Straumur-Burdaras Investment Bank hf
Creditors' Meeting

5 June 2009

STRICTLY CONFIDENTIAL

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1. Purpose of the Creditors' Meeting

- The meeting has been called by the Moratorium Assistant in accordance with Article 13 and 14 of the Bankruptcy Act No. 21/1991
- The principal purpose of the meeting is:
  - To provide creditors with an update on Straumur's restructuring actions to date and future plans
  - To allow creditors the opportunity to provide feedback on Straumur's restructuring plans
  - To provide the creditors with an update on Straumur's financial situation, including providing a Statement of Assets and Liabilities and an Estimated Outcome Statement
  - To outline the next steps and the target timetable for the completion of the restructuring process. As discussed further in Sections 10 and 11, it is Straumur's intention to seek an extension of its Moratorium (suspension of payments) for a further six months in order to allow the restructuring of Straumur to be completed

2. Background

FME Intervention and Appointment of Resolution Committee

- The liquidity position of banks globally tightened significantly as interbank markets ground to a standstill after Lehman's collapse
- In Iceland, the FME assumed control of Glitnir, Kaupthing and Landsbanki
- The global and Icelandic situations created some significant liquidity challenges for Straumur:
  - Outflow of deposits
  - Increased margin calls
  - Loss of standby financing (due to credit downgrades)
  - Pressure from counterparties, banks and creditors
- Straumur survived these challenges until March 2009 because of its:
  - Continuing commitment to a de-risking strategy commenced in 2007
  - Relative lack of leverage, the transparency of its balance sheet and the strength of its capital position
  - Proactive management of the situation, based on clear priorities and an emphasis on communicating openly with all of its stakeholders
- In December 2008, Straumur repaid 33% of its maturing €200m syndicated loan facility and extended the term of the balance of this loan. At the same time, standby financing was secured from the Central Bank of Iceland
- Straumur's plan to repay these financings depended heavily on an asset disposal programme
- During the first two months of 2009:
  - Market conditions did not improve and asset sales were delayed
  - The maturity profile of deposits shortened
  - The Bank came under further pressure in terms of margin calls and collateral demands

2. Background (cont'd)

FME Intervention and Appointment of Resolution Committee (cont'd)

- In October 2008, the Icelandic government took emergency measures to nationalize each of Iceland's three major commercial banks and passed the so called Emergency Act No. 125/2008
- On 9 March 2009, following extensive discussions with the Central Bank of Iceland, the Ministry of Finance and the FME regarding potential funding solutions, the FME took the decision to assume control of Straumur and appoint a Resolution Committee under the Emergency Act
- William Fall resigned as CEO on 9 March
- The Resolution Committee:
  - Assumes control of all matters concerning the Bank
  - Abides by FME decisions and operates in consultation with the FME
  - Acts as an non-executive Board, as is the norm in Icelandic corporations
  - Exercises its authority through the CEO and the executive management team
- The stated objective of the Resolution Committee, which reports to and acts under the instructions of the FME, is principally to maximise the value of Straumur's assets for the benefit of all of Straumur's creditors
- The members of the Resolution Committee have been selected by the FME and are experienced accountants and solicitors. The Bank's Resolution Committee consists of the following five members:
  - Reynir Vignir (Chairman), certified public accountant
  - Kristinn Freyr Kristinsson, certified public accountant
  - Arna Guðrún Tryggvadóttir, certified public accountant
  - Elín Árnadóttir, solicitor
  - Ragnar Þórður Jónasson, solicitor

2. Background (cont'd)

Moratorium Process

- On 9 March 2009, the Bank closed for business with consequent events of defaults, accelerations and freezing of accounts
- On the same day, management proposed to the FME that Straumur enter into a Moratorium
- In order to enter a Moratorium, the FME required that there was a clear plan in place to protect the position of Icelandic depositors
- The key elements of management's plan to achieve this were as follows:
  - Deposits to be transferred to a government owned entity
  - Bond to be issued to that entity secured on Straumur's assets, as opposed to a transfer of assets out of the Bank, and hence avoiding the need for a complex valuation exercise
  - The executive management team, who know the assets well, continue to manage the portfolio
- This plan, which was supported by the Resolution Committee, was accepted by the FME on 17 March 2009, which then allowed Straumur to enter into Moratorium

2. Background (cont’d)

Moratorium Process (cont’d)

- Following the presentation of a petition by the Resolution Committee to the District Court of Reykjavik, Straumur entered into a Moratorium process on 19 March 2009
- Hörður Felix Harðarson, Attorney to the Supreme Court of Iceland, was appointed Moratorium Assistant
- The Moratorium, which is pursuant to the Bankruptcy Act No. 21/1991, provides Straumur with appropriate protection from creditor actions
- The Moratorium provides a "standstill" period during which Straumur can pursue a restructuring of its financial position
- Unless Straumur successfully petitions the Court for an extension, the Moratorium will end on 11 June 2009. As stated above, Straumur intends to apply for a six month extension of its Moratorium
- During the Moratorium period, Straumur is not allowed to make payments or assume financial obligations unless the conditions set out below are fulfilled
- Any disposition of assets is only allowed if it is deemed necessary for the day to day continuation of Straumur's business or prevention of loss (preservation of value in assets). Costs associated with attempting a restructuring can also be incurred and paid
- The Moratorium Assistant has put in place a workable framework that provides the Straumur management team with the necessary authorisations to operate on a day to day basis
- The Moratorium process is recognized throughout the EEA. Management is also in the process of obtaining recognition of the Moratorium process in the US, Canada and the Cayman Islands
- This meeting is the statutory meeting of creditors which must be called by the Moratorium Assistant and held not later than three days before the end of the Moratorium

2. Background (cont'd)

Management and Governance Structure

- Óttar Pálsson was appointed CEO on 18 March 2009
- After the resignation of William Fall, the rest of the Straumur management team remained in place and are working with the Resolution Committee in order to ensure that all creditors of the Bank are treated appropriately. Stephen Jack (CFO) left the business on 28 May 2009, and his responsibilities have been assumed by Jakob Ásmundsson (COO)
- The Resolution Committee, which is the representative of the FME, has in effect taken over the powers and duties of the Board and has overall responsibility for the affairs of Straumur:
    - Has established a management structure and framework of delegated authorities
    - Monitors and receives reports from management (including regular reporting from the CEO)
- Management Committee:
    - Responsible for running the day to day operations of the Bank and developing a business plan for the future (discussed further below)
    - Meets formally twice a week and informally as required
    - Chaired by the CEO
- The CEO co-ordinates reporting to the Resolution Committee and is also the principal spokesperson for Straumur
- The Credit and Investment Committee ("CIC"), which is responsible for reviewing and approving loans and investments, meets twice a week
- The Assets and Liabilities Committee ("ALCO"), which monitors the Bank's cash position and future cash flows, meets on a weekly basis to identify cash flow issues and prioritise payments
- Representatives of the Resolution Committee attend the CIC and ALCO meetings

2. Background (cont'd)

Resolution Committee

Reynir Vignir (Chair)
Kristinn Freyr Kristinsson
Arna Guðrún Tryggvadóttir
Elín Árnadóttir
Ragnar Þórður Jónasson

Moratorium Assistant

Hörður Felix Harðarson

Management Committee

Óttar Pálsson (Chair) – Chief Executive Officer
Jakob Ásmundsson – Chief Operations Officer
Andrew Bernhardt – Managing Director (Debt Finance)
David Freyr Oddsson– Managing Director (Human Resources)
Oscar Crohn – Managing Director (Corporate Finance)
Benedikt Gíslason – Managing Director (Securities)

Credit & Investment Committee (CIC)

Voting Members
Jakob Ásmundsson (Chair)
Óttar Pálsson
Andrew Bernhardt
Oscar Crohn
Magnus Ingi Einarsson – Head of Credit
Non Voting Members
Bob Shippee (Advisor to the Chief Risk Officer)
Elín Árnadóttir (Resolution Committee Representative)
Hörður Felix Harðarson (Moratorium Assistant)
Birgir Orn Arnarson (Íslandsbanki Representative)

Assets & Liabilities Committee (ALCO)

Members
Jakob Ásmundsson (Chair)
Andri Gunnarsson – Treasury
Þórey G. Guðmundsdóttir – Group Financial Controller
Kristinn Gretarsson – Treasury
Jonmundur Gudmundsson – Head of Operations
Observers
Kristinn Freyr Kristinsson
(Resolution Commitee Representative)

3. Events and Activities during Moratorium

Key Events Subsequent to Appointment of Resolution Committee and Moratorium Assistant

- Subsequent to the appointment of the Resolution Committee and the Moratorium Assistant only priority payments have been made, including critical operational costs related to staff, systems and premises
- On 9 March 2009, the UK FSA served a Notice on the London branch preventing its assets being sold, reduced or repatriated without its permission. Management is in discussions with the UK FSA regarding the lifting of this Notice, given the actions which have subsequently been taken to protect deposits (discussed later in this section)
- During the second half of March 2009, management commenced the downsizing of operations in order to reduce costs and limit liabilities:
  - Reducing headcount from 266 to 86 staff as at 31 May 2009
  - Closing the Stockholm and Prague branches
  - Terminating contracts and closing out positions
- Consistent with the reduced scale of the operations, the Management Committee has been reduced from 11 to 6 people
- In order to preserve value, assets have been supported by the provision of new finance on a selected basis
- The 50% investment in Wood was sold as the value of that platform was threatened by its Icelandic association
- A sale of eQ bank has been agreed, following a formal sales process initiated in co-operation with the Central Bank of Iceland (which holds a pledge over the asset)
- Financial and legal advisers have been appointed to advise on the financial restructuring process
  - Talbot Hughes McKillop LLP - financial advisers
  - Lovells LLP and Jonsson & Hall - legal advisers

3. Events and Activities during Moratorium (cont'd)

Key Events Subsequent to Appointment of Resolution Committee and Moratorium Assistant (cont'd)

- Management has been seeking to establish an Informal Creditors' Committee ("ICC") in order to provide an appropriate forum for a regular two way dialogue with its creditors for a number of weeks. The formation of the ICC has been delayed, mainly due to intercreditor issues, but management is hopeful that those issues will be resolved shortly in order that the members of the ICC can be formally appointed.
- In the meantime, informal meetings have been held regularly with a number of creditors (including the funding banks, pension funds and the Central Bank of Iceland and state) focused on explaining developments at Straumur and the way forward
- During the past three months, management has continued to remain focused on preserving the value of the assets and has also spent significant time developing a future state business plan appropriate to the changed circumstances faced by Straumur
- Management has developed a draft business and financial plan which has been discussed with a number of creditors in order to try to ensure that the plan meets the objectives of the creditors generally as far as possible. This plan is based on a managed work-out of the assets over a period of up to five years
- Straumur's Winding Up Committee (see next slide) and Resolution Committee have reviewed the draft business and financial plan set out below and are supportive of it

3. Events and Activities during Moratorium (cont'd)

Appointment of the Winding Up Committee

- Following the promulgation of new laws in April 2009, a Winding Up Committee was appointed to Straumur on 11 May 2009. The Winding Up Committee, which has a formal role in the restructuring and will essentially oversee the composition process, comprises:
  - Hörður Felix Harðarson (Moratorium Assistant), Supreme Court attorney
  - Lilja Jónasdóttir, Supreme Court attorney
  - Ragnar H. Hall, Supreme Court attorney
- The role and responsibilities of the Resolution Committee remain the same, as the Winding Up Committee is not involved in the day to day operations of Straumur
- The Winding Up Committee is responsible for handling creditors' claims, and has published a notice to the creditors of Straumur setting the time limit for submitting claims - July 18 2009
- The Winding Up Committee has called a creditors' meeting on 6 August 2009 to discuss the list of claims lodged and the Winding Up Committee's view of individual claims
- The Winding Up Committee also handles the composition proceedings, calls for a creditors' meeting to vote on composition proposals and fulfils any obligations to creditors included in the composition proceedings
- If composition proceedings are rejected, or the attempt to seek a composition is unsuccessful, the Winding Up Committee will request that the District Court place Straumur's estate in bankruptcy proceedings. A liquidator would then be appointed by the District Court

