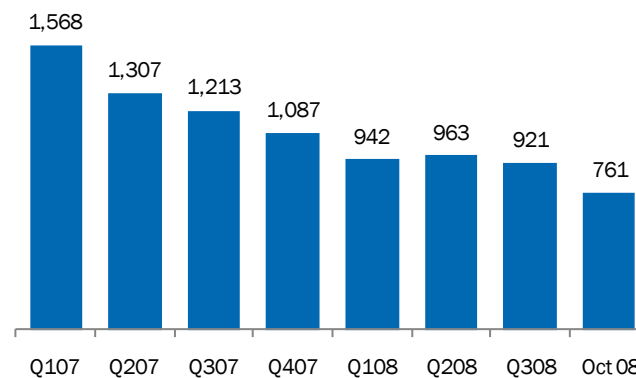
Loan book € m



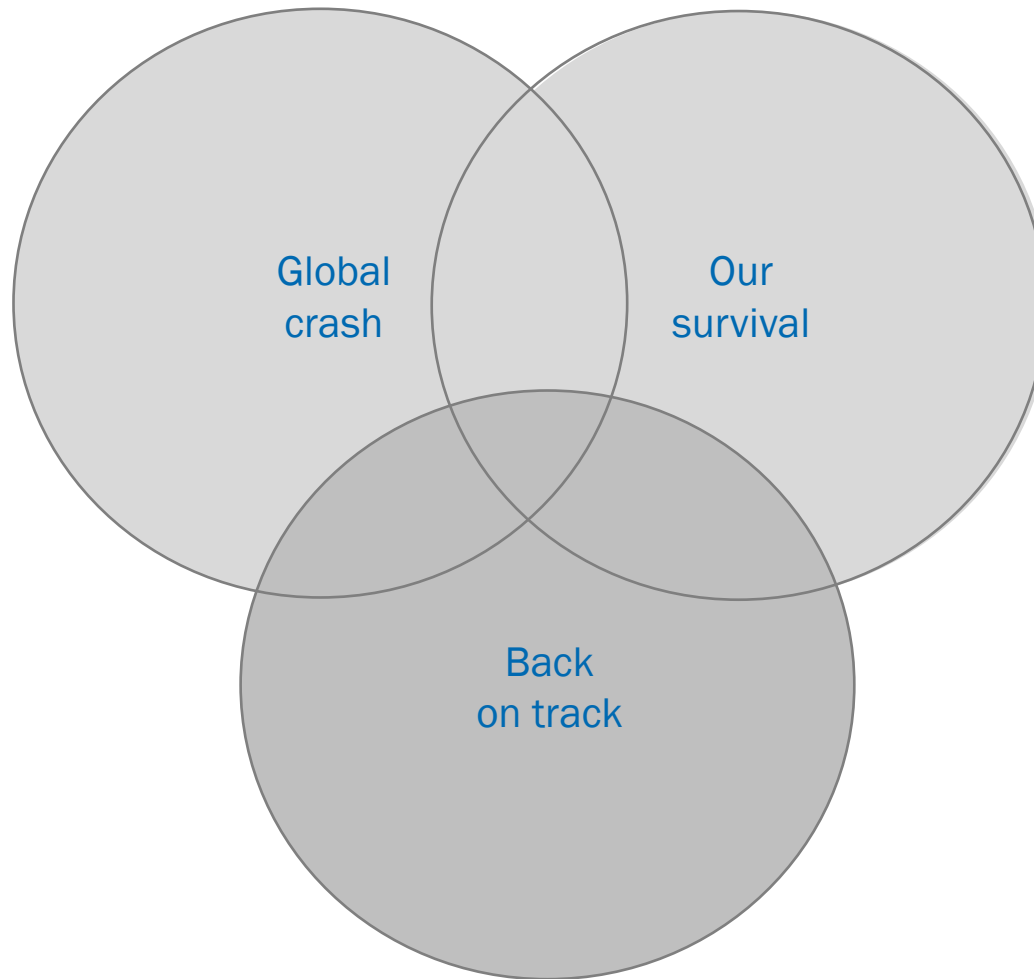
Headcount



Equities € m



Key messages



Back on track

Client income

- Corporate Finance growth
- Capital Markets momentum

Capital strength

- CAD ratio preserved by capital depth despite significant impairments and market-related losses
- Resumption of share trading

Stabilising liquidity

- December refinancing
- Ongoing balance sheet reductions and asset sales
- Re-emerging deposit-gathering

Revenue growth

- Capital Markets Icelandic market-share
- Teathers
- Buy / build opportunities

Financials

Financial performance for 10 month to 31 October

€ m	10M 2008	9M 2008	9M 2007
Net interest income	64.6	61.9	45.8
Net fees and commissions	91.8	83.2	94.5
Net financial income	(32.5)	(98.8)	115.8
Other operating income	4.9	4.1	17.4
Operating income	128.8	50.4	273.5
Operating expenses	(101.8)	(92.7)	(72.2)
Impairments	(366.8)	(122.3)	(11.6)
Loss (profit) before taxes	(339.8)	(164.6)	159.6
Income tax	64.5	39.9	(26.0)
Loss (profit) after tax	(275.3)	(124.7)	163.5

Commentary 10M 2008

- Client-driven income maintained momentum despite difficult markets
- Net financial income reflects challenging markets and recent developments in Iceland
- Operating expenses under control
- Significant impairments as result of:
 - Credit conditions globally
 - Extraordinary events in Icelandic market since 1 October
- Despite retained loss capital position remains strong

Financial performance in October and Q3 2008

€ m	Oct 2008	Q3 2008	Q2 2008	Q1 2008
Net interest income	2.7	14.8	23.9	23.2
Net fees and commissions	8.7	26.5	25.9	30.8
Net financial income	66.3	(73.6)	(36.0)	10.9
Other operating income	0.8	1.2	1.5	1.4
Operating income	78.4	(31.1)	15.3	66.2
Operating expenses	(9.0)	(30.7)	(26.9)	(35.1)
Impairments	(244.6)	(106.8)	(8.0)	(7.4)
Share of profit of associates	0.0	(0.2)	(0.5)	0.7
Profit (loss) before taxes	(175.2)	(168.9)	(20.2)	24.4
Income tax	24.6	23.4	18.7	(2.2)
Profit (loss) after tax	(150.6)	(145.5)	(1.4)	22.3
Gross assets € m	4,422	5,244	6,201	7,998
CAD ratio %	17.6%	22.5%	25.4%	21.4%

