



# The way ahead

To go farthest most quickly is the  
passion of one who has far to go.

Now we go forward.

Hannes Hafstein, Iceland's first Prime Minister



The first 90 days

A large blue triangle pointing to the right, located on the left side of the slide.

## Our vision

To be the leading investment bank in Northern and Central Europe

## Our mission

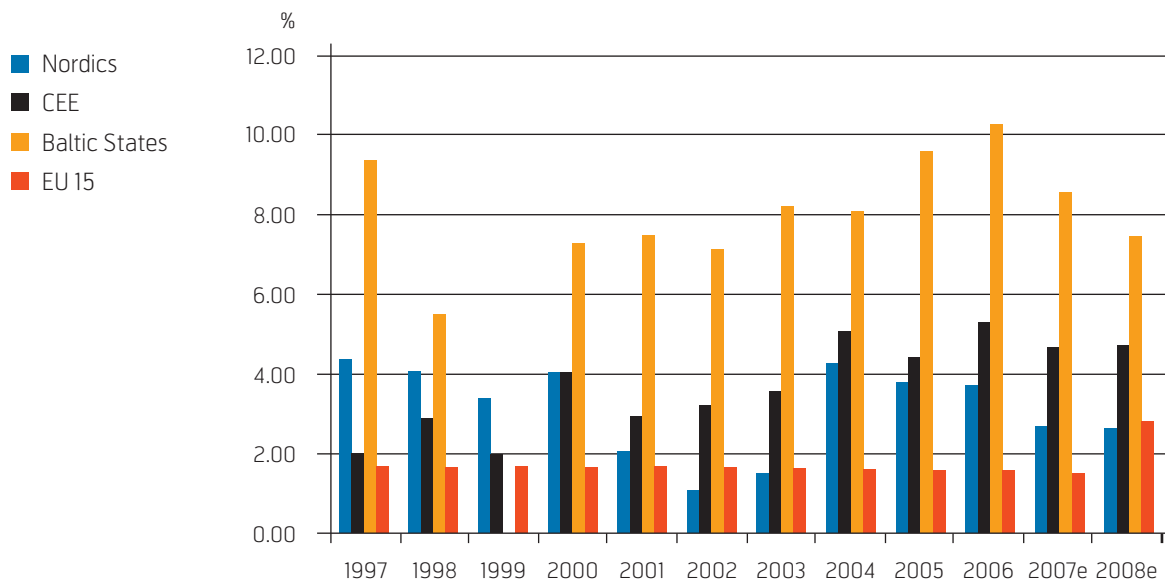
By becoming experts in our chosen markets, to generate long-term shareholder value through efficient capital allocation, appropriate risk-taking and business portfolio mix

## Our strategy

To be the preferred provider of a broad range of products and services to capital-raising clients (especially SMEs) and local and international investors. To establish a reputation for our speed of response and flexible approach to providing solutions, while committing capital on our clients' behalf when executing transactions.