3. Events and Activities during Moratorium (cont'd)

Deposits

- On 3 April 2009, Straumur concluded a transaction with Íslandsbanki, which included the following key elements:
  - The transfer to Íslandsbanki of €238m(1) of Icelandic deposits, which qualified as priority claims
  - A loan for €29m(1) from Íslandsbanki to enable Straumur to repay its Danish deposits. Danish deposits will be paid as and when they fall due
  - A bond of €267m(1) issued by Straumur to Íslandsbanki as consideration for the transfer of the deposits and the loan
  - A pledge over certain of Straumur's assets in favour of Íslandsbanki
  - A "conservative" repayment profile allowing proceeds from asset sales to be retained, subject to a "cash sweep" mechanism which starts at the end of Q1 2010
  - Íslandsbanki has appointed an independent observer to attend CIC meetings
- These arrangements do not cover deposits totalling €165m(1) which had originally been in the form of bonds and which had been changed to deposits in the six months prior to the FME intervention and the Moratorium. This decision was based on the legal advice obtained by the FME that the actions to convert these obligations to deposits would be terminable on a Bankruptcy or Composition
- Separately, Straumur repaid the €120k of deposits it had taken in the Czech Republic
- On 1 April 2009, the Danish Guarantee Scheme "arrested" assets of the Bank's Danish branch in order to be able to secure the repayment of depositors with that branch. As a consequence of the actions taken to secure the Danish deposits, these assets have now been released

(1) ISK denominated liabilities have been translated using the Central Bank of Iceland exchange rate as at 31 March 2009 (ISK163.5:€1)

4. Restructuring Plan

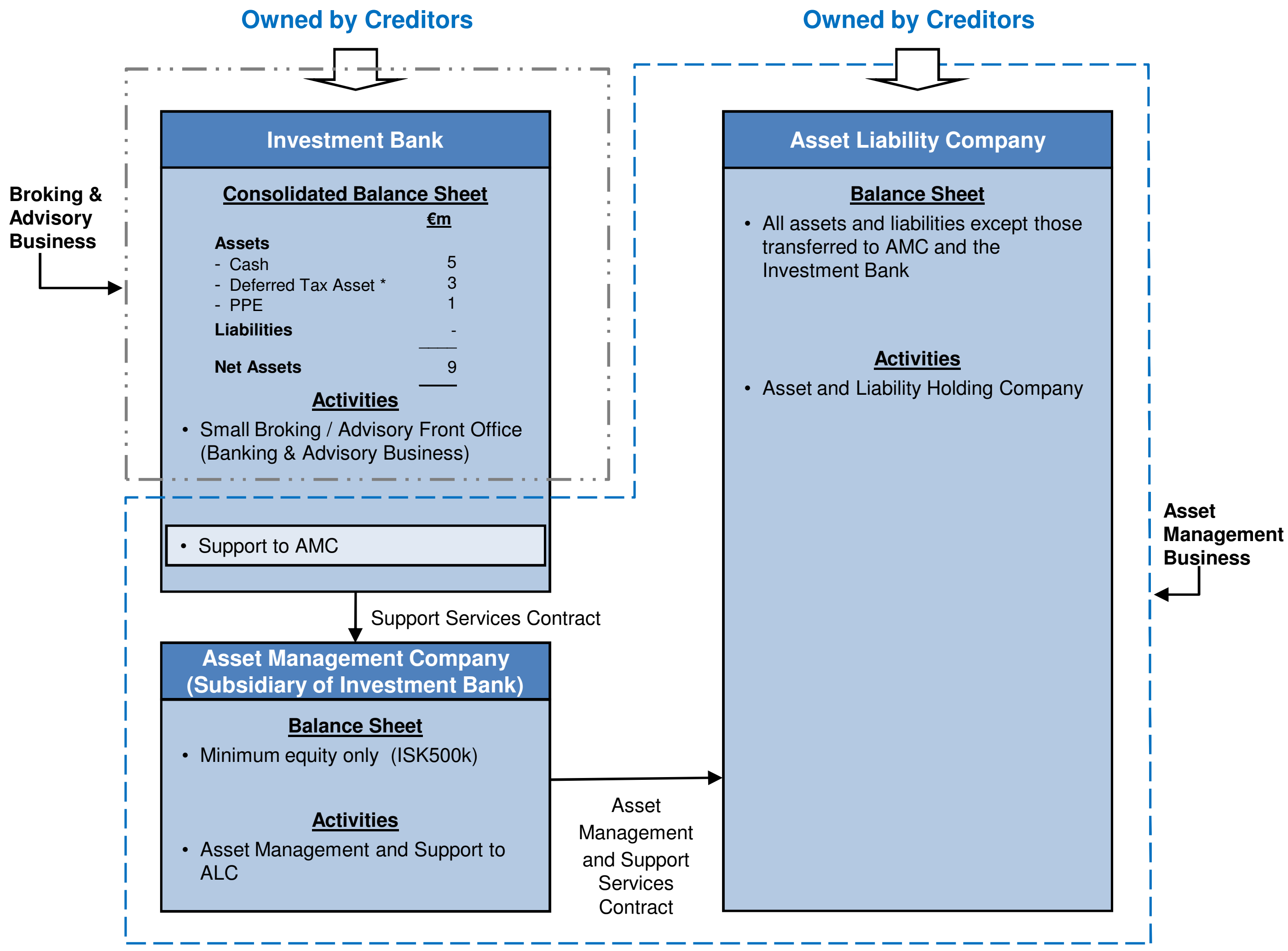
- Given that Straumur is closed for new business and has no access to capital, any future strategy needs to be focused on maximising value on behalf of the creditors
- The two principal options to achieve this objective are as follows:
  - A sale of assets under a formal liquidation process, which is likely to result in a distressed sale process
  - A managed work-out of the assets over a three to five year period by the existing Straumur team, potentially involving limited asset support to improve recoveries to the creditors. This alternative has been assessed on the basis of an Expected Case, and a Potential Range of outcomes (Low Case to High Case) based around the Expected Case in order to provide an indication of the potential range within which management believe the managed work-out outcome is most likely to fall
- These alternatives have been assessed and the outcome for creditors under each scenario modelled, as set out in further detail later in this presentation
- The results of this analysis clearly indicate that a managed work-out should result in a better outcome for unsecured creditors than would be achieved in a liquidation
- The managed work-out scenario requires:
  - The establishment of a new and simplified business model appropriate to the reduced activities and scale of Straumur's operations as an asset management business
  - An exit from the Moratorium process via a Composition Agreement
- The proposed business model includes the existing asset management team based in Reykjavik, Copenhagen and London and appropriate levels of support across the risk, finance, IT, treasury, compliance and legal and other support and back office functions. This operation is planned to comprise a headcount of 45 staff

4. Restructuring Plan (cont'd)

- Management has carefully considered the potential benefits of maintaining a small investment banking operation, principally in Iceland. This operation, which would be focused mainly on broking and advisory services (and would not include any banking activities requiring a balance sheet), is planned to comprise 18 incremental staff
- Management has concluded that, for a relatively modest cost, a small investment banking (the "Broking and Advisory Business”) operation would offer significant potential benefits to the ongoing asset management activities of Straumur. Those potential benefits can be summarised as follows:
  - Preservation of a tax asset with a book value of approximately €80m (before any write-down for accounting purposes)
  - Ability to actively manage FX and interest rate exposures
  - A stronger commercial position with counterparties and third parties as a result of the asset management operation being seen to be a part of an ongoing business
  - Improved staff retention, as a result of:
    - All employees being employed by solvent entities under the proposed operational structure (see Section 5)
    - The Broking and Advisory Business offering asset management staff and support staff that Straumur wishes to retain a reason to remain with Straumur, given that this business offers the potential of continuing employment beyond the period of the managed work-out
- As a business in its own right, the Broking and Advisory Business is projected to be profitable and would offer a non-government owned Icelandic banking platform which may be of interest to the creditors (including, for example, to provide third party asset management services) and could potentially have value to third parties as a platform for future growth
- Subsequent sections of this presentation set out the proposed future operating model in further detail and the financial projections and estimated recoveries for the creditors based on the draft business plan

5. Operating Model

- The chart below sets out a summary of the proposed future operating and legal entity structure of the business



* Prudent estimate of written down value

5. Operating Model (cont’d)

Organisation

- Based on the draft business plan, and subject to further detailed legal and tax advice, it is currently anticipated that Straumur's future operations would be organised across three entities as set out in the illustrative operating structure on the previous page:
  - The Investment Bank, which would comprise the Broking and Advisory Business and Support Services activities which would be provided to the Asset Management Company (the "AMC") via a Support Services Contract. The Broking and Advisory Business is planned to be relatively small in scale, and would need to retain only €5m of cash in the form of equity to meet minimum regulatory capital requirements and to provide initial working capital funding. It is proposed that this operation would also retain the deferred tax asset, which can be used to reduce the tax payable on future profits
  - The AMC, which would be a subsidiary of the Investment Bank, would provide Asset Management and Support Services to the Asset and Liability Company (the "ALC") under an Asset Management and Support Services Contract
  - The ALC would not have any employees and would hold all assets (other than the deferred tax asset held by the Investment Bank and the initial equity funding required by the Investment Bank) and all post composition liabilities
- As shown above, the Asset Management Business comprises the AMC, ALC and the Support Services provided by the Investment Bank to the AMC
- The future legal entity structure will be implemented by a de-merger, which will transfer all assets and liabilities to the ALC, except €5m of cash, the deferred tax asset and a small amount of office equipment which will remain in the Investment Bank. The de-merger process is discussed in further detail at Section 10
- It is proposed that the incentives of the key management in the Broking and Advisory Business would include equity in the Investment Bank, and that the key management of the Asset Management Business will be incentivised through a bonus and carried interest structure

5. Operating Model (cont'd)

Broking and Advisory Business

- The Broking and Advisory Business will provide an access point for foreign investors / creditors into Iceland and a gateway for Icelandic companies to foreign markets
- A significant market opportunity exists, particularly in the offshore market for ISK, where the Central Bank of Iceland estimates that overseas investors / creditors owning approximately 250bn of ISK denominated assets are seeking to exit, and in the advisory business, where the largest restructuring of corporate balance sheets in Iceland’s history is underway
- Straumur believes it has significant competitive advantages compared to local players and also has established local and international relationships and a track record in these markets, particularly in the broking business
- The modest planned scale of the Broking and Advisory Business limits the downside risk for the creditors. Given that the marginal fixed costs of this business are estimated to be approximately €3m per annum, this business will be profitable at relatively modest income levels as compared to the market opportunity
- As set out above, the Broking and Advisory Business will require equity of only €5m in order to meet its regulatory capital requirements and provide start-up working capital funding

5. Operating Model (cont'd)

Headcount

- The Asset Management Business will have 45 staff, comprising three Senior Managers, 21 Asset Managers, and 21 Support Staff:
  - The Asset Managers comprise nine bankers / corporate financiers, nine analysts and three lawyers
  - Support staff, which are planned to be mainly based in Reykjavik to take advantage of lower costs in Iceland, are assumed at less than 20% of support staff levels at the end of February
- The Broking and Advisory Business needs only 18 incremental employees to be operational compared to a standalone asset management operation. The Broking and Advisory Business will be based largely in Reykjavik, with only two brokers based in London
- However, the AMC and the Investment Bank will have 23 and 40 employees respectively from a legal entity standpoint due to the provision of support services by the Investment Bank to the AMC

Number of Employees	**Business Activity Basis**			**Legal Entity Basis**		
	Asset Mgmt Business	**Broking & Advisory Business**	**Total**	**AMC**	**Investment Bank**	**Total**
Front Office						
Senior Management	3	3	6	2	4	6
Asset Managers	21	-	21	21	-	21
Capital Markets	-	7	7	-	7	7
Advisory	-	5	5	-	5	5
Total Front Office	**24**	**15**	**39**	**23**	**16**	**39**
Total Support	21	3	24	-	24	24
Total Employees	**45**	**18**	**63**	**23**	**40**	**63**