Commentary Q3 2008

- Client driven income satisfactory
- Financial income reflects impact of falling markets
- Impairments established in respect of certain credits and Lehman exposure
- Balance sheet reductions reflect de-risking process
- Capital adequacy > 20%

Commentary October 2008

- Financial income benefits from Icelandic events-related gains
- Impairments reflect the extraordinary developments in Iceland
- Balance sheet reducing due to impairments, liquidation of assets and netting down of Icelandic bank exposure
- Capital adequacy 17.6% (but higher on “normalised” basis)

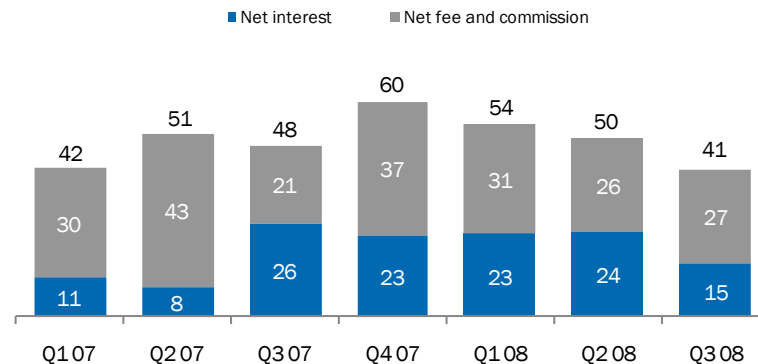
Consistent client driven income

€ m	Oct 2008	Q3 2008
Net interest income	2.7	14.8
Net fees and commissions	8.7	26.5
Net financial income	66.3	(73.6)
Other operating income	0.8	1.2
Operating income	78.4	(31.1)
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Income tax	24.6	23.4
Profit (loss) after tax	(150.6)	(145.5)

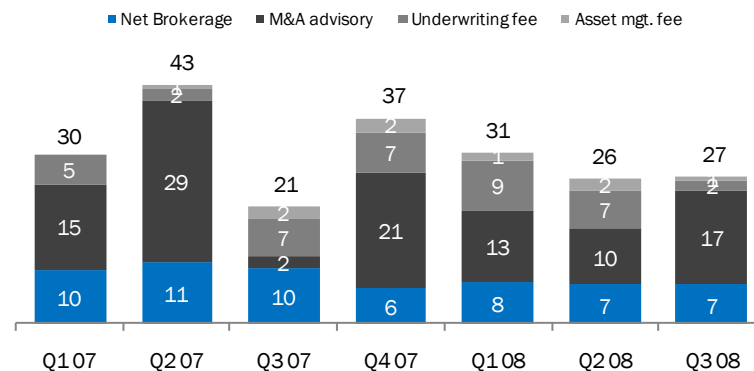
Commentary

- Fee and commission income particularly strong for a “summer” period and the difficult markets
- Product and geographic diversity maintaining income momentum

Client driven income – breakdown by type € m



Net fee and commission - breakdown by type € m



Net financial income driven by market events

€ m	Oct 2008	Q3 2008
Net Interest Income	2.7	14.8
Net fees and commissions	8.7	26.5
Net financial income	66.3	(73.6)
Other operating income	0.8	1.2
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Income tax	24.6	23.4
Profit (loss) after tax	(150.6)	(145.5)

Commentary

- Falling equity and volatile FX markets had adverse impact in both periods
- October events in Iceland have led to:
 - Write back of losses on derivative contracts in default
 - Significant FX gain

Net financial loss Q3	€ m
Trading asset losses	(23.9)
Fair value asset losses	(23.5)
FX losses	(26.3)
Net financial loss	(73.6)

Net financial income October	€ m
Losses on trading and investment assets	(138.1)
Gain from w/backs on derivative contracts	99.5
FX gain	104.6
Net financial income	66.3

€ m	P&L on closed positions	P&L on open positions	Oct YTD 2008
Trading assets	(9.6)	(3.7)	(13.2)
Fair value assets	2.4	(75.1)	(72.7)
Total	(7.2)	(78.7)	(86.0)

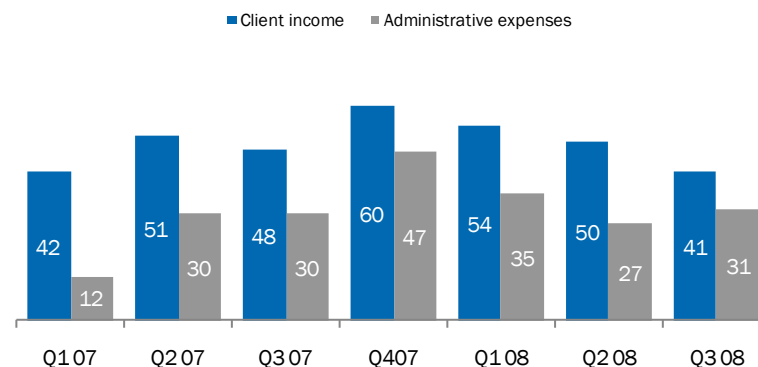
Expenses are under control

€ m	Oct 2008	Q3 2008
Net interest income	2.7	14.8
Net fees and commissions	8.7	26.5
Net financial income	66.3	(73.6)
Other operating income	0.8	1.2
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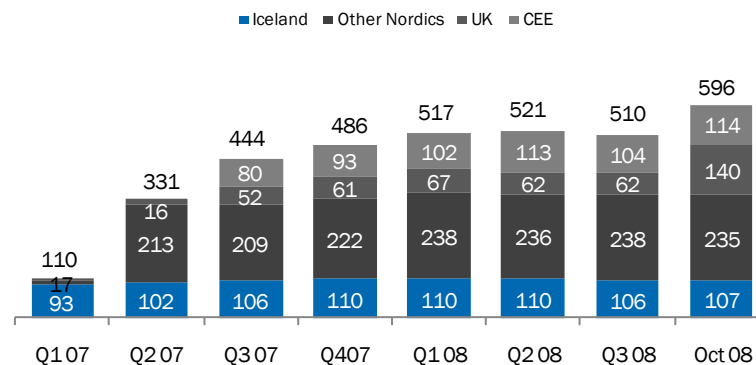
Commentary

- The underlying cost base is stable and benefitting from control of headcount
- Headcount increases in UK due to recruitment of Teathers team

