

Straumur-Burdaras Investment Bank hf.
STRB 07 5

SUMMARY

JULY 2008

GENERAL

This Summary concerns Straumur-Burdaras Investment Bank hf. and should be read as an introduction to a Prospectus that consists of three independent documents; this summary, a Securities Note dated 28 July 2008 and a Registration Document, published on 30 June 2008. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.

In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might have to bear the cost of translating the Prospectus before legal proceedings are initiated.

Civil liability attaches to those persons who have tabled the summary including any translation thereof and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

ISSUE STATISTICS, EXPECTED TIMETABLE AND USE OF PROCEEDS

The Prospectus concerns the admission to trading of Bonds for the amount of ISK 2,000,000,000- on OMX Nordic Exchange Iceland hf. by Straumur-Burdaras Investment Bank hf., ID No. 701086-1399, Borgartún 25, 105 Reykjavík, Iceland

The Bonds are issued electronically at the Icelandic Securities Depository (Verðbréfaskráning Íslands hf.), ID No. 500797-3209, Laugavegur 182, 105 Reykjavík, in accordance with Act No. 131/1997 on electronic registration of title securities and registered there under the name of the relevant bondholder or his/her nominee. The Bonds will bear the symbol STRB 07 5 and the ISIN code IS0000015048.

The issue date of the Bonds was 5 June 2007. The Bonds are denominated in ISK and denomination of each Bond is ISK 5,000,000,-. The Bonds carry no interest on principal and are not index-linked.

The Bonds shall in change of ownership be endorsed to a named party. No other restrictions are on transferring the Bonds.

The issue is part of regular financing and the proceeds will be used to finance the Issuer's regular activities.

The Bonds are expected to be admitted to trading no earlier than 29 July 2008.

COST OF THE ISSUE

The total expenses related to the admission to trading of the Bonds are ISK 1,025,000.

RISK FACTORS

The principal risk factors that may have a material effect on the price of the Bonds, and thereby on the investment value, are:

- Credit risk
- Market risk
- Liquidity risk

Among the important risks to which the Issuer is directly exposed are risk factors relating to the Issuer as a financial institution. The Issuer is subject to liquidity risk, currency risk, market risk and inflation risk. Other general risk factors include i.e. regulatory changes, operational risk and systemic risk.

The Security Notes are derivative related Bonds and 95% principal protected, where 95% of its principal will be repaid in one payment on the final maturity date, 6 October 2008. The yield of the Bonds is linked to the performance of the shares of Glitnir banki hf. (Glitnir), ID No. 550500-3530. The participation rate is 120% with a cap at 50% above the strike price of 28,1. The price of the shares on maturity of the Bonds will be equal to the average closing price of the shares for the last 5 business days prior to the maturity date.

The Bonds are not indexed. Therefore, Investors risk on receiving only 95% of what they initially invested, without any interests, if Glitnir's strike price is below 28,1. Potential Investors should therefore be aware that they may not receive any interests on the Bonds.

Glitnir is registered on Nordic Exchange Iceland hf., under the symbol GLB and the ISIN code IS0000000131. Further information regarding the stocks can be found on OMX Nordic Exchange website (www.omxnordicexchange/.com) or Glitnir's website (www.glitnir.is).

Insurance has not been bought from a third party regarding payment of the notes' principal. Investors could therefore lose more than 95% of its principal, if the Issuer becomes bankrupt. Investors could as well lose more than was invested for, if a loan has been taken for the investment.

No adjustments will be made to the Bonds with regards to any corporate actions in respect of the shares of Glitnir banki hf.

INFORMATION ON STRAUMUR-BURÐARÁS INVESTMENT BANK HF.

The legal name of the Issuer is Straumur-Burdaras Investment Bank hf. and its commercial name is Straumur.