Our future market opportunities are in the fastest growing economies in Europe

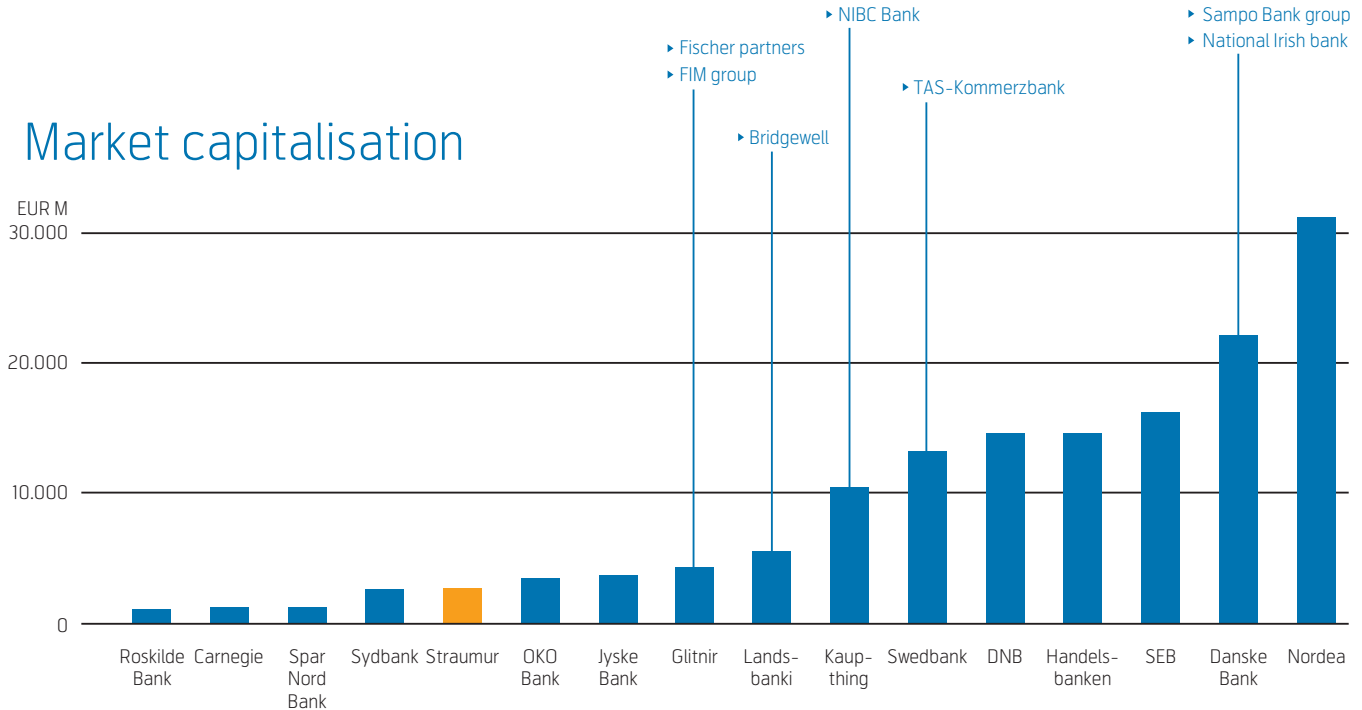
## Average GDP growth comparison



# The Nordic competitive market

## Announced acquisitions

## Market capitalisation



# Our opportunity

- ▶ The sector is dominated by large retail/corporate banks, which (with the exception of Icelandic banks), tend to be relatively risk-averse in their lending to clients
- ▶ A pan-regional investment bank does not exist
- ▶ A preferred provider of access across the entire Nordic and CEE region for international investors does not exist
- ▶ International universal and investment banks tend to cover only the larger corporates and institutions, usually with pan-regional teams, partially or wholly based in London. Local partnerships may exist with limited regional impact. Apart from the focus on size, there is also a lack of depth in individual country coverage.

# Our starting point

## Capital strength

Our balance sheet is exceptionally strong and has grown consistently year-on-year since our inception

## Business culture

Our current reputation is for fast response to clients' requests and a flexible approach to understanding and addressing their needs

## Market presence

Our presence in ten countries gives us geographic diversity – a strong starting point for broadening our franchise in the fastest-growing economies in Europe

## Risk taking

While many of our regional competitors are risk averse, our appetite for risk is well-developed.

# Our current operations



# Our growth plan



\*Total FTEs as at August 2007



Only through **doing** does  
life take on meaning.