Client driven income and operating expenses € m



Headcount



Impairments

€ m	Oct 2008	Q3 2008
Net interest income	2.7	14.8
Net fees and commissions	8.7	26.5
Net financial income	66.3	(73.6)
Other operating income	0.8	1.2
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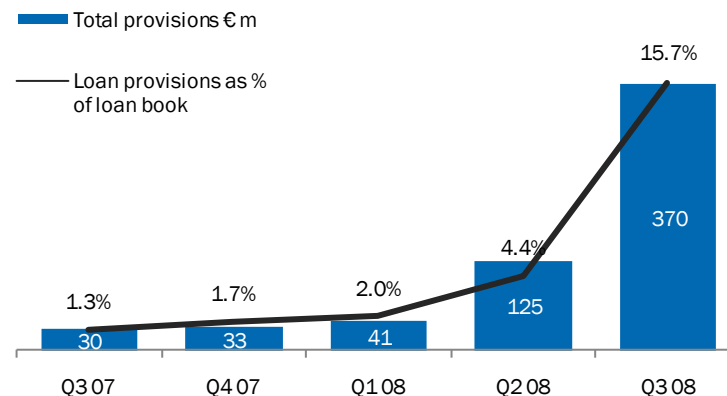
Commentary

- In September and October, impairments increased in line with global credit concerns
- Provided for 50% of claim on Lehman in respect of margin at prime broker
- In Iceland write-down of loans, secured by shares in Banks in Administration and provisions due to systemic credit weakness

Overview impairments € m

	H1 08	Q3 08	Oct-08	10M 08
Watch list exposures				
Iceland	1	38	69	107
Other countries	14	34	40	89
Watch list exposures total	15	71	109	196
Exceptional provisions				
Lehman	0	35	0	35
Banks in Admin and related parties	0	0	135	135
Exceptional provisions total	0	35	135	171
Total impairments	15	107	245	367