- The headcount and operating costs of the Asset Management Business are projected to decline as asset management activity levels reduce over the period of the managed work-out

5. Operating Model (cont'd)

Proposed Board, Management and Governance Structure

- The proposed board, management and governance structures for each of the future state entities have been designed in order to provide appropriate controls for shareholders / creditors whilst at the same time providing the business with the ability to operate effectively and efficiently on a day-to-day basis. These proposed structures can be summarised as follows:

	ALC	AMC	Investment Bank	Observations
Board	• Independent Board of Directors appointed by shareholders (creditors) • Principally has monitoring and oversight responsibilities	• Effectively controlled by the Investment Bank Board	• Independent Board of Directors appointed by shareholders (creditors) • Responsible for strategy and major decisions in addition to more general oversight role	• Board authority and governance procedures will be subject to Icelandic company and financial markets' legislation • Boards to comprise between three to seven members, with Board meetings to be held monthly or more frequently if required
Management	• No management committee, but will require a CEO in order to meet mandatory legal requirements • Operating decisions will be taken by the CIC (see below), with supervisory oversight by the Board	• Andrew Bernhardt, Co-Head of Asset Management • Oscar Crohn, Co-Head of Asset Management • Jakob Ásmundsson, COO	• Óttar Pálsson, CEO • Jakob Ásmundsson, COO • Benedikt Gislasson, Head of Capital Markets • To be recruited, Head of Advisory	
Decision Making	• Credit and Investment Committee ("CIC") comprising: <u>Voting Members</u> - 2 x Unsecured Creditor Representatives, appointed by the Board of the ALC - Andrew Bernhardt - Oscar Crohn - Jakob Asmundsson <u>Non Voting Members</u> - Secured Creditor Representative (Observer) - Independent Adviser • Provides monthly reports on progress of disposal process to ALC			• CIC will meet at least once a month (or more frequently as required) in order to: - Receive update reports on asset and liability developments - Take credit and investment decisions • Decisions will be taken by a majority of voting members present (which must include at least one Unsecured Creditor Representative), subject to a right of veto by Unsecured Creditor Representatives present acting unanimously. Vetoed decisions can be appealed to the Board • Decisions falling below de minimis limit will be made by a sub-committee of the ICC, comprising Andrew Bernhardt, Oscar Crohn and Jakob Asmundsson by majority decision

6. Statement of Assets and Liabilities

Introduction

- The Bank is required under the terms of the Moratorium to prepare a Statement of Assets and Liabilities, estimating the values of each asset and stating the computed amount of each liability as at the Reference Date
- Under the relevant legislation, the Reference Date is 9 March 2009. Given the relevance of more recent information to the estimated value of assets, together with the practical difficulties of preparing financial and accounting information at a non period end date, the Statement of Assets and Liabilities has been prepared from data as at 31 March 2009. Given the limited number of transactions between the Reference Date of 9 March 2009 and 31 March 2009, the use of 31 March 2009 is an appropriate approximation of the position at the Reference Date
- The Statement of Assets and Liabilities has been prepared by the Moratorium Assistant in conjunction with the Resolution Committee and the management of Straumur. The Statement should be read in conjunction with the notes contained on the following slides
- The Statement of Assets and Liabilities set out in this presentation will be presented at the hearing of the District Court of Reykjavik on 11 June 2009 as part of the Bank's application to extend its Moratorium

Basis of Preparation

- The Statement of Assets and Liabilities consolidates Straumur-Burdaras Bank and its banking subsidiaries, except eQ Bank, Stamford Partners, Novator One, Julia Capital Management, Fönix Investment Fund and Creditor
- The Statement of Assets and Liabilities has been presented to reflect the impact of the ISB Bond (which was issued on 3 April 2009) as though it was issued on 31 March 2009
- The Statement of Assets and Liabilities includes an estimate of the effect of legal netting and creditor offset based on an interpretation of the potential rights of the Bank and its counterparties
- The Statement of Assets and Liabilities includes a provision of €25m for unknown and contingent claims

6. Statement of Assets and Liabilities (cont'd)

Limitations

- The Statement of Assets and Liabilities was prepared using the Bank's information, based on current data and assumptions, which may be subject to change. The actual realisable value of the Bank's assets and the amount of its liabilities may differ materially from the values set forth in this Statement of Assets and Liabilities
- The estimated asset values contained in the Statement of Assets and Liabilities reflect management's view of the realisable values that can be achieved through a managed work-out of the assets over a three to five year period by the existing Straumur team. Therefore, the realisable value estimates in the Statement of Assets and Liabilities, reflect a longer term view of realisable values, rather than realisable values as at 31 March 2009
- The asset realisation strategy and estimated realisations from asset sales are likely to change as circumstances change and management refines and adapts its realisation strategy over time
- Realisations from asset sales are sensitive to changes in market conditions (including interest rates, currency rates, equity and debt prices, counterparty credit worthiness and general economic and financial market conditions) and therefore, estimated valuations represent estimates based on the outcome of an assumed asset realisation strategy at a point in time
- Given the current economic and financial market environment, there are no (or only limited and illiquid) markets for many of the assets held by the Bank. Accordingly, estimates of values for certain assets are based on a high degree of judgment
- For the reasons set out above, the methodology used to estimate the value of assets does not constitute a valuation
- Until all claims have been submitted to, and agreed by the Winding-Up Committee, the liabilities presented in the Statement of Assets and Liabilities are estimated only, and are subject to confirmation and may change
- Deposits which had originally been in the form of bonds and which were converted to deposits in the six months prior to the FME intervention and Moratorium have been treated as unsecured creditors, based on legal advice obtained by the FME
- The Statement of Assets and Liabilities is presented in EUR, with ISK values translated using the Central Bank of Iceland rate as at 31 March 2009 of ISK163.5:€1. Certain of the values presented in the Statement of Assets and Liabilities will fluctuate with changes in exchange rates

6. Statement of Assets and Liabilities (cont'd)

Statement of Assets and Liabilities

€m	Notes	Balance Sheet	Balances subject to set-off	Balance Sheet after set-off	Estimated Value of Assets and Computation of Liabilities
		31-Mar-09		31-Mar-09	
Cash and cash equivalents		107	(28)	79	70
Asset for sale	1	55	-	55	55
Loans and receivables	2	833	-	833	832
Financial assets held for trading	3	105	(12)	93	84
Financial assets designated at a fair value through P/L	4	160	(50)	110	102
Financial assets available for sale	5	129	-	129	129
Investment in associated companies		13	-	13	11
Investment in subsidiaries	6	251	-	251	238
Property and equipment		18	-	18	7
Other assets		13	-	13	11
Total assets		**1,684**	**(90)**	**1,594**	**1,539**
Priority Claims		15		15	15
Senior Secured Claims		759	(27)	732	732
Senior Unsecured Claims	7	1,398	(63)	1,335	1,360
Subordinated claims		101		101	101
Total liabilities		2,273	(90)	2,183	2,208
Equity		(589)	-	(589)	(669)
Total liabilities and equity		**1,684**	**(90)**	**1,594**	**1,539**

- *The above Statement of Assets and Liabilities should be read in conjunction with the "Basis of Preparation" and "Limitation" sections above*
- *The Estimated Value of Assets reflects more up to date information on asset values than the balance sheet position as at 31 March 2009*
- *Computed value of Senior Unsecured Claims includes a provision of €25m for contingent and unknown claims*
- *ISB = Íslandsbanki, CB = Central Bank of Iceland, MoF = Ministry of Finance*

Breakdown of Assets and Liabilities

Assets

1. Assets for sale	€m	pledged to
Unlisted shares	14	ISB
Unlisted shares	41	
Total	**55**	

2. Loans and receivables	€m	pledged to
Pledged loans	496	ISB
Pledged loans	145	MoF
Pledged loans	40	CB
Unpledged loans	151	
Total	**832**	

3. Financial assets held for trading	€m	pledged to
Government bonds	29	CB
Corporate bonds	12	ISB
Corporate bonds	16	MoF
Corporate bonds	7	
Listed shares	9	
Listed shares	2	ISB
Other shares	9	
Total	**84**	

4. Financial assets designated at a fair value through P/L	€m	pledged to
Unlisted shares	74	ISB
Unlisted shares	28	
Total	**102**	

5. Financial assets available for sale	€m	pledged to
Government backed bonds	126	CB
Bank bonds	3	
Total	**129**	

6. Investment in subsidiaries	€m	pledged to
Stamford Partners	n/a	ISB
Novator One	n/a	MoF
eQ Bank	n/a	CB
Total	**238**	

Liabilities

7. Senior Unsecured Claims	€m
Bilateral funding	348
Domestic bonds	120
Syndicated loans	640
Uninsured depositors	182
Other unsecured	45
Provision for contingent and unknown claims	25
Total	**1,360**

7. Analysis of Assets

Overview

- Straumur is not in a position to provide detailed and specific information in relation to individual assets to the creditors. This is based on legal advice received regarding the law relating to banking confidentiality and management's concerns regarding the commercial sensitivity of this information in the circumstances currently faced by Straumur
- Following discussions with certain creditors, in order to try to provide the creditors with as much insight as possible into the nature and quality of Straumur's assets given the issues set out above, management has prepared an analysis of Straumur's loans and investment assets across seven industry sectors as follows:
  - **TMT (Telecom, Media and Technology)**, which includes Wireless Telecommunications Services, Diversified Telecommunications Services, Media, Software and IT Services
  - **Transportation**, which includes Transportation Infrastructure, Road & Rail and Airlines
  - **Real Estate**, which includes the general Real Estate sector as well as Real Estate Management & Development
  - **Diversified Financial Sector**, which includes Diversified Financial Services and Commercial Banks
  - **Retail**, which includes Speciality Retail, Household Durables and Internet & Catalogue Retail
  - **Machinery & Manufacturing**, which includes Machinery, Automotive Components and Building Products
  - **Other**, which includes all sectors not represented in the above segments
- The result of this analysis is summarised in the table on the following page. Further information and analysis in relation to each industry sector, and major assets within each sector, are set out in Appendix 2

7. Analysis of Assets (cont'd)

Summary Asset Analysis

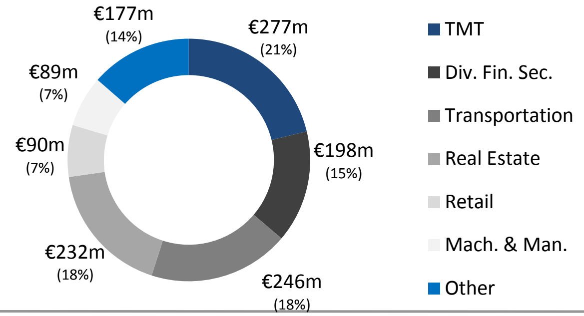
- The table below set out a summary of Straumur's loans and investment assets across seven industry sectors

Asset	Number of Assets	Expected Case (€m)	% of Loan & Investment Assets	Potential Range (€m)			Liquidation (€m)
TMT	18	277	21%	224	-	358	134
Transportation	9	246	18%	202	-	270	90
Real Estate	28	232	18%	182	-	306	40
Diversified Financial Sector	30	198	15%	170	-	241	109
Retail	12	90	7%	63	-	135	22
Machinery & Manufacturing	5	89	7%	71	-	93	30
Other	32	177	14%	103	-	242	53
LOAN & INVESTMENT ASSETS	134	1,309	100%	1,016	-	1,644	477
Cash and Liquid Instruments	-	194	-	194	-	194	194
Derivatives and Govt. Bonds	-	29	-	29	-	29	29
PP&E and Other Assets	-	7	-	7	-	7	7
TOTAL STRAUMUR ASSETS		1,539		1,247	-	1,874	708