Hans-Christian Andersen (Denmark)



Our strategy

# Where?

► Our target market



# Who?

## ▶ Medium-sized clients

### Capital-raising clients

- ▶ Local corporates, particularly focusing on SMEs
- ▶ Investment companies
- ▶ Financial sponsors
- ▶ Private equity houses
- ▶ International entrepreneurs
- ▶ Family offices and High Net Worth individuals

### Local investors

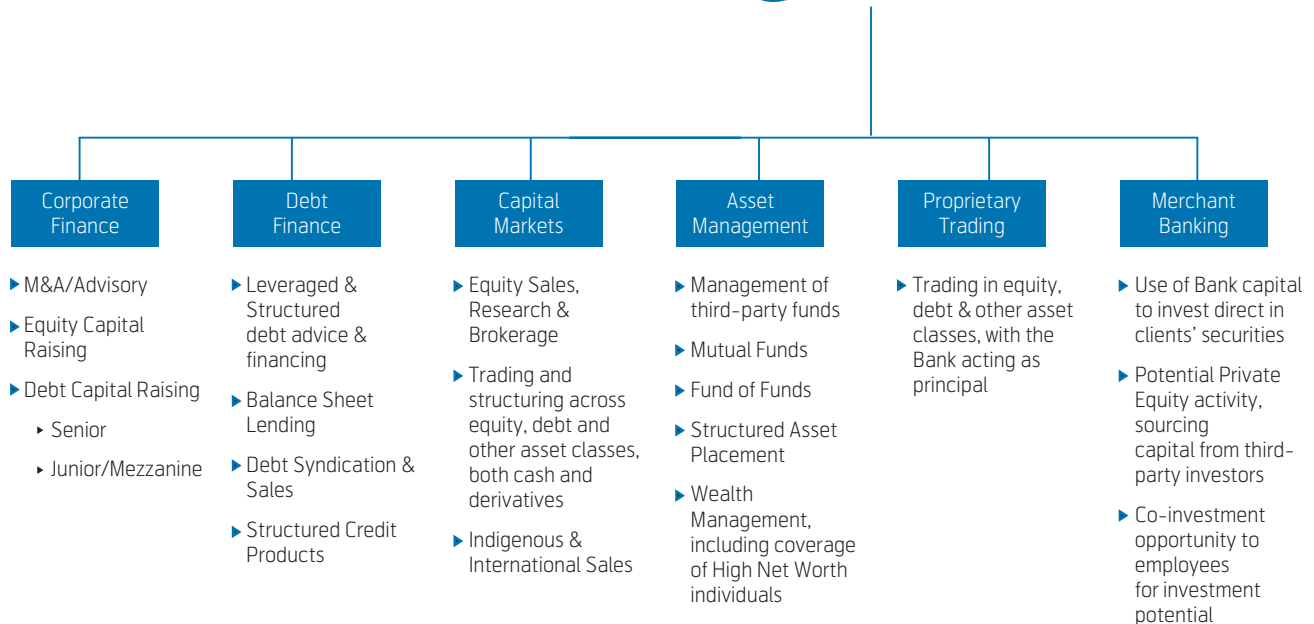
- ▶ Pension funds
- ▶ Asset and money managers
- ▶ Mutual funds
- ▶ Financial intermediaries
- ▶ Family offices and High Net Worth individuals

### International investors with regional interest

- ▶ International pension funds
- ▶ Hedge funds/FoFs
- ▶ Macro funds
- ▶ International money managers
- ▶ Private banks
- ▶ Family offices and High Net Worth individuals

# What?

## ► Our business units



# How?

## Corporates

- ▶ Integrated Financing Business Model, particularly to medium and small enterprises
- ▶ Ability to underwrite and distribute
- ▶ Willingness to invest selectively in clients' debt and equity securities, both directly and with partners

## Investors

- ▶ Pan-regional knowledge and access
- ▶ Plain-vanilla and structured investment products
- ▶ Private equity opportunities

## Culture

- ▶ Fast response to clients' requests
- ▶ A flexible approach to understanding and addressing clients' needs
- ▶ Commitment of balance sheet and capital to support clients' growth

Our value proposition  
is to be a pan-regional  
investment bank,  
which is flexible and  
responsive.

Great things are done  
by a series of small things  
brought together.