Provisions € m



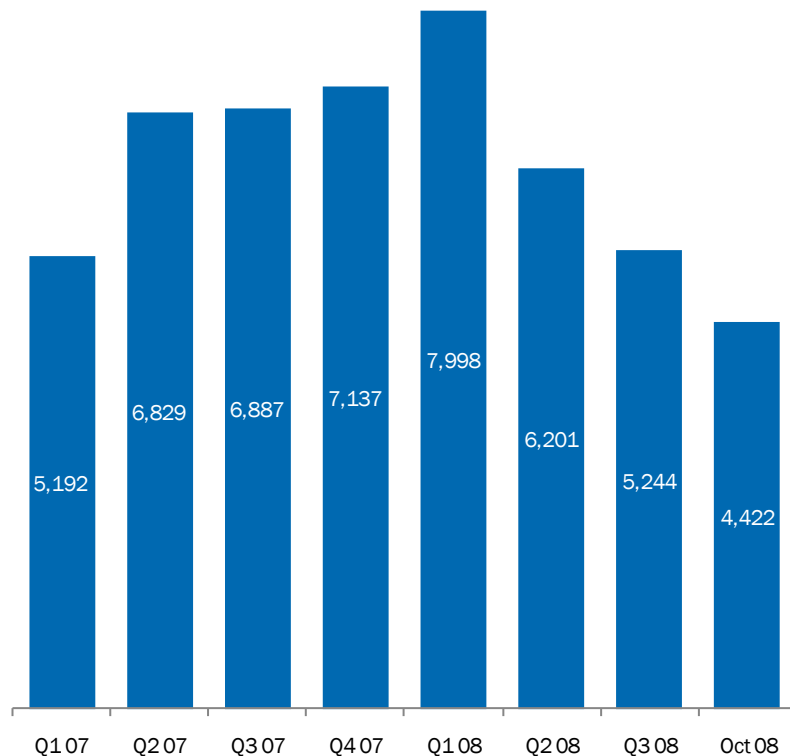
Balance sheet development

Assets by type € m

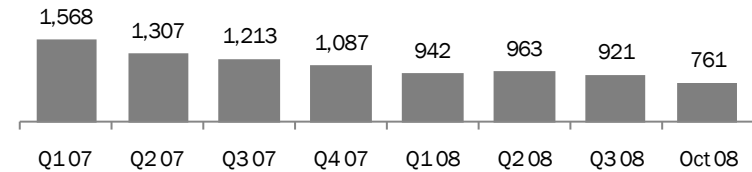
19% of our assets are ISK denominated

All assets are hedged into EUR

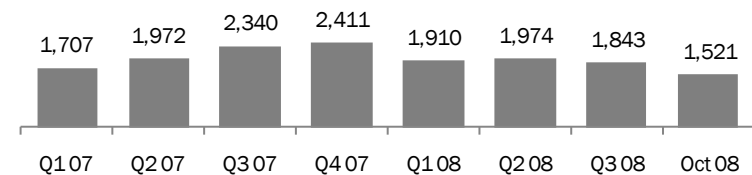
The equity is denominated in EUR



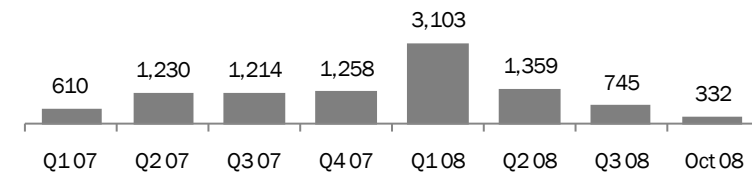
Equities € m



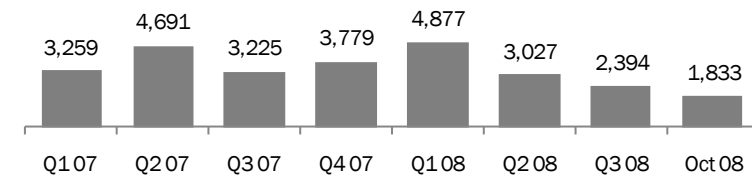
Loans € m



Debt Instruments € m

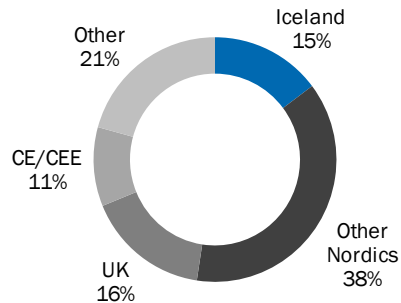


Borrowings € m

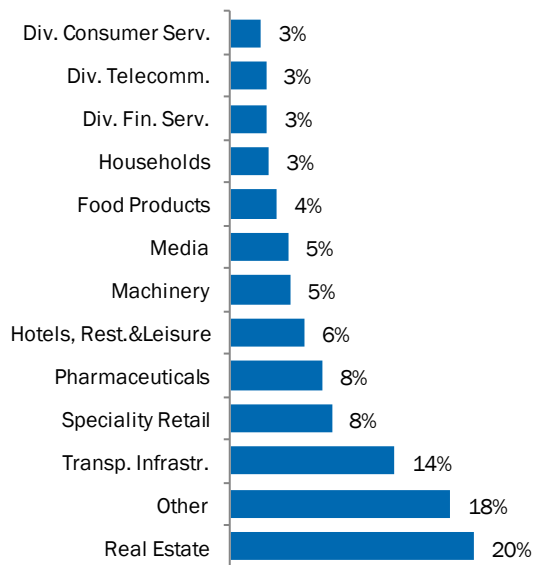


Loan portfolio – more diversified

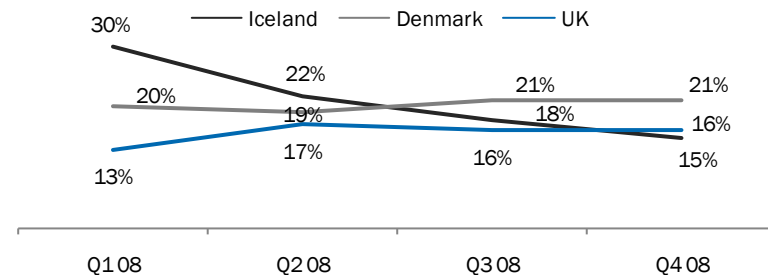
Geographical breakdown 31.10 2008



Breakdown by sector 31.10 2008



Largest exposures - countries

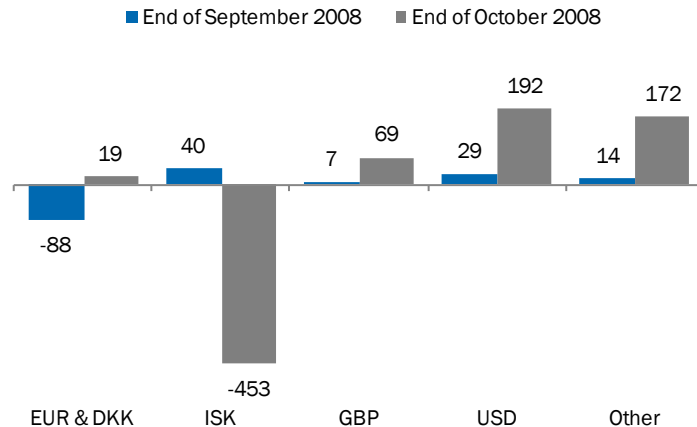


Largest loan exposures 31.10 2008

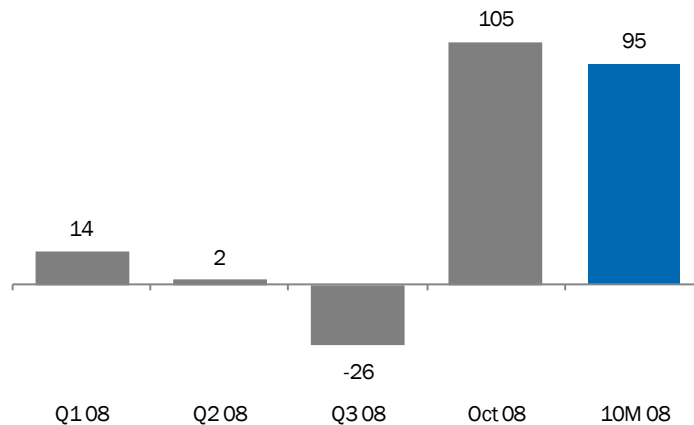
Country	Value € m
Global	129
Canada	126
Denmark	91
UK	89
UK	73
Spain	55
Iceland	53
Finland	49
Finland	46
UK	42
Denmark	40
Denmark	40
Iceland	37
Sweden	28
Iceland	26
Iceland	25
Denmark	25
Norway	20
Denmark	20
Denmark	20
Total top 20 loans	1,033
Other loan exposures	488
Total loan portfolio	1,521

FX position impacted by Icelandic situation

FX position 2008 € m



FX gains and losses € m



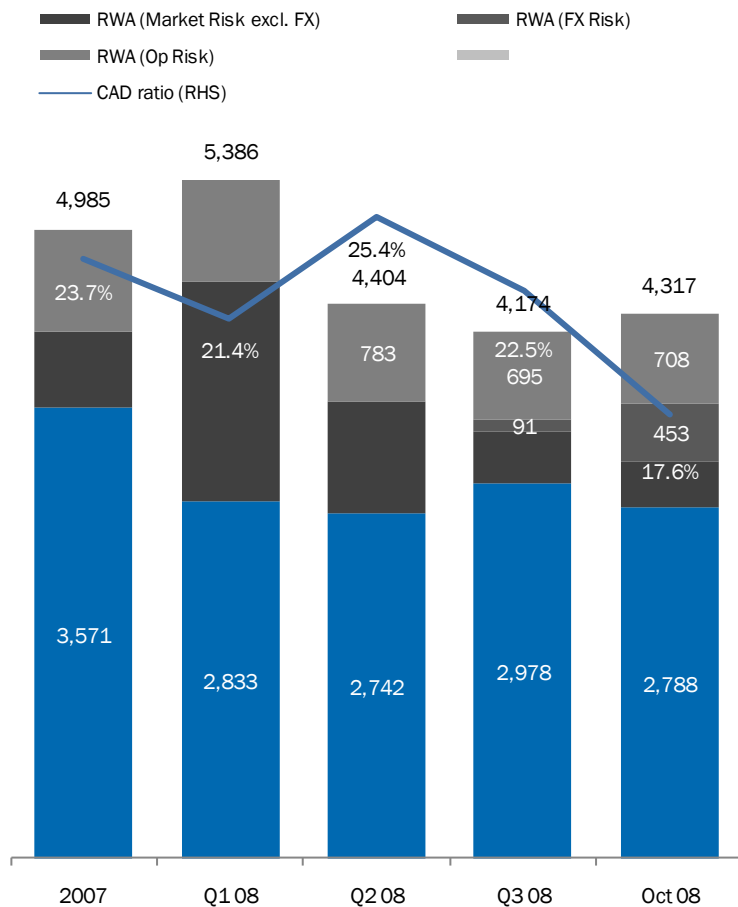
Commentary

- Normally Straumur hedges all currency exposures into Euros
- Spot and forwards markets in Iceland substantially closed since end of September
- Hedging contracts with Banks in Administration cancelled on default
- EUR/ISK:

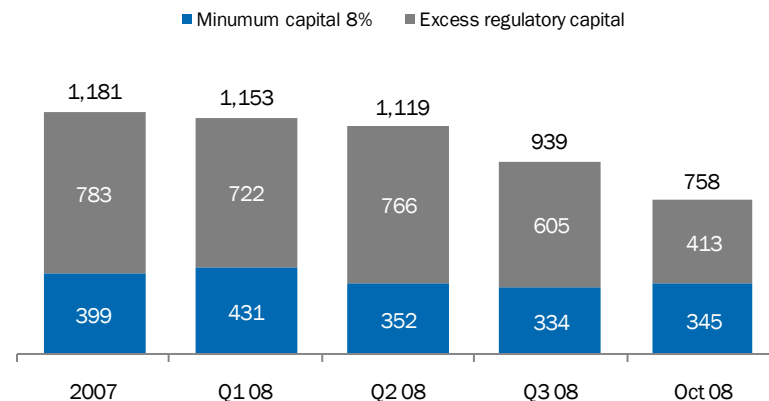
	9M 08	10M 08
Exchange rates	149.1	184.8
Long (short) position	€ 40m	€ (453)m

Capital strength substantially preserved

CAD ratio and risk weighed assets € m



Total own funds € m

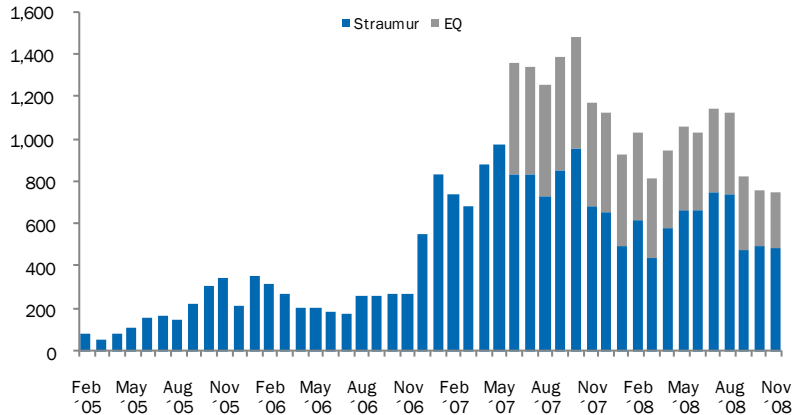


Commentary

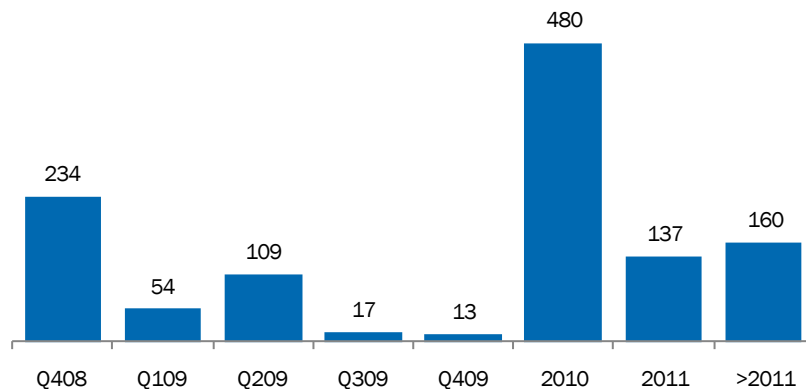
- Straumur has maintained a significant capital buffer despite market turmoil & exceptional events in Iceland
- Unhedged FX positions are creating significant short term pressure on capital requirements (normalised capital adequacy ratio 19.2%)
- Straumur business model in 2009 is substantially based on advisory and broking and is not 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 early October:
 - Recovery in deposits
 - Continued focus on selling assets, chasing repayments and realising security / collateral
 - The bank has met all its obligations as they have fallen due

Immediate outlook

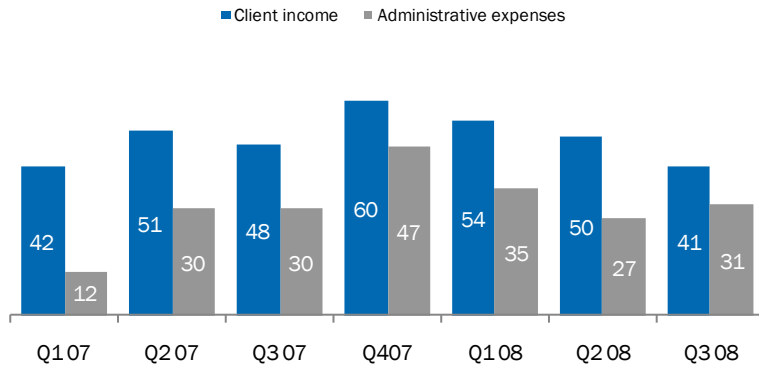
- 2005 syndication of € 200m matures in December
 - Refinancing being worked on
 - Process not complete, but well advanced

Medium term outlook

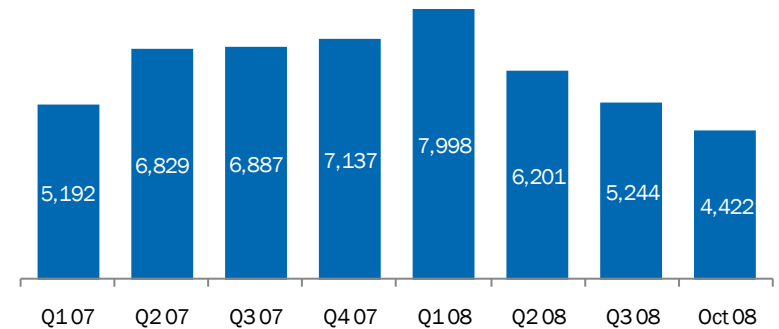
- Cash flow forecast is based on recovery in deposits and continuing reduction of the balance sheet

