

25 April 2007

Straumur-Burðaras Investment Bank ("Straumur-Burðaras")
Results for the first three months of 2007

**TRANSITION TO EURO SUCCESSFUL
DELIVERING ON STRATEGY
CONTINUED INCREASE IN FEES AND COMMISSIONS**

Fridrik Jóhannsson, CEO:

"We are extremely pleased to announce our first results in Euros which is a very important milestone towards our goal of becoming an international investment bank. The transition has been a successful one. We continue to increase our fees and commissions and our results in the first three months are in line with our strategy and objectives: stable income sources and further diversification in our operations. Straumur-Burðaras currently has operations in four countries, but we have begun to prepare for the opening of a branch in Stockholm, Sweden. Key personnel have been recruited there and will begin to operate in the months to come. We intend to grow this year: in the Nordic region, in the UK, and in mainland Europe if some promising opportunities arise."

Results according to objectives

- After-tax profit for the first quarter 2007 totalled EUR 69.16 million, as opposed to EUR 217.51 million during the same period last year when the Bank sold its 21.05% share in Glitnir, then Íslandsbanki.
- Net income from operations in the first quarter amounted to EUR 92.52 million, compared with EUR 276.02 million for the same period in 2006.
- Return on equity (ROE) was 4.6% for the first three months, which corresponds to 19.9% annualised ROE. This is in keeping with the Bank's plans.
- The cost-income ratio was 13.2% for the first three months of 2007, whereas it was 8.0% in the first three months in 2006. The Bank will continue to invest in further growth in core markets.

Continued increase in fees and commissions

- Net commission income amounted to EUR 30.29 million for the first three months 2007, as against EUR 26.98 million for the same period in 2006, an increase of 12% year-on-year.
- Net interest income in the first three months 2007 was EUR 11.16 million, while it was EUR 5.53 million for the same period in 2006.

Strong Balance Sheet

- The Bank's total assets at EUR 5,191.56 million at the end of the first quarter, compared with EUR 4,357.76 million at year-end 2006, have increased by 19% since the beginning of the year.
- The Bank's CAD ratio was 32,8%, with a Tier 1 capital ratio of 30,3%. In comparison, at year-end 2006 the CAD ratio was 37.59% and the Tier 1 capital ratio 35.20%.
- Shareholders' equity amounted to EUR 102.18 million at the end of the first quarter, after the deduction of own shares.

Executing strategy in Balance Sheet composition

- Straumur-Burðaras' loan portfolio increased from EUR 1,352.07 million at the beginning of 2007 to EUR 1,706.90 million at the end of the first quarter, an increase of 26% year-on-year.
- The ratio of interest-bearing assets in the Balance Sheet has risen by four percentage points from the year 2006: from 59% to 63%.

Key figures from operations

<i>EUR thousands</i>	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net interest income	11,16	6,79	14,34	15,88	5,53
Net commission income	30,29	25,55	19,31	12,56	26,98
Dividends	17,13	6,00	0,35	13,85	7,93
Net income from current assets/current liabilities	67,55	37,43	13,26	-68,40	172,74
Net income on other assets at fair value	-10,02	84,40	22,28	11,33	22,82
Net income on investments	0,00	9,26	0,00	0,00	0,00
Net foreign exchange gain or loss	-28,72	37,48	-37,57	28,49	39,91
Other operating income	5,12	0,00	0,00	0,00	0,10
Net operating income	92,51	206,90	31,97	13,71	276,03
Salaries and related exp.	-4,68	-11,53	-4,49	-3,63	-4,46
Other operating expenses	-7,57	-7,32	-3,50	-4,99	-4,16
Total operating expenses	-12,25	-18,84	-7,99	-8,62	-8,62
Impairment	-2,86	-3,37	-2,05	-3,37	-3,03
Interest in associated companies	0,00	0,00	0,00	0,00	0,00
Pre-tax profit	77,40	184,68	21,92	1,72	264,38
Income tax	-8,24	92,05	-4,26	1,78	-46,87
Profit	69,16	276,73	17,66	3,50	217,51
Profit per share	0,01	0,03	0,00	0,00	0,02
Minority interest	4,27	2,68	0,64	1,01	-0,54

Income Statement

Income

The Bank's after-tax profit in the first three months of the year amounted to EUR 69.16 million, as opposed to EUR 217.51 million for the same period last year.

Net income from operations for the first three months of 2007 totalled EUR 92.52 million, against EUR 276.02 million at the same time in 2006.

The Bank's net interest and commission income totalled EUR 41.45 million for the first three months of the year 2007, compared with EUR 32.51 million during the same period in 2006.

Dividend income was EUR 17.13 million in the first three months of the year, against EUR 7.93 million over the same period in 2006.

Net income from current assets and current liabilities was EUR 67.55 million in the first three months of the year 2007, and EUR 172.74 million during the same period in 2006.

Net income on financial assets at fair value was negative EUR 10.02 million for the first three months of the year, as opposed to a positive EUR 22.82 million for the same period in 2006.

Net currency gains totalled negative EUR 28.72 million in the first three months of 2007, while they were positive in the amount of EUR 39.91 million during the same period a year ago.

Operating expenses

Operating expenses for the first three months of 2007 totalled EUR 15.12 million, as opposed to EUR 11.65 million for the first three months of 2006.