Vincent Van Gogh (Holland)



Our structure

# Our structure

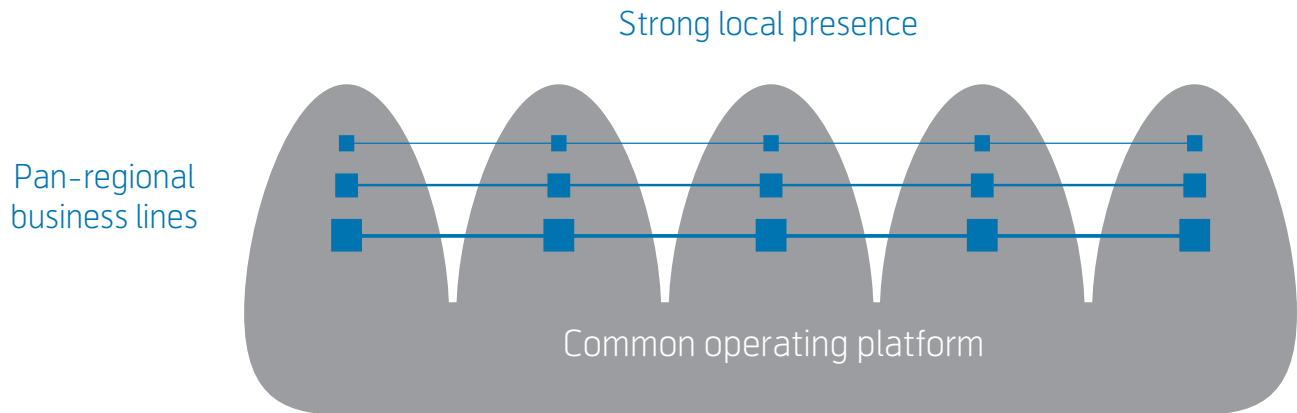
We will develop an organisation that delivers exceptional client service by establishing a strong local presence in each chosen market to:

- ▶ enhance customer interaction
- ▶ increase depth of market knowledge

This will be combined with the efficiencies of a pan-regional business approach and a solid underlying operating platform.



# The strength of a matrixed structure



# Our business lines



Corporate Finance

Debt Finance

Capital Markets

Asset Management

Proprietary Trading

Merchant Banking

Treasury/  
Investor Relations

Portfolio  
Management

Risk  
Management

Finance

Operations/IT

Human Resources

Legal/Compliance

Corporate  
Communications

Fearless minds climb  
soonest unto crowns.

William Shakespeare (UK)



The implementation

# The way ahead is to build

Disciplined  
organic growth

## Sources of revenue

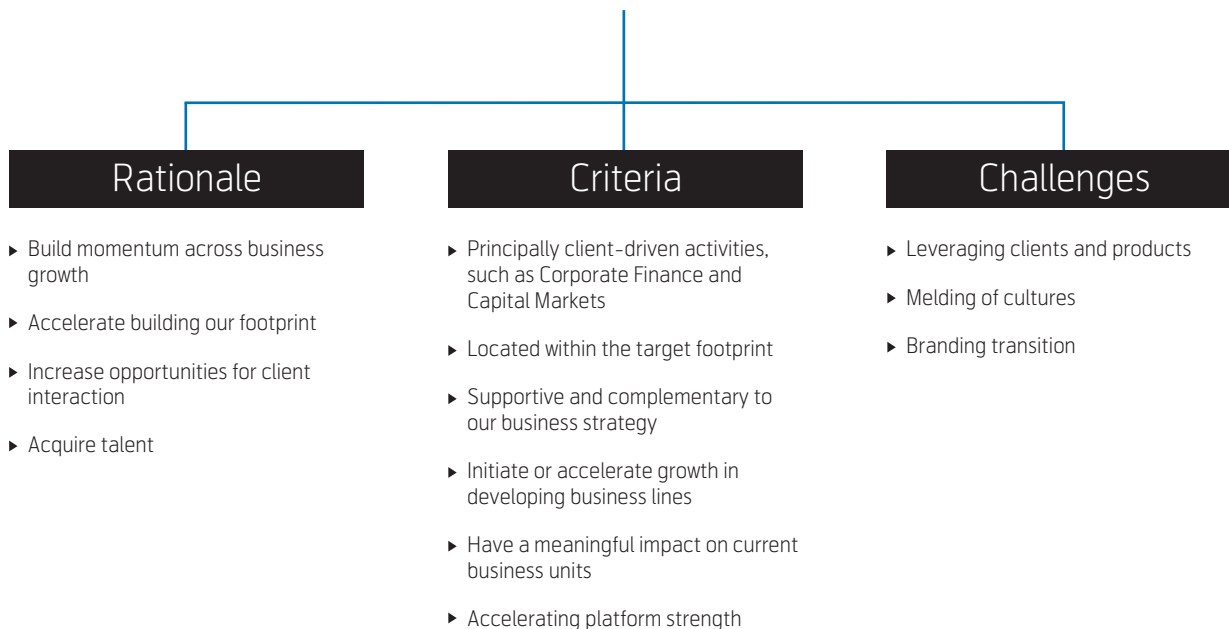
- ▶ Increasing the number of business units across locations
- ▶ Increasing revenue opportunities through greater client activity
- ▶ Leveraging group synergies