Straumur's financial position is still strong

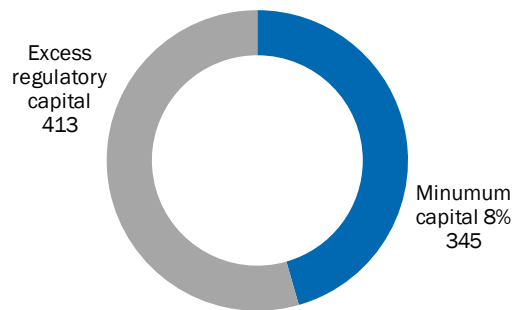
Client based income > expenses € m



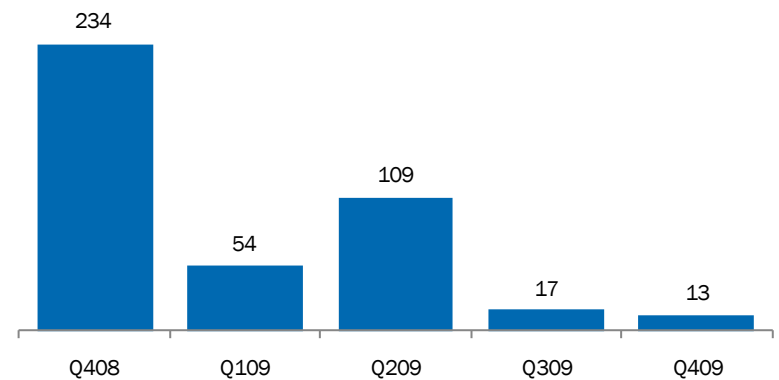
Reducing balance sheet € m



Excess regulatory capital 31 October 2008 € m



Modest medium term financing needs € m



The Way Ahead

To create a pan regional investment bank
in Northern and Central Europe, 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











Continue to build the four main business lines

- Corporate Finance
- Securities
- Asset Management
- Merchant Banking

Continue to structure the bank to maximise shareholder value across our footprint

Our structure today

Continue to evolve towards a diversified investment banking model

		Corporate & Debt Finance	Securities	Asset Management	Merchant Banking/ SCM	No. of employees*
Finland						195
UK						136
Iceland						107
Czech Republic						96
Denmark						28
Slovakia						13
Sweden						12
Romania						4
The Netherlands						4
Poland						1
<ul style="list-style-type: none"> M&A/Advisory Equity Capital Raising Debt Capital Raising Equity Sales, Research & Brokerage FX and fixed income brokerage Local and international distribution Own funds Discretionary and non discretionary Production and distribution Managed funds Selected capital commitment 						596

* Numbers end of October 2008

An example of growth - Teathers

Well established UK brokerage franchise

- Research (planned coverage of 250 small and mid-cap companies across 12 core sectors)
- Corporate Finance (43 Aim / 34 Full list clients)
- Brokerage (Sales and trading activities across London market)

Creation of institutional momentum in London market

- Platform for growth of regional distribution
- Critical mass in key European market

Integration completed

- Location in Straumur London office (76 FTE)
- Alignment of support functions
- Teathers is a brand, not a legal entity

An example of growth – Iceland Investment Fund

Looking to seed a new investment vehicle

- Investment focus on Icelandic industrial and infrastructure companies
- Investment horizon typically +5 years
- Investing in new and attractive as well as established industries: Aluminum production, Food production, Food processing, IT, Energy, Energy intensive businesses, Tourism, Insurance, Healthcare, Transportation, Education, Telecom
- The company will be managed in Iceland
 - Independent team & board
 - Active owner of companies
 - Team members taking advisory and board roles
 - Seeking a stock exchange listing
 - Corporate governance and shareholders rights
- Straumur is looking to put € 40m of its own capital into this new vehicle
 - Paid out to shareholders as an extraordinary dividend when the vehicle is listed

Near-term goals

Return
to normality

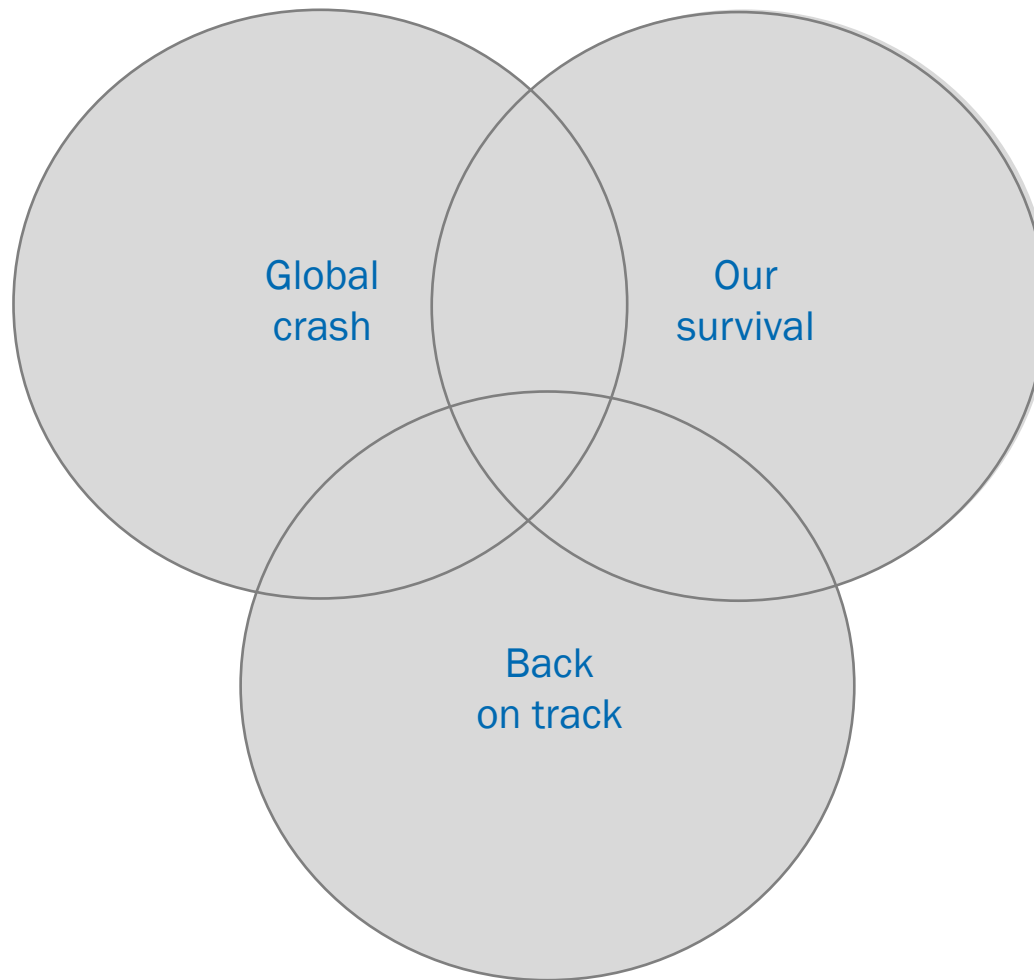
- Building liquidity
 - December refinancing
 - Asset sales
 - Growing deposit-gathering
- Resumption of share trading
- Major participant in Iceland restructuring and re-establishment of normal market operation

Preparing
for growth

- Buy and Build opportunities
- Key staff retention
 - Ongoing equity distribution across company
 - Rotations across growing footprint
- Placement of equity into foreign ownership
- Continued platform investment and alignment

Key messages

We have faced
extraordinary
challenges,.....



surviving due to
our repositioned
business model
and capital
strength,.....