HISTORY AND KEY DEVELOPMENTS

Straumur's roots trace back to the first Icelandic equity fund, Hlutabrefasjodurinn, founded in 1986. In 1995, the equity fund was merged with the VIB equity fund to form the largest equity fund in Iceland. In 2001, changes in the securities market and taxation laws prompted changes in the equity fund and restructuring of operations converted the equity fund into Straumur Investment Company. In 2003, Straumur purchased the Icelandic Software Fund Inc and Framtak Investment Bank („Framtak“). Framtak's principal activities consisted of investing in unlisted securities, which it resold or listed on the stock exchange, as well as investing in listed equities and bonds. In December 2003, Straumur sold its entire holding in Framtak to Islandsbanki, but concluded an agreement to purchase the share of Framtak's investments which were considered 'venture capital'. In January 2004, Straumur was granted an investment banking license by Iceland's Financial Supervisory Authority, the FME. In August 2005, Burdarás hf., Landsbanki-Islands hf. and Straumur signed a joint plan to divide Burdarás, which was a financial investment company, in two so that certain assets of Burdarás became part of Landsbanki while Burdarás' operations and remaining assets became part of Straumur. As a result of the merger, Straumur's asset base was significantly increased and a substantial equity base was created to serve as a foundation for further development. Burdarás brought with it 18,000 shareholders and an increased capital base which has significantly increased the investment capacity of Straumur.

THE GROWTH OF STRAUMUR

The growth of Straumur continued with the acquisition in 2006 of 50 per cent. of Stamford Partners, an investment banking advisory firm specialising in the European food and drink sector. The geographic diversification of Straumur has also continued with the opening of an office in Copenhagen in 2006, and an office in London at the beginning of 2007. In June 2007 Straumur acquired 50.00% of the issued share capital of Wood & Company, a Central European investment banking house headquartered in Prague, with the option to acquire 100% no later than 2011. In the third quarter of 2007, Straumur completed the acquisition of the Finnish bank eQ and opened a branch in Stockholm. While 2007 was a transformational year for Straumur, it was also a year of great challenges. Markets were volatile, and in common with other financial institutions, Straumur saw pressure on earnings, particularly during the second half of 2007. Operating income for 2007 was €330 million, down by 38% from 2006. Profit after tax was €163 million, compared with €515 million in 2006, despite both the absolute level and the proportion of operating income derived from client-related activities increasing significantly during the year. Across the Group, net interest, fees and commissions accounted for 61% of operating income and 105% of pre-tax profits for 2007, compared to 24% and 26% respectively in 2006. Straumur's long term goal is to generate 75% of operating income and pre-tax profits from client-related activities

RECENT DEVELOPMENTS IN 2008

At the start of 2008, the Issuer established a new business line called Merchant Banking which encompasses its investment in managed funds and most of its residual long-term direct listed and unlisted equity investments. Further, in the first quarter of 2008 the Issuer launched the Straumur

Capital Management („SCM“) business initiative. SCM will act as an incubator and service provider to various new hedge funds. Straumur intends to invest directly in the SCM funds, while also creating a venue for clients and investors to participate in investment opportunities which are identified through the Bank’s presence in Northern and Central Europe. As part of SCM, Straumur Capital Management hf, an Icelandic fund management company, is to be established as a wholly owned subsidiary of the Issuer. SCM is in the process of requiring its licenses with the Icelandic Financial Supervisory Authority and having the European Special Situations Event Driven Fund initiating its trading activities. Subsequently SCM will launch its first fund which will invest in equities, bonds and options in Western and Eastern Europe. The focus is on M&A risk arbitrage, non-distressed event driven situations and distressed situations, using various instruments. SCM’s goal is to launch at least two other funds in the year 2008. This initiative will complement the asset management activities conducted by Straumur, eQ and Wood.

SUBSIDIARIES

Interest

Straumur’s main subsidiaries are as follows:

Straumur Eignarhaldsfélag ehf.	100%
Fasteignafélagið Sjávarsíða hf.	100%
Straumur Debt ehf.	100%
Novator telecom Poland II	100%
Stamford Partners Limited	50,01%
Creditor B.V.	100%
Straumur Equities ehf.	100%
Eignarhaldsfélagið Urriði ehf.	100%
eQ Corporation. Oyj	100%
Wood & Company Group S.A.	50%
Straumur Capital Management hf. (SCM hf.)	100%

DIRECTORS AND MANAGEMENT

The members of the Board of Directors are as follows:

- Björgólfur Thor Björgólfsson, Chairman
- Birgir Már Ragnarsson
- Friðrik Hallbjörn Karlsson
- Guðmundur Kristjánsson
- James Leitner

Alternatives:

- Edgar Alden Edmonds
- Heidar Már Guðjónsson

- Jóhann Páll Simonarson
- Vilhjálmur Þorsteinsson
- Þórunn Guðmundsdóttir

SENIOR EXECUTIVE MANAGEMENT

The Executive Board comprises of eleven members:

- William Fall, Chief Executive Officer
- Dr. Jakob Ásmundsson, Managing Director – Risk Management
- Andrew Bernhardt, Managing Director-Debt Finance
- Oscar Crohn, Managing Director-Corporate Finance
- Stephen Jack, Chief Financial Officer
- Antti Mäkinen, CEO of eQ Corporation
- Davíð Freyr Oddsson, Managing Director – Human Resources
- Skúli Valberg Ólafsson, Chief Administrative Officer
- Óttar Pálsson, Managing Director – Legal Department
- Svanbjorn Thoroddsen, Managing Director – Corporate Finance/Business Development
- Benedikt Gíslason, Head of Capital Markets, Proprietary Trading and Merchant Banking

STATUTORY AUDITORS

The Issuer's auditors as of the financial year 2006 and 2007 are KPMG hf., Icelandic ID No. 590975-0449, Borgartúni 27, 105 Reykjavík and on their behalf Helgi F. Arnarson and Ólafur Már Ólafsson. Straumur's statutory auditors have neither resigned nor been removed from their positions during the period covered by the historical information. The Statutory auditors have reviewed Straumur's unaudited interim consolidated financial statements for the three months ended 31 March 2008, prepared in accordance with IFRS.

MANAGER

Glitnir banki hf., Kirkjusandi 2, 155 Reykjavík, Iceland is the manager and has been advisor to the Issuer on the preparation of a Securities Note, dated 28 July 2008 and this Summary.

OWNERSHIP STRUCTURE

Straumur's shares are listed on the OMX Nordic Exchange in Iceland and are included in the OMX ICE 115, OMX ICE all shares and the OMX ICE financial indices.

As at end of business on 28 of July 2008, the five largest shareholders in Straumur own 70.44 per cent. of its shares, as set out below:

Shareholder name	%
Samson Global Holdings S.a.r.l.	34.31
Landsbanki Luxembourg S.A. (custodian accounts)	22.48

Landsbanki Íslands hf., head office	4.95
Straumur-Burðarás Fjárfestingarbanki hf.	4.61
GLB Hedge	4.10

SELECTED FINANCIAL INFORMATION

Following are the key figures that summarise the financial results of the Issuer for the years 2006-2007. All amounts are in thousand of EUR.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2007

	2007 € '000	2006 € '000
Interest income	493,103	256,828
Interest expense	-424,270	-214,284
Net interest income	68,833	42,544
Fee and commission income	139,478	85,534
Fee and commission expense	-8,203	-1,129
Net fee and commission income	131,275	84,405
Dividend income	33,707	28,135
Net gains on financial assets and financial liabilities held for trading	48,044	155,016
Net gains on financial assets designated at fair value through profit or loss	26,592	140,834
Net foreign exchange gains	3,062	68,308
Other net operating income	18,501	9,360
	330,014	528,602
Administrative expenses	-118,937	-44,072
Impairment losses on loans	-20,161	-11,833
Share of profit of associates	44	
Profit before tax	190,960	472,697
Income tax	-28,017	42,704
Profit for the year	162,943	515,401
Attributable to:		
Equity holders of the Parent	158,262	511,605
Minority interest	4,681	3,796
Profit for the year	162,943	515,401
Basic earnings per share	0.017	0.051
Diluted earnings per share	0.017	0.051

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	2007 € '000	2006 € '000
Assets:		
Cash and cash equivalents	1,427,171	694,968
Financial assets held for trading	1,056,406	945,235
Pledged assets	211,923	398,562
Financial assets designated at fair value through profit or loss	923,939	644,661