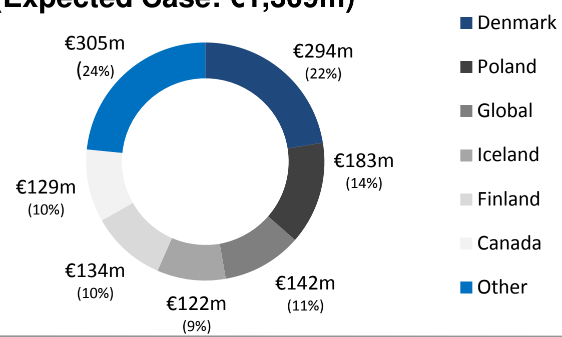
7. Analysis of Assets (cont'd)

Analysis of Loan and Investment Assets

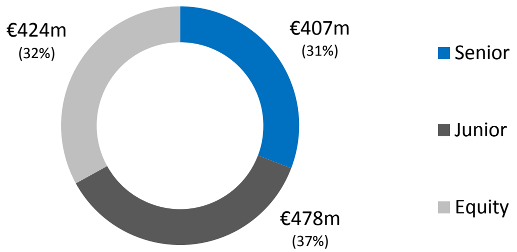
Loan and Investment Assets by Sector (Expected Case: €1,309m)



Loan and Investment Assets by Geography (Expected Case: €1,309m)



Loan and Investment Assets by Asset Type (Expected Case: €1,309m)



- The charts opposite set a out summary analysis of loan and investment assets by sector, geography and asset type, based on the Expected Case
- This analysis highlights the following:

Sector

- Straumur's loan and investment assets are reasonably well diversified by sector, with TMT (21%) being the largest sector based on the Expected Case

Geography

- Straumur's largest geographic exposures are to Denmark, Poland and Iceland, which account for approximately 22%, 14% and 11% of Expected Case realisations respectively
- Straumur's exposure to Denmark is reasonably diversified, (comprising 32 assets in total, and with the five largest assets representing 65% of total Expected Case realisations) whereas its exposure to Poland is more concentrated

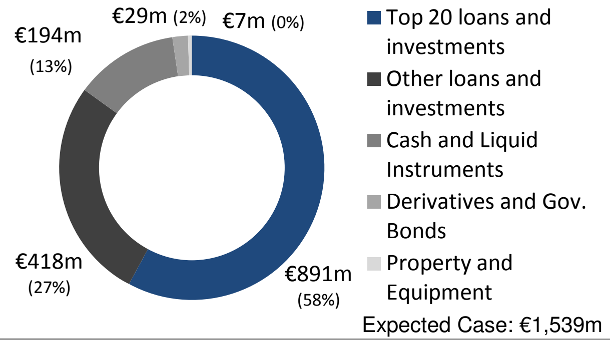
Asset Type

- The weighting between senior debt, junior debt and equity reflects recent debt restructurings and the impact of showing Straumur's investment in its leverage loan warehouse as junior debt, rather than consolidating the underlying senior loans in accordance with the presentation in historic statutory accounts
- Whilst realisations from equity holdings have been estimated conservatively for the purposes of the Expected Case, management believe that these assets have significant upside potential when economic conditions and financial markets improve

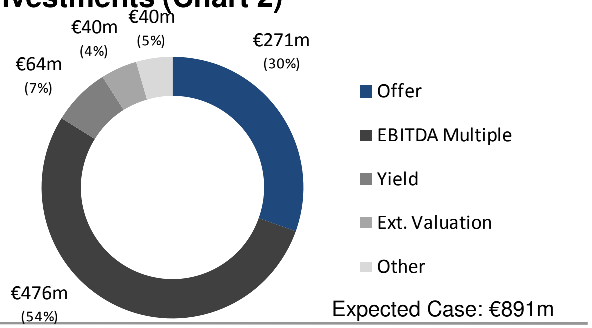
7. Analysis of Assets (cont'd)

Summary of Expected Case Valuation Approach

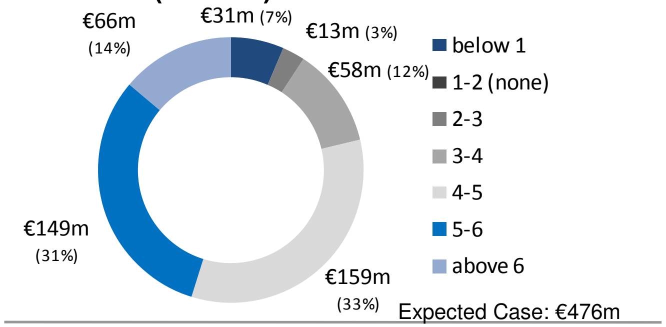
Analysis of Assets (Chart 1)



Valuation Methodology used for Top 20 Loans and Investments (Chart 2)



EBITDA Multiples as Applied to Earnings Based Valuations (Chart 3)



- In order to provide the creditors with an insight into the valuation methodology and assumptions used in the Expected Case, management has prepared the charts opposite, which show :
  - A summary analysis of realisations by asset type (Chart 1)
  - The valuation methodology used in the Expected Case for the Top 20 Loans and Investments (Chart 2)
  - The EBITDA multiples applied to the earnings based on valuations for the Top 20 Loans and Investments in the Expected Case (Chart 3)
- Approximately 13% of the recoveries in the Expected Case relate to assets, such as cash and liquid investments, derivatives, and government bonds, which are valued on a mark-to-market basis
- Approximately 58% of the recoveries in the Expected Case relate to the Top 20 Loans and Investments.
- The valuation methodology used to estimate realisable value in the Expected Case for the Top 20 assets can be summarised as follows:
  - Offers: Approximately 30% of the estimated realisations in the Expected Case are supported by recent indicative offers from potential buyers and/or the valuations underlying recent third party capital injections
  - Earnings: Approximately 54% of Expected Case realisations are based on earnings based valuations. As shown in Chart 3, approximately 86% of estimated Expected Case realisations are based on EBITDA multiples of 6x or less
  - External Valuations: Approximately 4% of Expected Case realisations are supported by external valuations from third parties, such as fund managers
  - Yields: Real estate related investments have been valued mainly using yields in the range of 5.5%-6.5%, which management believe are conservative based on historic transactions for comparable properties

8. Projected Cash Flow

Summary and Key Assumptions

- The table opposite sets out a summary of Straumur's draft cash flow projection for the Asset Management Business under the Low, Expected and High Case scenarios
- The key assumptions underlying the cash flow projection can be summarised as follows:
  - Operating expenses based on the operating structure set out in Section 5
  - Priority Claim Payments, which relate to employee claims, are settled during 2009 as operations continue to be downsized and employees leave the Bank
  - Asset Support represents management's best view of the total amount of additional funding required to achieve Expected Case realisations from asset sales
  - Asset Disposals comprise projected realisations from asset sales, and Other Realisations comprise interest income and loan amortisations
  - ISB Bond Repayments comprise scheduled capital repayments and payments under a cash sweep mechanism in accordance with the contractual terms of the agreement with Íslandsbanki. Under the terms of the cash sweep, closing monthly cash above a minimum level of €40m is applied to reduce Straumur's indebtedness to Íslandsbanki with effect from 31 March 2010 onwards
  - Payments to Other Secured Creditors are repayments to secured creditors (except Íslandsbanki) from pledged asset sales
  - For modelling purposes, the ISK:€ exchange rate has been assumed to remain constant at ISK163.5:€1, based on the 31 March 2009 Central Bank of Iceland Rate
  - REIBOR declines from 13.8% as at 31 March 2009 to 8.0% in Q4 2009 and then remains constant thereafter

Asset Management Business Draft Projected Cash Flow

€m	9 M/E						
Low Case	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Operating expenses [1]	(30)	(15)	(14)	(15)	(8)	(11)	(92)
Priority Claim Payments	(15)	-	-	-	-	-	(15)
Asset Support	(37)	(26)	(10)	(10)	-	-	(83)
Asset Disposals	246	242	267	114	87	262	1,217
Other Realisations [2]	18	25	24	23	21	16	127
ISB Bond Repayments	-	(72)	(201)	(73)	-	-	(346)
Payments to Other Secured Creditors	(167)	(155)	(66)	(59)	(0)	(47)	(493)
Broking & Advisory start-up equity	(5)	-	-	-	-	-	(5)
Net Cash Generated / (Absorbed)	12	(1)	(0)	(20)	100	220	309
Low Case Opening Balance	30	41	40	40	20	119	
Low Case Closing balance	**41**	**40**	**40**	**20**	**119**	**339**	
Expected Case							
Incremental Changes vs. Low Case							**Total**
Asset Disposals	7	69	106	72	23	15	292
Other Realisations	-	-	-	-	-	-	-
ISB Bond Repayments	-	(44)	(20)	73	-	-	9
Payments to Other Secured Creditors	-	(32)	(20)	59	-	-	7
Incremental Net Cash Generated / (Absorbed)	7	(7)	66	204	23	15	309
Expected Case Closing Balance	**48**	**40**	**106**	**290**	**413**	**648**	
High Case							
Incremental Changes vs. Expected Case							**Total**
Asset Disposals	5	117	103	58	12	40	335
Other Realisations	-	-	-	-	-	-	-
ISB Bond Repayments	-	(62)	68	-	-	-	6
Payments to Other Secured Creditors	-	(61)	66	-	-	(20)	(15)
Incremental Net Cash Generated / (Absorbed)	5	(5)	237	58	12	20	326
High Case Closing Balance	**54**	**40**	**343**	**585**	**719**	**974**	

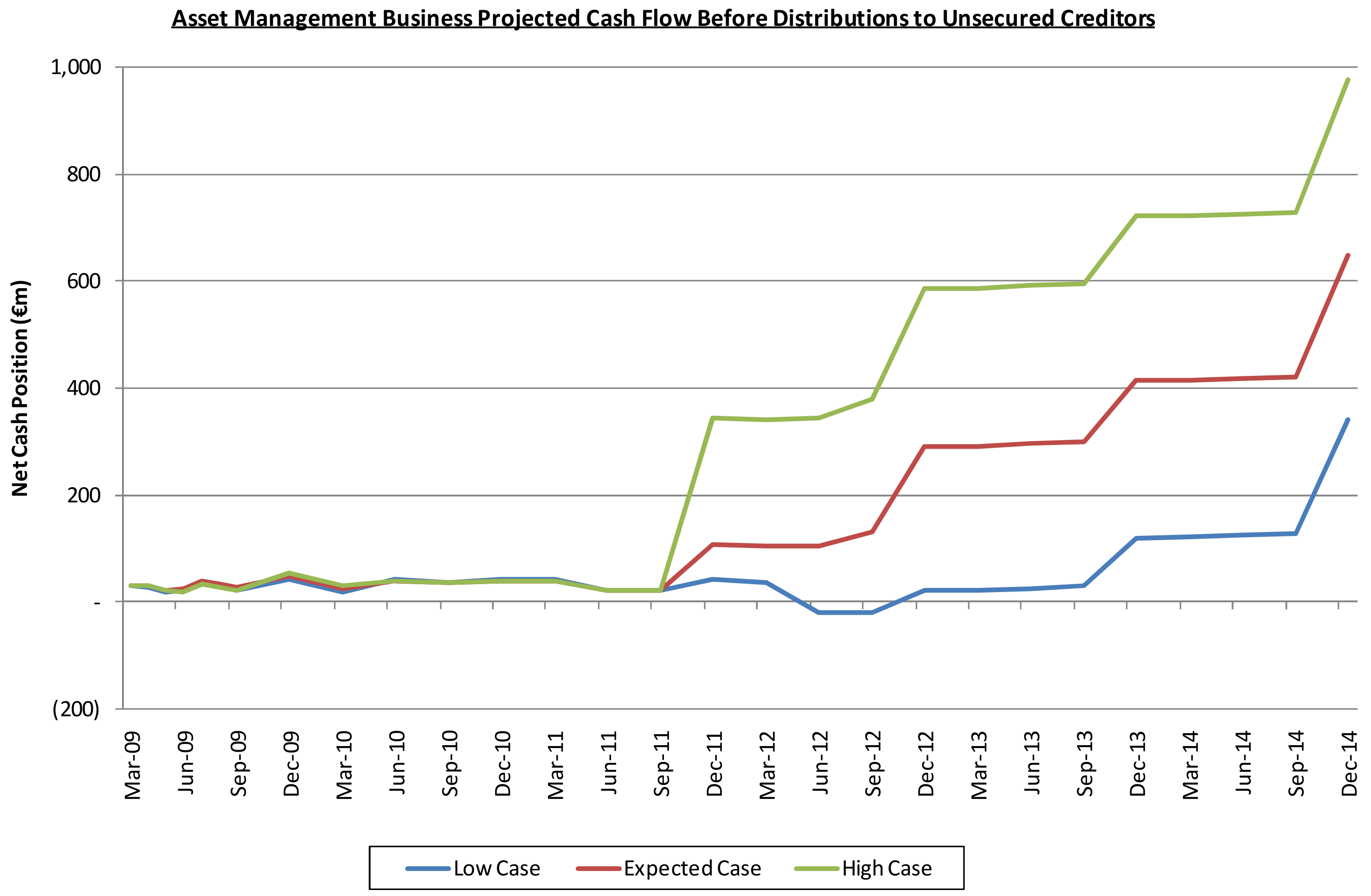
[1] Operating expenses for the nine months ending 31 December 2009 reflect higher (pre-downsizing) operational costs of approximately €8m, and include incremental (one-off) legal and professional fees of approximately €6m