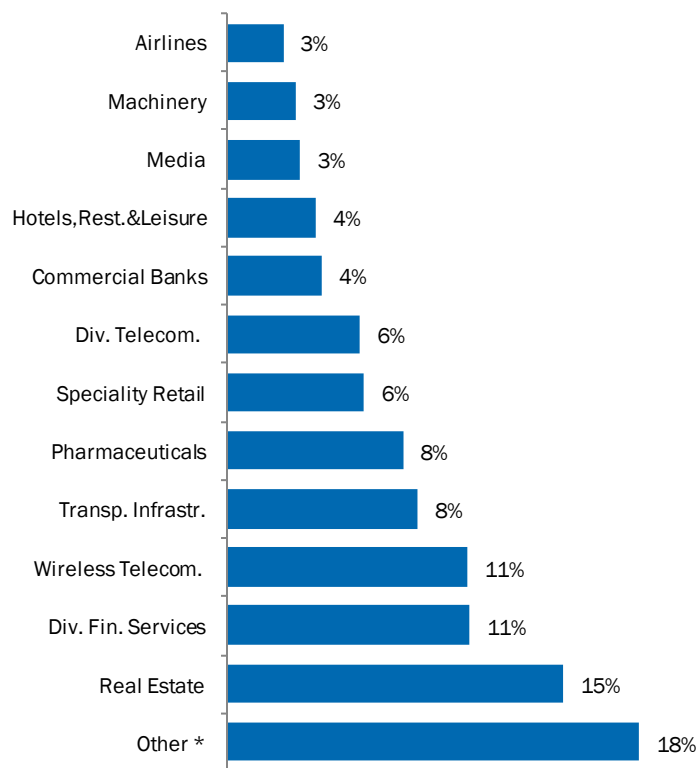
.....and are now ready to look to the future.

Appendix

Asset quality

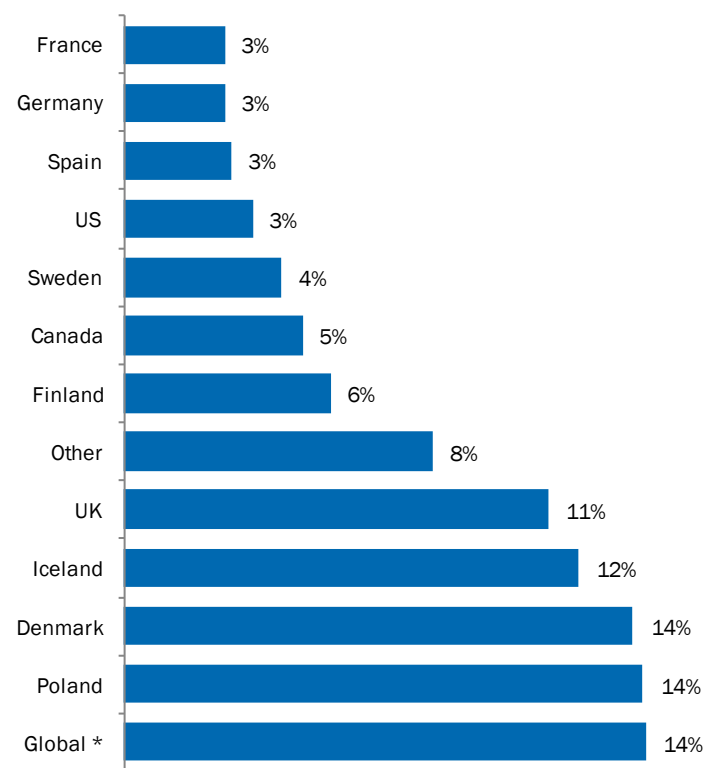
Total assets (risk weighted basis)

Breakdown by sector 31.10 2008



* Other = No exposure larger than 2%

Geographical breakdown 31.10 2008



* Global = Multinational corporations

Financial assets

€ m	Trading assets	Pledged assets	Fair value assets	AFS assets	Total 31.10.2008	Total 30.9.2008	Total 30.6.2008
Debt instruments	74	62	0	197	332	745	1,329
Equities	12	63	686	0	761	921	864
Derivatives	85	0	0	0	85	101	201
Total financial assets	171	125	686	197	1,178	1,767	2,523

Largest listed and unlisted equity investments 31.10 2008

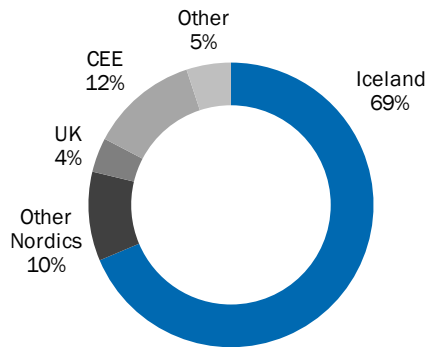
Listed equity holdings	Value €	Country	Sector
Netia	84	Poland	Div. Telecomm.
Wood & Co. CEE Fund	22	Global	Div. Fin. Serv.
Hungarian Telephone & Cable	13	Hungary	Div. Telecomm.
xG Technology Inc.	4	USA	Wireless Telecomm.
Amer Sports	4	Finland	Leisure Equipm. & Prod.
Other*	85		
Total listed equity investments	212		

* Hedging positions € 21m included

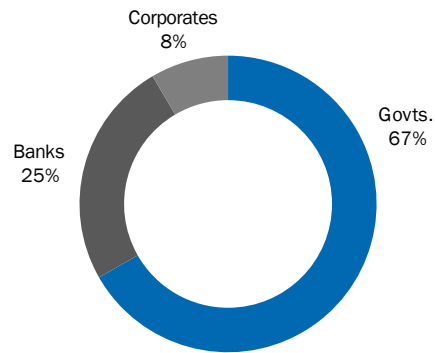
Unlisted equity holdings	Value €	Country	Sector
Play	274	Poland	Wireless Telecomm.
Actavis Pharma Holding 1 ehf	80	Global	Pharmaceuticals
XLF Holdings	56	France	Airlines
Julia Capital Management	30	Global	Div. Fin. Serv.
Boreas Capital Fund	24	Global	Div. Fin. Serv.
Other	86		
Total unlisted equity investments	549		