Loans	2,411,342	1,351,274
Financial assets available for sale	338,960	
Investments in associates	11,097	539
Property and equipment	21,679	14,089
Investment properties		67,784
Intangible assets	500,723	186,777
Deferred tax assets	491	
Other assets	233,192	53,874
Total assets	7,136,923	4,357,763
Liabilities:		
Financial liabilities held for trading	101,786	87,686
Deposits from banks	34,538	
Deposits from customers	1,233,725	
Borrowings	3,778,515	2,572,772
Subordinated loans	113,641	88,690
Current tax liability	26,829	50,861
Deferred tax liability	2,377	6,247
Other liabilities	277,011	57,489
Total liabilities	5,568,422	2,863,745
Equity:		
Share capital	102,777	100,275
Share premium	647,970	615,802
Other reserves	-36,006	-13,417
Retained earnings	843,116	771,127
Total equity attributable to equity holders of the Parent	1,557,857	1,473,787
Minority interest	10,644	20,231
Total Equity	1,568,501	1,494,018
Total liabilities and equity	7,136,923	4,357,763

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2008**

	2008	2007
	1.1.-31.3	1.1.-31.3
	€ '000	€ '000
Interest income	109,744	103,442
Interest expense	(86,592)	(92,280)
Net interest income	23,153	11,162
Fee and commission income	35,754	30,744
Fee and commission expense	(4,989)	(456)
Net fee and commission income	30,765	30,288
Dividend income	87	17,128
Net gains on financial assets and financial liabilities held for trading	(8,401)	67,554
Net gains on financial assets designated at fair value through profit or loss	4,695	(10,021)
Net foreign exchange gains	14,490	(28,719)
Other net operating income	1,448	5,126
	66,236	92,518
Administrative expenses	(35,102)	(12,257)

Impairment losses on loans	(7,415)	(2,862)
Share of profit of associates	713	0
Profit before tax	24,432	77,399
Income tax	(2,150)	(8,242)
Profit for the period	22,282	69,157
Attributable to:		
Equity holders of the Parent	21,067	64,890
Minority interest	1,215	4,267
Profit for the period	22,282	69,157
Basic earnings per share	0.002	0.007
Diluted earnings per share	0.002	0.006

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AT 31 MARCH 2008**

	31.3.2008
Assets:	
Cash and cash equivalents	969,091
Financial assets held for trading	917,647
Pledged assets	2,347,878
Financial assets designated at fair value through profit or loss	784,535
Loans	1,909,854
Financial assets available for sale	274,627
Investments in associates	9,084
Property and equipment	19,478
Intangible assets	498,418
Deferred tax assets	805
Other assets	266,887
Total assets	7,998,303

Liabilities:	
Financial liabilities held for trading	293,091
Deposits from banks	14,478
Deposits from customers	846,195
Borrowings	4,876,654
Subordinated loans	97,114
Current tax liability	19,207
Deferred tax liability	513
Other liabilities	294,728
Total liabilities	6,441,980
Equity:	
Share capital	102,944
Share premium	638,929
Other reserves	-61,504
Retained earnings	864,183
Total equity attributable to equity holders of the Parent	1,544,551
Minority interest	11,772
Total Equity	1,556,323
Total liabilities and equity	7,998,303

REASONS FOR THE ISSUE AND THE USE OF PROCEEDS

The issue is part of regular financing. The proceeds from the issue are used to finance the Issuer's regular activities.

The total expenses related to the admission to trading of the Bonds are ISK 1,025,000.

The Bonds are sold to institutional investors in the primary market and can be traded in the secondary market during the lifetime of the Bonds.

ADMISSION TO TRADING

The Issuer has applied for the Bonds' to be admitted to trading in a regulated market, run by OMX Nordic Exchange Iceland hf. OMX Nordic Exchange Iceland hf. operates in pursuance of the Act. No. 110/2007 on the activities of stock exchanges and regulated OTC markets.

The Bonds are expected to be admitted to trading no earlier than 29 July 2008.

The total expenses related to the admission to trading of the Bonds are ISK 1,025,000.

DOCUMENTS INCORPORATED BY REFERENCE AND ON DISPLAY

The following documents are incorporate by reference:

- Audited annual consolidated statements for Straumur for the years ending 31 December 2006 and 31 December 2007.
- Reviewed unaudited interim consolidated financial statements of Straumur for the three months ended 31 March 2008.

The following documents are on display:

- The Articles of Association of Straumur.
- The audited annual consolidated financial statements for Straumur for the years ending 31 December 2006 and 31 December 2007 and the reviewed unaudited interim consolidated financial statements of Straumur for the three months ended 31 March 2008.