[2] Other realisations comprise interest income and loan amortisations

8. Projected Cash Flow (cont'd)

Summary and Key Assumptions (cont'd)

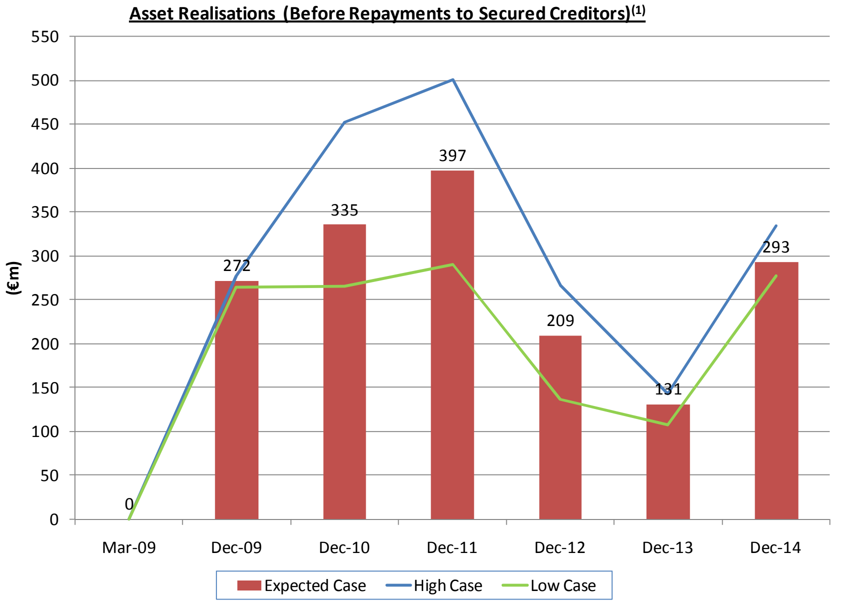
- The graph below shows the projected cash flow for the Asset Management Business over the period to 31 December 2014 under the Low, Expected and High Case asset realisation scenarios



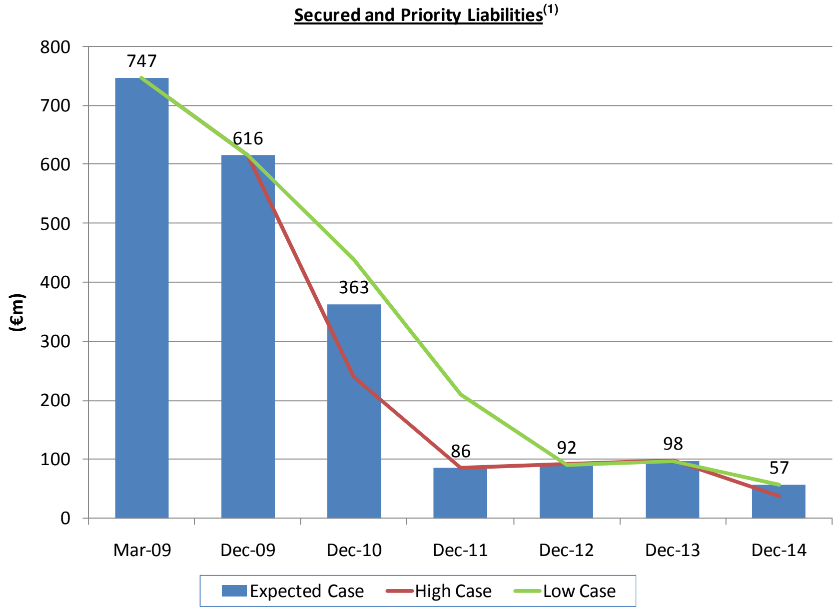
8. Projected Cash Flow (cont'd)

Summary and Key Assumptions (cont'd)

- The cash flow is heavily back end loaded due to the fact that cash generated from sales of pledged assets are initially used to repay secured and priority liabilities
- This is illustrated by the graphs below which show realisations (left hand chart) and the pay down of secured and priority liabilities over time (right hand chart)



[1] Comprises realisations from asset sales, interest income and loan amortisation before repayments to Secured Creditors from Pledged Assets



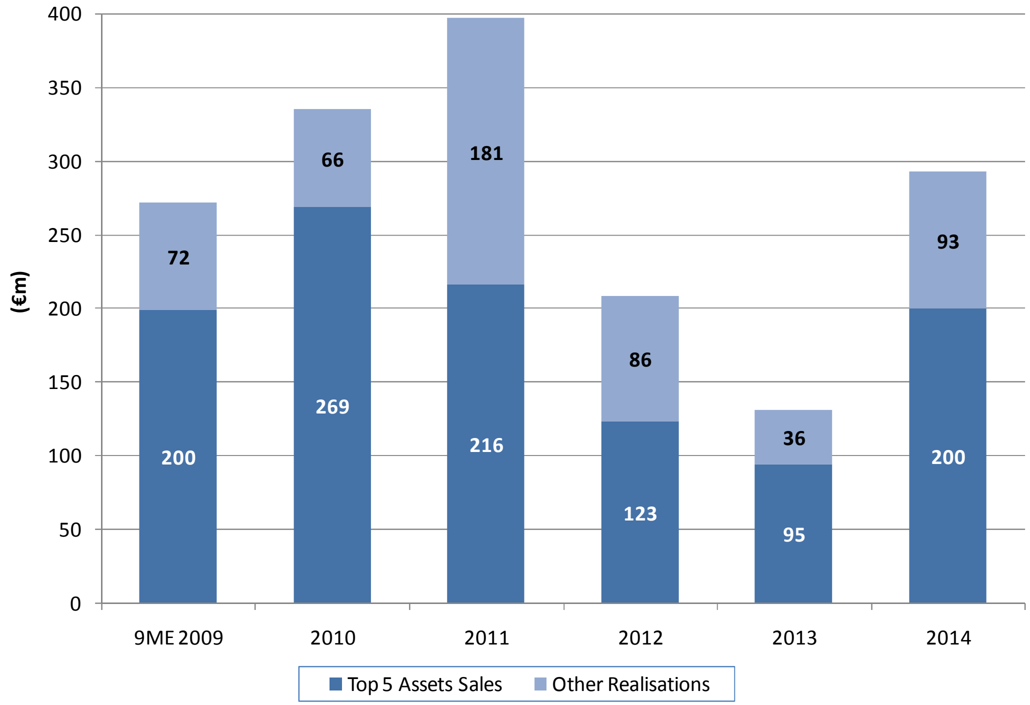
[1] Comprises secured and priority liabilities after balance sheet off-set as outlined in Section 6

8. Projected Cash Flow (cont'd)

Summary and Key Assumptions (cont'd)

- The Low Case cash flow projection shows a peak funding requirement of approximately €20m in September 2012. Prior to this date, headroom is tight before building in any allowance for slippage in the timing (or the amount of asset realisations) or other potential sensitivities
- The chart below shows asset realisations from the five largest annual asset sales in order to demonstrate the sensitivity of the cash flow to the timing (and amount) of the achievement of individual asset sales

Projected Realisations by Top 5 Assets (Expected Case)[1]

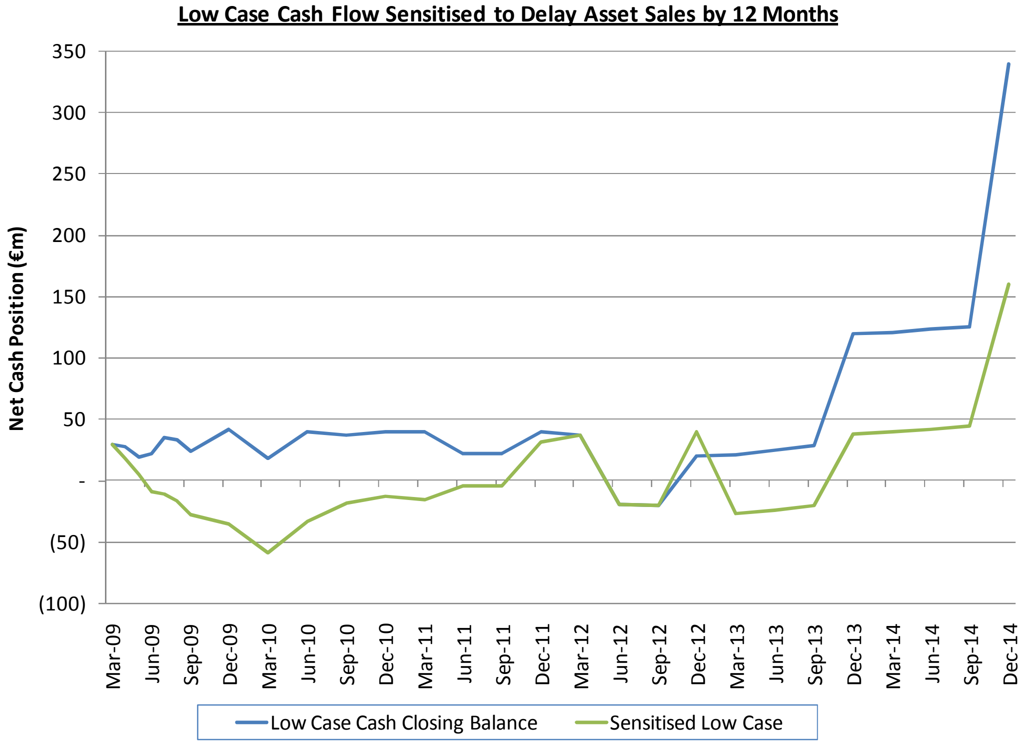


1 Comprises realisations from asset sales, interest income and loan amortisation before repayments to Secured Creditors from Pledged Assets

8. Projected Cash Flow (cont'd)

Projected Funding Requirement

- Straumur's short term liquidity forecast shows the Bank has adequate liquidity over the period to 30 September 2009, by which time the Composition Agreement is expected to be finalised
- However, management considers that additional working capital may be required in a managed work-out scenario in order to provide a buffer against potential contingencies
- In order to assess the amount of additional working capital funding that is needed to provide adequate headroom against potential contingencies, the Low Case has been sensitised to reflect a 12 month delay in asset sales
- This sensitivity analysis shows a maximum additional funding requirement of approximately €58m as at March 2010. Whilst this sensitivity represents a downside case, management believes that it does highlight the need for additional liquidity to provide headroom against any slippage of asset sales in a managed work-out scenario



8. Projected Cash Flow (cont'd)

Projected Funding Requirement (cont'd)