Financial assets – debt instruments

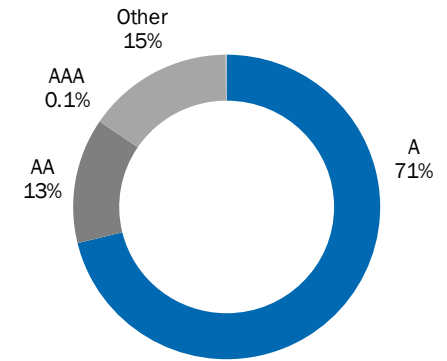
Breakdown by geography
31.10 2008



Breakdown by credit quality
31.10 2008

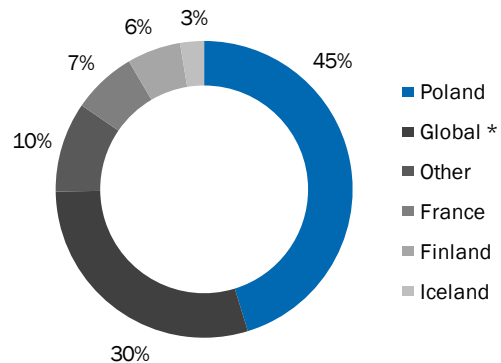


Breakdown by type
31.10 2008



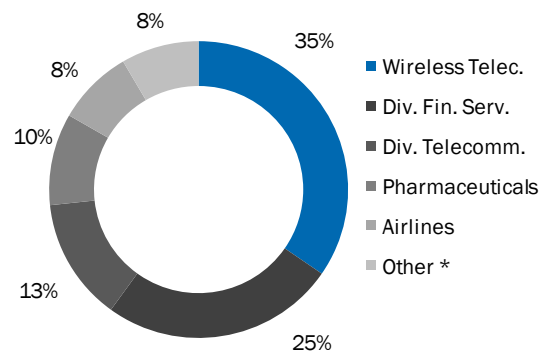
Financial assets – equities

Breakdown by geography
31.10 2008



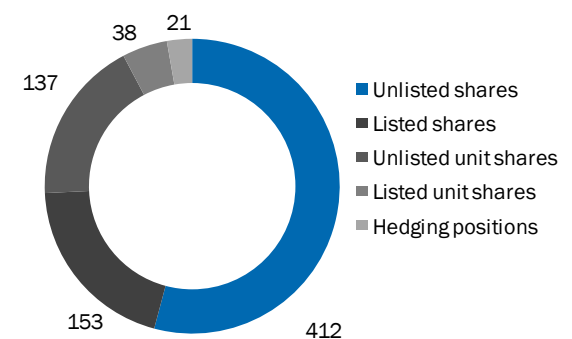
* Global = Multinational corporations

Breakdown by sector
31.10 2008

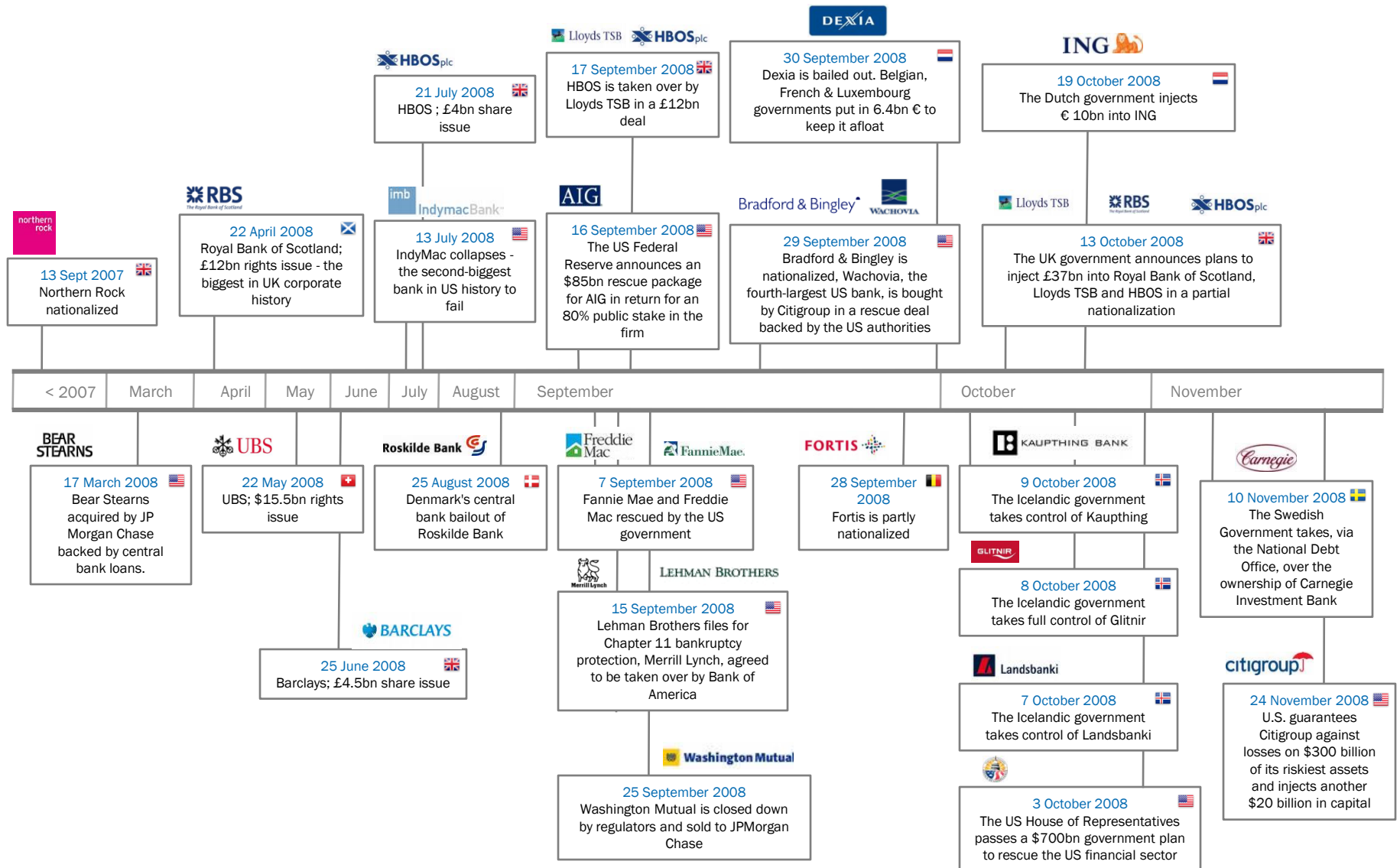


* Other = No exposure larger than 3%

Breakdown by type
31.10 2008



Highlights of the credit crunch



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