## A stronger platform

- ▶ Building a stronger and more consistent platform to support business growth across increasingly complex products and multiple locations
- ▶ Supporting that growth with an integrated approach to our business that encompasses:
  - ▶ Strong teamwork
  - ▶ A one-brand approach
  - ▶ A can-do culture

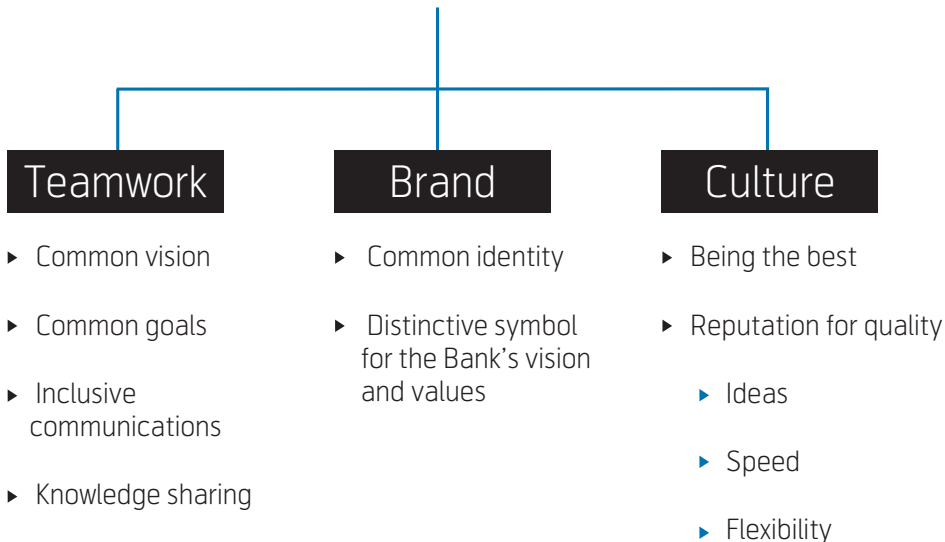
# The way ahead is to buy

## Targeted acquisitions

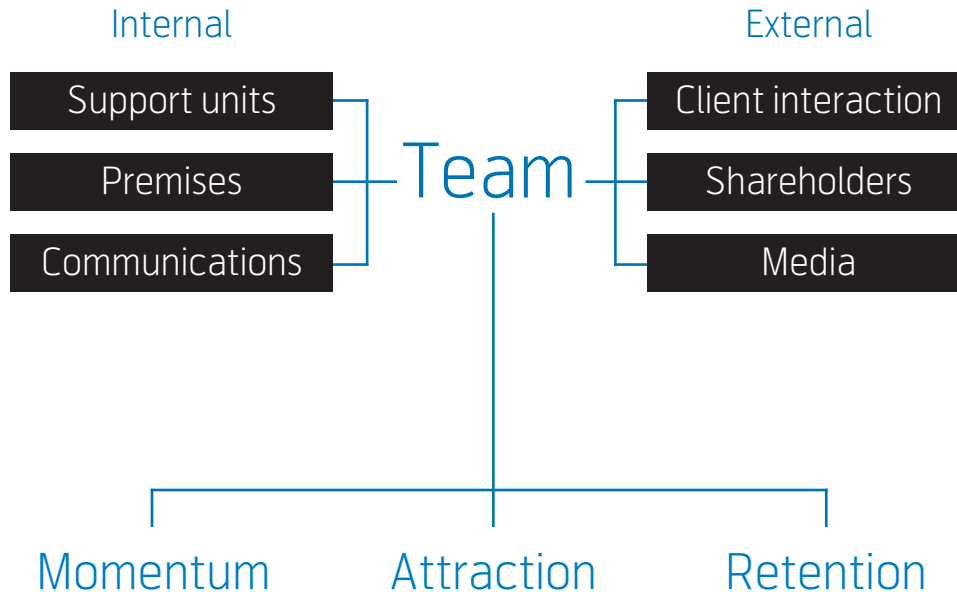


# A single team

## Our people are the way ahead



A culture of exceptional client service  
builds a first-class reputation



I like being near the  
top of a mountain.  
One can't get lost there.

Wisława Szymborska (Poland)

▶ The definition of success



# The definition of success

Success can be defined from three stakeholder perspectives



```
graph LR; A[Our people] --- B[Our clients]; A --- C[Our shareholders];
```

Our people

Our clients

Our shareholders

# Our shareholder targets

## Financial strength & performance

2010

- ▶ Revenues to exceed € 1250MM by 2010
- ▶ Balance Sheet to exceed € 14,000MM
- ▶ Assets under Management to exceed € 10,000MM
- ▶ Long-term ROE target in excess of 20%
- ▶ Long-term Cost to Income ratio to be less than 35%
- ▶ Long-term CAD Ratio not to be less than 15%

## Transparency/reputation

2010

- ▶ Leading market reputation for good business practices with clean regulatory record, led by compliance and supported by active internal audit
- ▶ Annual financial forecasts from 2008 and quarterly financial forecasts from 2009
- ▶ More detailed investor reviews

## Broad ownership

2010