- The options for securing additional working capital funding, which management is currently considering, are as follows:
  - Accelerated asset sales
  - The provision of a working capital facility by existing creditors, secured against specific assets
  - Third party funding, secured against specific assets
- Whilst management is continuing to assess the quantum of additional funding required and potential sources of this funding, the following should be noted:
  - It is likely that that any accelerated asset sales will only be achieved at a value which results in lower realisations than assumed in the Expected Case (and potentially the Low Case)
  - It is likely to be very expensive to secure third party funding, if this can be achieved at all

9. Estimated Outcome Statement

Summary

- The table opposite sets out the estimated outcome for creditors from the Asset Management Business under the Expected Case and a Liquidation Scenario. Management's estimate of the likely potential range of outcomes from the Asset Management Business under a managed work-out scenario is also shown in the table opposite
- The Expected Case, which is intended to show a realistic estimate of the likely outcome, shows an estimated recovery to unsecured creditors (without offset rights) of **41%** (before accruing interest). This is significantly better than the **7%** estimated recovery to unsecured creditors in a Liquidation scenario
- The estimated range of recoveries for unsecured creditors (without offset rights) under the managed work-out scenario ranges from **21%** to **66%** (before accruing interest). This represents a significantly better outcome for unsecured creditors than is likely to be achieved in a Liquidation case, even at the lower end of the estimated outcome range in a managed work-out

Estimated Outcome for Creditors from the Asset Management Business

	Managed Work-Out				Liquidation
€m	Expected Case	Estimated Potential Range			
Available to Secured Creditors					
Asset realisations [1]	1,229	976	-	1,534	556
Less: Amounts due to Secured Creditors					
- Liability	(732)	(732)	-	(732)	(732)
- Interest	(148)	(165)	-	(137)	-
- Costs of Realisation	-	-	-	-	(58) [2]
Add back: Secured Creditor Shortfall	-	29	-	0	234
Surplus available to Priority and Unsecured Creditors	**349**	**108**	-	**665**	**-**
Available to Priority and Unsecured Creditors					
Surplus available from Asset Realisations on Pledged Assets	349	108	-	665	-
Realisations from Assets not subject to Security [1]	432	392	-	463	153
Less: Cost of Realisation [3]	(204)	(189)	-	(219)	(14) [2]
Available to Priority and Unsecured Creditors	**577**	**311**	-	**909**	**139**
Less: Amounts due to Priority Creditors	(15)	(15)	-	(15)	(20)
Available to Unsecured Creditors	**562**	**296**	-	**894**	**119**
Less: Due to Unsecured Creditors					
- Unsecured Creditors (without offset) [4]	(1,361)	(1,361)	-	(1,361)	(1,361)
- Secured Creditor Shortfall	-	(29)	-	0	(234)
Shortfall to Subordinated Creditors and Equity	**(799)**	**(1,095)**	-	**(467)**	**(1,476)**
% Recovery - Secured Creditors	100%	91% - 100%	-	100%	61% - 100%
% Recovery - Priority Creditors	100%	100%	-	100%	100%
% Recovery - Unsecured Creditors	41%	21%	-	66%	7%

1 Comprises proceeds from asset disposals, interest income, loan amortisation, opening cash (excluding €5m for set-up of Investment Bank)
2 Assumed at 10% of gross realisations in the Liquidation Case (excluding cash)
3 Includes operating expenses, asset support and management incentives in managed work-out scenarios
4 Includes a contingency of €25m against unknown and contingent claims from unsecured creditors

9. Estimated Outcome Statement (cont'd)

Summary (cont'd)

- The Liquidation scenario assumes:
  - A distressed sale process, where assets are realised under the supervision of a Liquidator
  - Limited or no cash is provided to support assets
- The managed work-out scenario assumes:
  - Assets will be managed and realised by incumbent management (who know the assets well) over a period of up to five years in order to avoid a distressed sale scenario
  - Appropriate funding is available to enable the execution of the managed work-out strategy, including funding asset support, operational costs and management incentives
- The Estimated Outcome Statement reflects recoveries for creditors from the Asset Management Business only, and does not assume that any value is realised from the Broking and Advisory Business. This represents a potential upside for creditors to the Estimated Outcome Statement presented

9. Estimated Outcome Statement (cont'd)

Potential Sensitivities

- Given that the Bank has a net ISK liability position, the outcome for creditors is very sensitive to changes in the ISK/€ exchange rate
- In addition, as interest payments to secured creditors are based on REIBOR, any reduction (or increase) in REIBOR will also have a significant impact on recoveries for unsecured creditors
- The table opposite shows an illustration of the potential impact of changes in the ISK/€ exchange rate and REIBOR interest rates on the outcome for creditors in the Expected Case
- A contingency of €25m against unknown and contingent claims has been included in the Estimated Outcome Statement. However, the actual amount of such claims may be lower or higher than this estimated contingency, with a consequent increase or decrease in the percentage recovery to unsecured creditors

Illustrative Sensitivity Analysis on Estimated Recoveries to Unsecured Creditors (Expected Case)

ISK/€			REIBOR: -3 pp (13.8% -> 5.0%)	REIBOR: Expected Case (**13.8% -> 8.0%**)	REIBOR: +3 pp (13.8% -> 11.0%)
ISK/€	+ 20%	196.2	54%	52%	50%
ISK/€	Expected Case	**163.5**	44%	**41%**	38%
ISK/€	- 20%	130.8	32%	30%	27%

10. Future Plans

Moratorium Exit Options

- The options for an exit from Moratorium can be summarised as follows:

	Exit Options	Issues
Moratorium	Standstill ends and debtor continues to pay based on existing terms	• Straumur cannot pay its debts as and when they fall due and this is not a feasible Moratorium exit option
Moratorium	Contractually compromise all or certain creditors and continue business after Moratorium	• This option does not bind creditors who do not agree - "hold out" issues • Unknown claims and contingent creditors and guarantees would not be covered • Unlikely to be feasible for Straumur, given high number of creditors
Moratorium	Bankruptcy Process under Bankruptcy Act	• A liquidator will not have the same knowledge of the assets as current management and may be unwilling and/or unable to support assets • Distressed sales of assets, particularly in the current market would not optimise recoveries for creditors
Moratorium	Composition Agreement Process under Bankruptcy Act	• Company agrees to a composition of its unsecured creditors which is agreed by creditor vote at a meeting. Dissenting and non-voting creditors are bound in by the requisite majority

- In order to allow Straumur's restructuring plans to be finalised and implemented through a Composition Agreement combined with a de-merger of the business, the Moratorium Assistant intends to apply for a six month extension of the Moratorium at a hearing of the District Court of Reykjavik on 11 June 2009

10. Future Plans (cont'd)

Composition Agreement

- The debtor makes a composition proposal that is approved by a specified majority of its unsecured creditors in number and value at a meeting which is confirmed by the Court and binds all unsecured creditors
- Claims falling within the Composition Agreement are referred to as "Composition Claims"
- Secured creditors, to the value of their security and priority claims, are not affected
- A Composition Agreement may provide for a proportional relinquishment of Composition Claims; deferred payment dates; changes of form of payment or a combination of these
- Straumur's current plan is that the Composition Agreement will include the transfer of the equity ownership of the business to its unsecured creditors
- A Composition Agreement must provide for proportional relinquishment for all Composition Claims and creditors must all receive payment in the same form. These rules can be relaxed with the agreement of each of the affected creditors
- Claims up to a certain amount can be paid in full provided they are deemed insignificant with a view to the debtor's financial situation
- A Composition Agreement requires the support of at least 60% by value and also in number of the unsecured creditors who have submitted Composition Claims. If the proportion of Composition Claims to be relinquished is greater than 60%, then the proportion of creditors required to support the Composition Agreement increases to the same proportion as the claims to be relinquished (eg: a 70% "haircut" would require 70% of the creditors in number and by value to approve)
- It is anticipated that the business will return to normal corporate governance arrangements (as outlined above) following the completion of the Composition Agreement
- A Composition Agreement will be recognised throughout the EEA and is capable of being recognised in the United States under Chapter 15 of the United States Bankruptcy Code

10. Future Plans (cont'd)

De-merger

- The de-merger to create the Investment Bank and ALC, as set out above at Sections 4 and 5, will be implemented under the Public Limited Companies Act ,No. 2/1995. Subsequently, the AMC will be established as a subsidiary of the Investment Bank
- The de-merger requires the approval of the shareholders of Straumur, and can therefore be effected by the Resolution Committee which has assumed the power of the Board of Directors and of the Shareholders' Meeting of Straumur
- It is currently planned that a Shareholders' Meeting to approve the de-merger will follow immediately after the Creditors' Meeting to approve the Composition Agreement and will be conditional on the approval by the Court of the Composition Agreement
- The same Shareholders' Meeting will also approve the resolutions needed to effect the transfer of equity in the Investment Bank and the ALC to the unsecured creditors of Straumur

10. Future Plans (cont'd)

Next Steps for Management

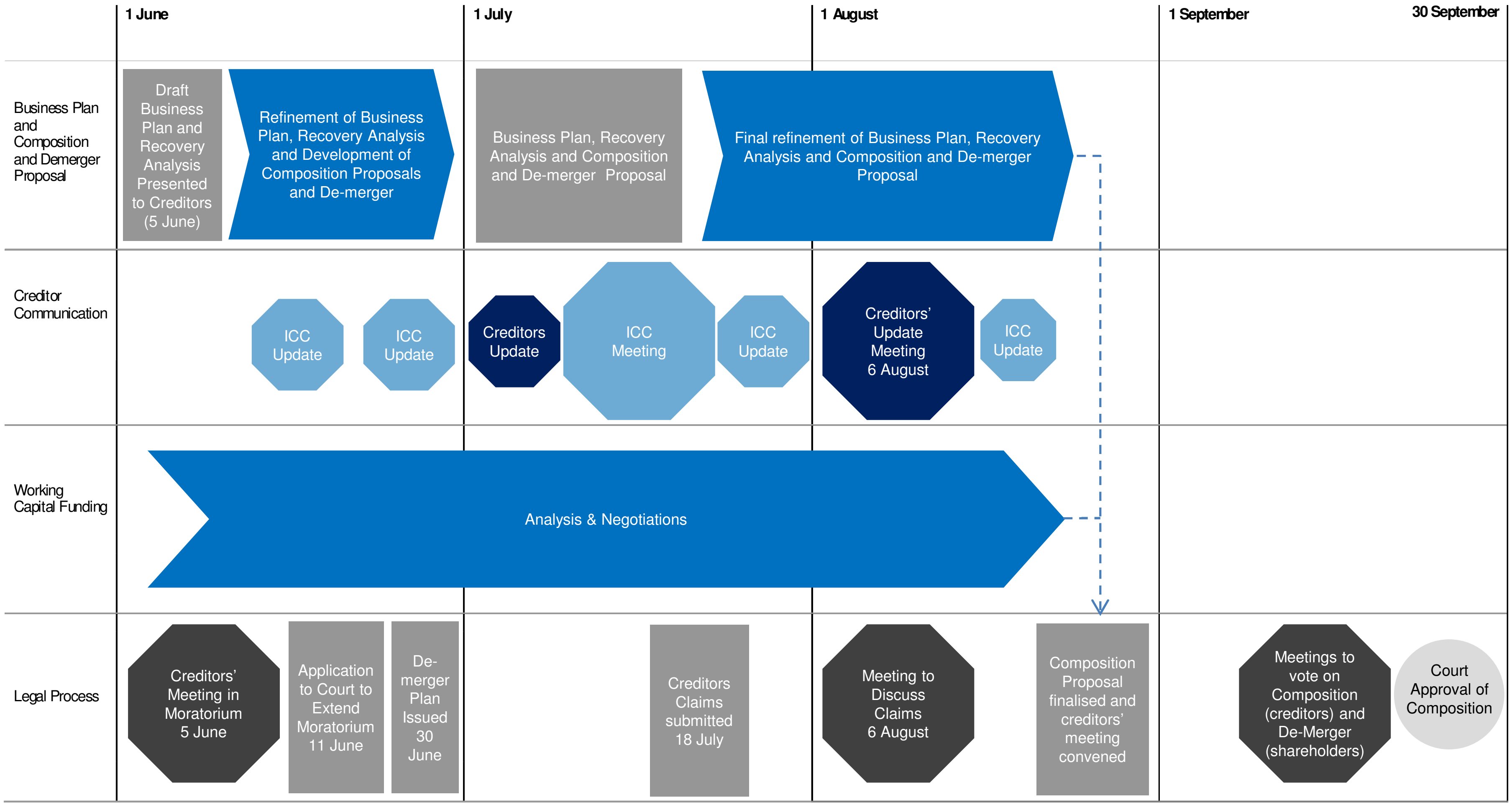
- On the basis that an extension of the Moratorium is granted as expected, management will be further refining their business plan and recovery analysis and developing a composition proposal and de-merger plan over the coming weeks
- These plans will be developed taking into account feedback from the ICC as appropriate, and an update on the progress of this work will be provided to all creditors in early July 2009
- The results of this work will be presented in detail to all creditors at a meeting on 6 August 2009. This meeting will coincide with the creditors' meeting called by the Winding Up Committee to discuss the list of claims lodged and the Winding Up Committee's view on individual claims
- As set out in the following slide, management is currently targeting the end of September 2009 for the completion of the restructuring

Next Steps for Creditors

- In accordance with the notice to creditors issued by the Winding Up Committee, creditors are required to submit their claims to the Winding Up Committee by 18 July 2009
- As set out above, these claims will be discussed at a meeting of creditors on 6 August 2009. On the same day, management intends to present their business plan, recovery analysis, composition proposal and de-merger plan to the creditors

11. Timetable

Target Timetable



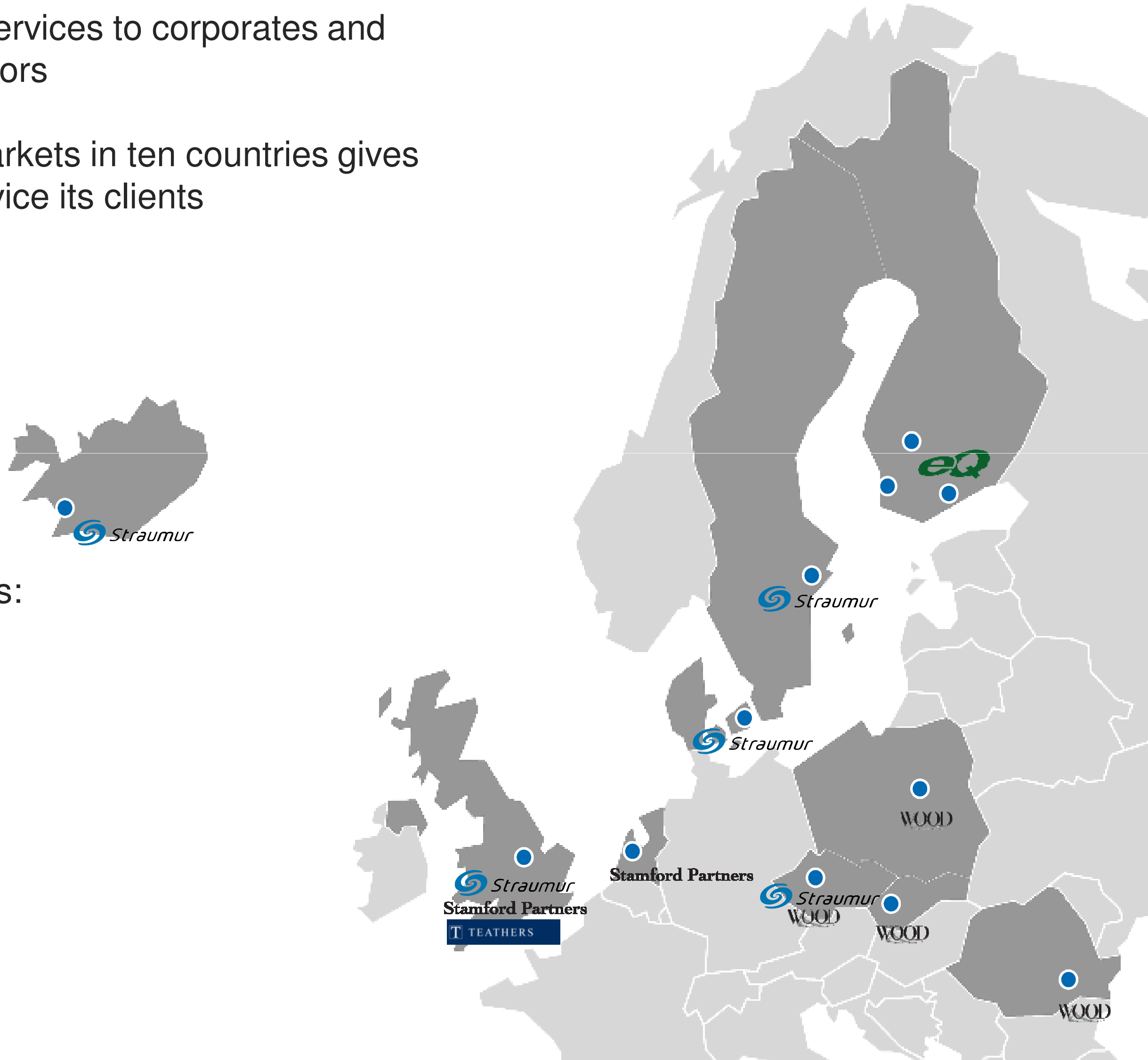
Q&A

Appendix 1: Straumur Pre-Crisis Profile

Appendix 1: “Local Knowledge - Local Access”

Straumur offers investment banking services to corporates and local, regional and international investors

Its presence and knowledge of the markets in ten countries gives it a unique platform from which to service its clients



Straumur operates through five brands:

- Straumur (IS, DK, SE, UK and CZ)
- eQ (FI)
- Wood & Company (CZ, PL, RO and SI)
- Stamford Partners (UK and NL)
- Teathers (UK)

Appendix 1: Our Strategy

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

Appendix 1: Our Client Focus

Capital-raising clients	Local investors	International investors with regional interest
Local corporates, particularly focusing on SMEs	Pension funds	International pension funds
Investment companies	Asset and money managers	Hedge funds/FoFs
Financial sponsors	Mutual funds	Macro funds
Private equity houses	Financial intermediaries	International money managers
International entrepreneurs	Family offices and High Net Worth individuals	Private banks
Family offices and High Net Worth individuals		Family offices and High Net Worth individuals

Appendix 1: Our Business Lines

Straumur

Investment Banking	Securities	Asset Management	Merchant Banking
M&A/Advisory Equity Capital Raising Debt Capital Raising Senior Junior Mezzanine Leveraged & Structured debt advice & financing Debt Syndication & Sales	Equity Sales, Research & Brokerage Trading and structuring across equity, debt and other asset classes, both cash and derivatives, acting as agent and principal Indigenous & international Sales	Management of third-party funds Mutual funds Fund of Funds Structured Asset Placement Wealth Management, including coverage of High Net Worth individuals	Use of Bank capital to invest direct in clients´ securities Potential private Equity activity, sourcing capital from third-party investors

Treasury

- Managing liquidity
- Managing the Bank's FX and IR risk
- Funding the Bank

Appendix 1: Our Structure

Continue to evolve towards a diversified investment banking model

	Investment Banking	Securities	Asset Management	Merchant Banking	No of Employees*
Finland					190
UK					132
Iceland					113
Czech Republic					96
Denmark					28
Slovakia					13
Sweden					12
Romania					1
The Netherlands					4
Poland					4
					593

Investment Banking
- M&A/Advisory
- Equity Capital Raising
- Corporate restructuring
- Financial restructuring

Securities
- Equity Sales, Research & Brokerage
- FX and fixed income brokerage
- Local and international distribution

Asset Management
- Own funds
- Discretionary and non discretionary
- Production and distribution

Merchant Banking
- Managed funds
- Selected capital commitment

* Numbers end of December 2008

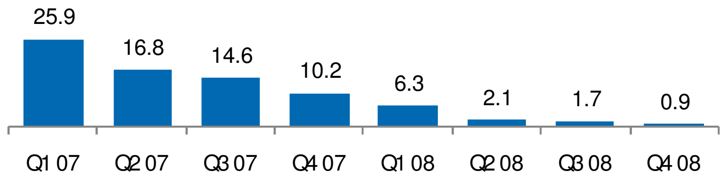
Appendix 1: Strategic Repositioning

Strategy | **Successful development**

Risk

- Continuing the transformation from an investment fund to an investment bank
- Reducing trading positions and overall risk in the business

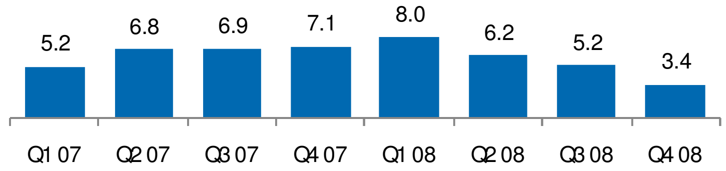
VaR – Trading book € m



Balance sheet

- Moving from a balance sheet reliant business model to an advisory based, balance sheet light model
- Reducing both the trading portfolio and loan book

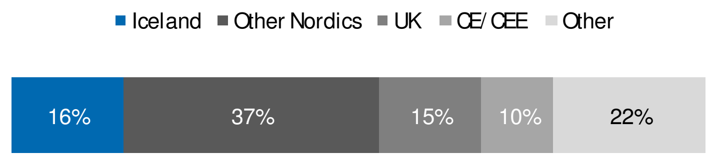
Total assets € m



Diversity

- Moving from the focus on Iceland towards a more diversified pan-European business model
- Creating a balance between business units and geographies

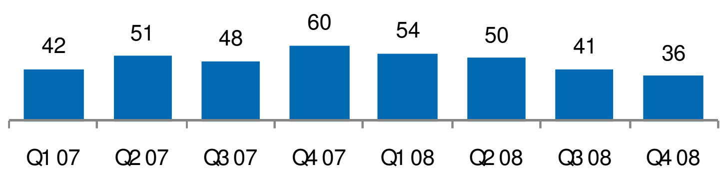
Geographical split of loan book



Client income

- Concentrate on developing client-based services, including advisory and brokerage
- Broadening the client base throughout the footprint

Client income € m



Appendix 2: Analysis of Assets by Sector

Appendix 2: Sector Analysis - TMT (Telecom, Media and Technology)

Sector Overview and Straumur Context

- Approximately 80% of Straumur's exposure in the TMT sector is related to the telecommunications (Telco) industry
- Whilst the difficult current economic environment is presenting a challenge to most industries, Straumur believes that the Telco industry is somewhat less vulnerable given its quasi infrastructure qualities
- Although the Telco sector faces challenges from macro economic conditions and price pressure, these can potentially be offset by successfully managing costs and continuing to exploit the opportunities which exist to extend bundled products and increase ARPU (average revenue per user)
- Over 90% of Straumur's Telco assets are market leaders in their respective geographies across Europe
  - The relative strength and market positioning of these assets provides a strong underpinning for Expected Case realisations and in management's view limits the recovery risk in the Low (and the High) Case
- The remaining assets within the TMT sector relate to the Media (10%) and IT sectors (10%)
- The value of Media and IT assets generally tend to be closely correlated to general economic conditions. However, the niche positioning of Straumur's assets provides some protection in the current difficult economic environment
  - Nevertheless, timing of asset sales will be dependent on the duration of the economic downturn
  - Realisations achieved for Media assets will be heavily dependent on the achievement of a successful restructuring currently being undertaken in a key Media asset
  - IT assets are mainly niche software and IT services businesses which continue to perform relatively strongly even in current markets