- ▶ More than 50% of non-closely held stock to be in foreign ownership
- ▶ Equity research coverage to be provided by at least five non-Icelandic brokerages

# Our client targets

## Client traction

2010

- ▶ Long-term goal for client-driven revenues to be 75% of total revenues
- ▶ Market share goals in principal activities:
  - ▶ M&A: above 5% (in our target sector)
  - ▶ Equity brokerage volume: 10%
  - ▶ Institutional research: Top 3
- ▶ Development of a corporate profitability model, based on risk-weighted committed capital and returns
- ▶ Assets under management € 10bn
  - % of client-sourced debt assets to exceed 80% of total for Debt Finance
- ▶ Capital Markets sales credits to exceed € 250bn by 2010 and establishment of sales teams in NY and London

## Business mix

2010

- ▶ Multiple business lines in multiple locations
- ▶ No business and no location to provide more than 33% of overall group revenues

## Brand/single company

2010

- ▶ Single Straumur brand across all operating units

# Our people targets

## Compensation/performance

2008

- ▶ Introduction of consistent firm-wide compensation and performance programme, incorporating a new share option scheme across the company
- ▶ Induction programme  
Graduate recruitment programme
- ▶ Establishment of an internal referral fee for introduction of key employees by existing employees

## Working environment

2008

- ▶ Initiation of 'Being the Best' programme
- ▶ Long-term target for staff turnover not to exceed 20% per annum
- ▶ Diversity target for women to be more than 40% of total work force