Assets Commentary

- Straumur's top five TMT assets generate approximately 90% of total recoveries in the Expected Case
- **Asset A**
  - Fourth largest independent 3G mobile operator in a major economy within the CEE region, servicing retail and business / corporate customers
  - The business, which makes up the majority of the TMT portfolio, is currently performing to budget
  - Straumur's High Case realisation estimate is supported by:
    - Valuation attributed by JV partner, based on a recent capital increase / injection
    - Recent third party interest from a credible trade buyer
- **Asset B**
  - Leading Nordic Independent movie distributor with activities in the Nordic area and the Number 1 player in Denmark
  - Assets include distribution rights which underpin future revenue
  - Straumur has taken control of the equity through a restructuring, as part of which the fixed cost base will be reduced and the activities of less profitable business units outsourced
- **Asset C**
  - One of two Telco leaders in a Mediterranean country where it is the sole provider of cable television services. It also offers broadband internet, fixed-line telephony and business communication services
  - Newly introduced mobile services have enabled a quad-play package to be offered, which should help defend its market position and provide further support for the Expected Case valuation
- **Asset D**
  - The fourth largest independent ISP in a key Eastern European country with a strong and increasing retail and corporate subscriber base
- **Asset E**
  - A software / gaming Company with a cutting edge and very successful online multi-player game product with an international following

Appendix 2: Sector Analysis - Transportation

Sector Overview and Straumur Context

- Straumur's assets typically hold strong market positions in their respective segments. Essential services, such as transportation of chemicals and cold storage of food, make up the majority of assets within this sector
- Straumur's Transportation assets are spread globally with North America, Scandinavia and France being the key regions
- In addition, transportation and transportation related services is a relatively defensive sector, which is better placed than many to ride out the downturn
- Nevertheless, the performance of assets in certain segments (such as airlines and chemical transportation) where performance is linked to discretionary consumer spending, has been impacted by the recent economic downturn
- Expected to High Case realisations are based on performance of assets returning to historic sustainable (not peak) levels
- The key swing between the Low, Expected and High Case valuations relate to three assets which are more closely linked to the state of the global economy
  - Realisations from these three assets almost double in the Low Case to the High Case
  - Low Case realisations are underpinned by the largest and most stable asset in this sector which is Infrastructure related, and is projected to provide a significant percentage of realisations in this scenario

Assets Commentary

- The top four Transportation sector assets generate approximately 95% of realisations in the Expected Case
- **Asset A**
  - A leading provider of cold storage and logistics services in the US, Canada, Australia, New Zealand and Argentina and the largest refrigerated warehousing operator in the world
  - Diversified and strong client base, with no single customer representing more than 8% of revenue
  - Strong FY08 performance and performing ahead of budget YTD
- **Asset B**
  - Leading liquid chemicals transportation operator in the Nordics, with more than 50% market share
  - High barriers to entry due to transport related legislation favouring in-situ local operators given sunk costs
  - Poor Q4 2008 and January 2009 performance due to underlying client demand falling, however performance stabilised from February onwards and the business is now on track to achieve significant EBITDA and cash flow improvements in 2009
  - Opportunities to diversify and grow into areas with two to four year payback periods, subject to funding being made available
- **Asset C**
  - Major European Chartered Airline, in which Straumur is 100% equity owner
  - Company has substantial cash balances and significant counter claims against the insolvent estate of its parent, which is expected to generate significant recoveries
  - Indicative offers from interested parties, together with claims against, support High Case realisations
- **Asset D**
  - Leading Danish car rental company with 40 locations nationally
  - Diversified customer base with no single customer representing more than 3% of revenue
  - Straumur owns the majority of equity and Junior debt and has reached an agreement with a major Nordic Bank which secures long term funding

Appendix 2: Sector Analysis - Diversified Financial Sector

Sector Overview and Straumur Context

- The majority of Straumur's geographic exposure in this sector is to Scandinavia and the EU
- Straumur expects to reduce its exposure to this sector significantly during the remainder of this year based on
  - Indicative offers and the expected return from redemptions which are scheduled to be received over the remainder of 2009
  - The completion of the sale of Straumur's remaining branded operating subsidiaries (eQ Bank and Stamford Partners) during the next few months
- Over 40% of Straumur's holdings in this sector represent investments in various funds, including PE/Mezzanine funds
  - 26% of these funds have exposure to the credit markets, whilst 30% can be classified as private equity and venture capital funds
  - Management is confident that projected realisations in the Expected Case are achievable, given that this is broadly in line with net book value which already reflects significant write downs
- The stability of Straumur's CLO warehouse, which represent Straumur's second largest asset in this sector, has recently been secured through the agreement of a refinancing. Subject to loan market performance, this warehouse could provide very substantial upside realisations above the Expected (and even the High) Case

Assets Commentary

- The top three assets in the sector generate approximately 48% of the realisations in the Expected Case
- **Asset A**
  - A sale has been agreed, following a formal sales process
- **Asset B**
  - Straumur holds Junior Notes in a Warehouse of Leveraged Loans, which had come under unwinding pressure due to the weakness of the loan markets in Q4 2008 / Q1 2009
  - A transaction closed in April which will effectively refinance the Warehouse and protect significant value for Straumur
  - Management now firmly believes that the 'Expected' recovery is conservative, and are targeting a high range valuation
  - The Warehouse consists of 30 geographically diversified assets, split 95% senior, 4% second lien and 1% mezzanine debt. Despite the senior nature of the assets the exposure is classified as junior due to the junior nature of Straumur's note
- **Asset C**
  - Straumur is a large shareholder in a defensive hedge fund of funds which aims to exploit opportunities in a falling market
  - Straumur's shareholding has been redeemed and the fund aims to repay approximately one third of the investment in April/May 2009 (over 40% of the scheduled repayment received) and the fund managers are optimistic that they can pay the outstanding balance in July 2009
  - The fund has shown an overall positive return since Straumur invested at end of August 2008 and management is therefore confident that the Expected Case outcome, which is based on conservative assumptions, should be achieved

Appendix 2: Sector Analysis - Real Estate

Sector Overview and Straumur Context

- Real estate assets primarily relate to Scandinavian real estate companies. The underlying assets are cash flow generating investments in retail, commercial, and residential properties. Cash flows are sufficient to cover interest and amortisation payments to senior banks, which provided loans with an LTV of 60-80%, based on the relevant purchase prices
- Only a minority of the assets relate to development projects or investments in development or asset management companies (less than 30% in Expected Case), and a majority of the assets hold strong market positions in their sectors
- A major part of the assets stem from equity bridges, where the original equity investor has been substantially diluted due to the change in market conditions such that Straumur is now effectively the equity owner in most cases
- Distressed sales in the current market would recover less than 20% of the Expected Case valuations and hence, Straumur's main focus is to ensure that underlying cash flows are sufficient to meet third party senior financing payments
- Therefore, in the short to medium term, all positions require substantial work-out management to preserve value by ensuring that the investment vehicles are financially restructured based on a medium term (three to five years) financing commitment from all lenders and that management structures, with appropriate corporate governance, are implemented
- In the medium to long term, when markets recover, the main focus will be on preparing the underlying assets for structured sales
- The key swing factor between the Low, Expected and High cases are related to the normalisation of real estate markets and Straumur's ability to successfully negotiate the financial restructuring of these assets

Assets Commentary

- The top three assets below account for approximately 66% of projected realisations from Real Estate Assets in the Expected Case
- **Asset A**
  - Portfolio of very prominent properties located in the major cities of Denmark comprising more than 150,000 sqm of high street retail premises
  - More than €60m has been invested in refurbishing the properties, many of which are prize assets and hence attracting significant investor interest. This is expected to translate into serious offers once investors believe the market has bottomed out
- **Asset B**
  - Scandinavian investment company which focused on buying well located properties with stable cash flows for resale as structured investments
  - Changed market conditions have made it difficult for the company to resell properties leading to significant cash flow and financing issues due to its highly leveraged capital structure
  - Restructuring involving Straumur and other junior lenders converting part of their exposure to equity and term out of remaining junior facilities are close to be finalised
- **Asset C**
  - Investment Fund with both minority and majority positions in real estate, development projects, and development companies with strong market positions across Europe
  - Significant equity in the capital structure, but business has been affected by market illiquidity and the fact that their listed investments trade significantly below book value leading to additional cash requirements for refinancing and margin calls

Appendix 2: Sector Analysis - Retail

Sector Overview and Straumur Context

- Straumur's assets typically hold leading market positions and are spread across a wide range of retail sectors and formats, ranging from high street department stores to discount chains and online retailers
- Sector exposure is primarily towards the Danish and UK markets, with the former comprising more than 80% of projected realisations in the Expected Case
- Although the Danish and UK retail sectors are currently being significantly affected by declining consumer spending, the underlying assets are performing better than expected. Nevertheless, for the sake of prudence, a further downturn in performance has been built into the Expected Case outcome
- The key driver of the difference between realisations under the Low and High Case outcomes is the extent and nature of the current recession and, more importantly, the success of the action plans being put in place
- Realisations from the three major Retail assets increase by around 2.5 times from the Low Case to the Expected Case

Assets Commentary

- The top three assets below account for over 80% of projected realisations from Retail assets in the Expected Case
- **Asset A**
  - Leading Danish department store chain, with six stores in the three largest cities in Denmark
  - Implemented a successful turnaround in 2004, with focus on sales growth, working capital and introduction of IT and BI systems
  - Now profitable for the first time in almost two decades and is well placed to cope with the current economic downturn
- **Asset B**
  - One of the most prestigious premium department stores in the Nordic region, although it is struggling financially due to shortcomings in its current business model
  - Has substantial development potential, which Straumur and management are working to realise in co-operation with local and international developers and retailers
- **Asset C**
  - Leading Danish discount furniture store chain, with 54 stores across Denmark.
  - The company is in the process of implementing a restructuring which has realised significant savings to date and is expected to deliver further savings in 2010

Appendix 2: Sector Analysis - Machinery & Manufacturing

Sector Overview and Straumur Context

- Machinery & Manufacturing has typically been badly hit globally as consumer spendin2g and construction investment has decreased sharply, due in part to financing becoming harder to obtain
- The three main assets in this sector are related to the construction industry, automotive parts and hydraulics sectors. Despite the weakness in the first two industries, Straumur's assets have performed relatively favourably compared to others in these sectors
- Geographically, the assets are diversified across North America, Global Growth Markets, and the Nordic Countries
- However, despite favourable performance within their sectors, exits in the short term are likely to be difficult and achieve very poor values
- The main assets held by Straumur arise from 'club' / syndicated transactions. Whilst Straumur's exposure ranges from senior to equity, it has retained an element of senior debt in each transaction which will improves its leverage in any restructuring negotiation
- However, covenant headroom remains significant for these assets, and management believes the main companies in this sector will come through 2009 and 2010 without material problems

Assets Commentary

- Straumur's top three assets generate approximately 95% of realisations in the Expected Case
- **Asset A**
  - Leading global manufacturer of specialist machinery for the construction industry
  - Very flexible cost base with outsourced production, and has demonstrated ability to adapt to a poor construction market
  - Performance suffered in 2008, but the business has sufficient forward orders on hand to achieve 2009 projections
  - Strong cash position (c. 30% of debt), and net leverage through the Mezzanine tranche was x1.62 at FY2008
- **Asset B**
  - Nordic leader within hydraulic components segment, and also produces pneumatics and electro machines
  - Well diversified, global customer base, with the top five customers accounting for less than 20% of revenue
  - Performance in line with 2009 budget YTD, with strong forward order book
- **Asset C**
  - Leading North American manufacturer of niche components for the Automotive industry
  - Lenders took control and restructured the company in 2008, following which Straumur now holds approximatley17% of equity on a diluted basis
  - New management has performed very well, and company has outperformed its strategic restructuring plan for FY2008
  - Company has exposure to Chrysler/GM, but is well placed to deal with Chrysler/GM entering into Chapter 11
  - Low Case assumes only debt is recovered, which was levered at 3.5 times at FY-08
  - Company's niche in lightweight technologies is attractive and potential equity upside is reflected in High Case