## Communication/knowledge of our success

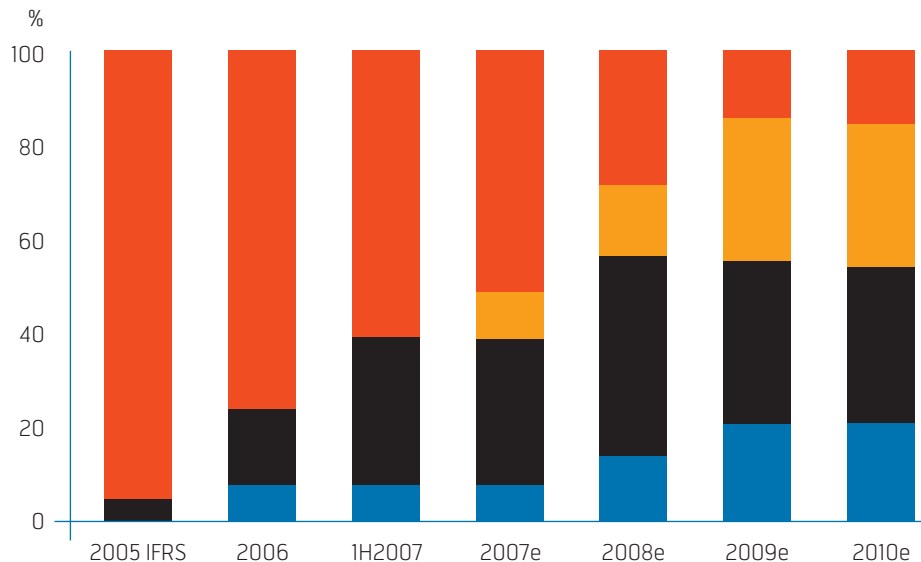
2008

- ▶ Revamped website and intranet
- ▶ Fact book
- ▶ Regular informal and formal communication across platform

# Financial targets

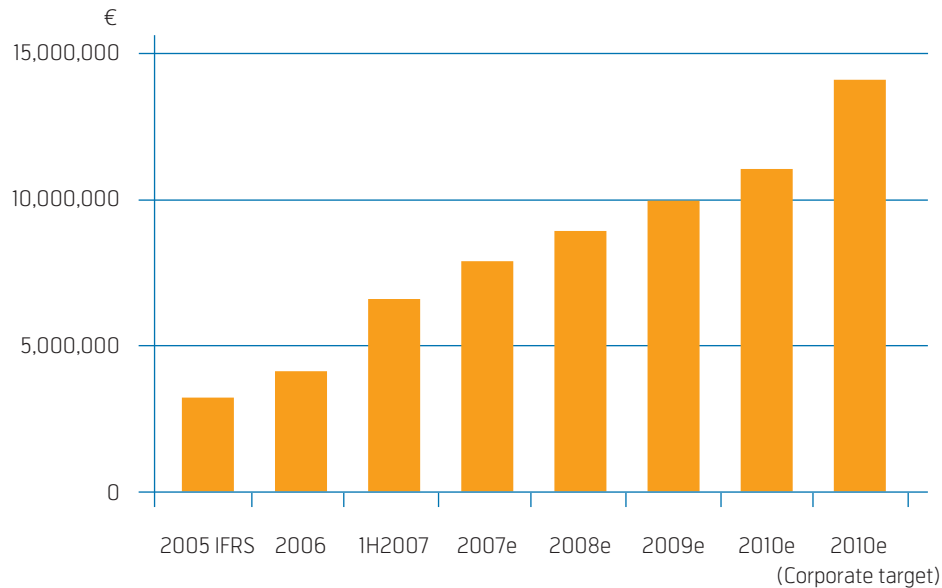
- Gains on financial assets
- Brokerage – market making
- Fees & commissions
- Net interest income

## Revenue split



# Financial targets

## Total assets



Beyond 90 days

A decorative graphic consisting of two overlapping triangles pointing to the right. The front triangle is blue and the back triangle is black. The text "Beyond 90 days" is positioned to the left of the blue triangle, with the "90" and "days" overlapping the blue triangle and the "Beyond" overlapping the black triangle.

Thank you