Key figures from the Balance Sheet

<i>Eur thousands</i>	31.03.07	31.12.06		31.03.07	31.12.06
Loans and receivable	2,659.28	2,046.24	Borrowings	3,259.44	2,572.77
Fin. assets held for trading	1,518.80	1,330.10	Subordinated loans	110.67	88.69
Fin. assets designated at fair value through P/L	659.50	658.36	Trading liabilities	91.26	87.69
Affiliates	4.84	0.54	Tax liabilities	10.95	6.25
Investment property	77.40	67.78	Other liabilities	179.77	108.35
Property and equipment	15.12	14.09	Equity	1,539.47	1,494.02
Intangible assets	188.00	186.78			
Other assets	68.62	53.87			
Assets total	5,191.56	4,357.76	Total liabilities and equity	5,191.56	4,357.76

Balance Sheet

As at 31 March 2007, Straumur-Burdarás's total assets were EUR 5,191.56 million, as opposed to EUR 4,357.76 million at the same time last year, an increase of 19%. The capital adequacy ratio, calculated on a CAD basis, was 32,8% for the first three months of the year, including a Tier 1 capital ratio of 30,3%.

Assets

Loans and receivables in the first three months of 2007 totalled EUR 2,659.27 million. Of that amount, loans to clients totalled EUR 1,706.90 million. In comparison, loans to clients amounted to EUR 1,351.27 million at the end of 2006.

The balance of the credit provisioning account in the first three months 2007 was EUR 18.87 million, compared with EUR 15.99 million as at 31 December 2006. This is equivalent to 1.18% of total loans outstanding at the end of the first quarter of the year 2007.

Current assets amounted to EUR 1,518.80 million in first three months of 2007, compared with EUR 1,330.10 million at year-end 2006. The total value of the Bank's equity holdings recognised as current assets amounted to EUR 1,088.52 million as at 31 March 2007, and the value of its bond assets was EUR 360.44 million. A portion of the Bank's equity assets is balanced against derivative contracts. At the end of the quarter, the Bank's clients had, by means of forward contracts, sold shares to the Bank, or purchased shares from it, in the amount of EUR 69.85 million. This is compared with EUR 34.14 million at year-end 2006.

Other financial assets at fair value amounted to EUR 659.50 million on 31 March 2007, as opposed to EUR 658.35 million at year-end 2006.

Fixed assets amounted to EUR 15.12 million at the end of the first quarter, compared with EUR 14.09 million at the beginning of 2007.

Other assets amounted to EUR 68.62 million as at 31 March 2007, compared with EUR 53.87 million at year-end 2006.

Liabilities and shareholders' equity

Total borrowings were EUR 3,259.44 million as at 31 March 2007. Of this figure, the amount owed to credit institutions was EUR 990.44 million, compared with EUR 1,207.34 million as at 31 December 2006. Other borrowing amounted to EUR 2,269.00 million, compared with EUR 1,365.43 million at year-end 2006.

Subordinated debt amounted to EUR 110.67 million at the end of the period.

Current liabilities amounted to EUR 91.26 million in the first three months of 2007, as compared with EUR 87.69 million at the beginning of the year.

The calculated income tax liability at the end of Q1 2007 was EUR 10.95 million, and other liabilities totalled EUR 123.69 million.

As at 31 March 2007, shareholders' equity amounted to EUR 1,539.47 million, up from EUR 1,494.02 million at the beginning of the year. Dividends amounting to EUR 87.79 million were paid to shareholders during the first three months of the year.

The Bank's income divisions

The Bank's operations are divided into income divisions and support divisions. The income divisions are Corporate Finance, Proprietary Trading, Debt Finance, Treasury, and Capital Markets. The support divisions are Risk Management, Legal, and Operations.

Operating expenses of support divisions are taken into account in the calculation of the profits for each income division.

<i>EUR thousands</i>	Proprietary Trading	Capital Markets	Corporate Finance	Debt Finance	Treasury	Other operations	Total Q1 2007
Net interest income	-5.54	0.02	-4.55	10.85	10.31	0.06	11.16
Net commission income	-0.25	10.02	16.14	5.15	-0.78	-	30.29
Dividends	17.13	-	-	-	-	-	17.13
Net income on equity	61.76	-	-0.22	-	0.08	-	61.62
Net income on bonds	5.90	-	-	-	0.04	-	5.94
Net foreign exchange gain/loss)	-24.59	-	-	-	-4.09	-0.04	-28.72
Net income on investments	-	-	-9.24	-	-	-0.78	-10.02
Other operating income	-	-	5.11	-	-	0.02	5.13
Operating income	54.41	10.04	7.24	16.00	5.57	-0.74	92.52
Operating expenses	-1.57	-1.28	-5.45	-3.43	-3.80	3.26	-12.26
Impairment	-	-	-	-2.86	-	-	-2.86
Pre-tax profit	52.84	8.76	1.79	9.70	1.77	2.53	77.40
						Tax	-8.24
						Profit	69.16

Proprietary Trading

The Bank's transactions on its own account are the responsibility of Proprietary Trading. Transactions are either part of market marking for certain classes of securities or own exposures in bonds, listed equities, FX, and derivatives of these products, on both domestic and foreign markets.

Net operating income was positive by EUR 54.41 million in the first quarter of 2007, a increase of EUR 30,03 million over and above the previous quarter.

<i>EUR thousands</i>	1F 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net interest income	-5.54	-24.85	-13.37	-24.96	-22.30
Net commission income	-0.25	0.03	0.11	-	-
Dividends	17.13	5.85	0.30	13.85	7.94
Net income on equity	61.76	37.38	32.32	-83.25	170.97
Net income on bonds	5.90	-0.42	-2.14	-	0.64
Net foreign exchange gain/loss	-24.59	6.40	-37.70	31.29	40.51
Net income on investments	-	-	-	-	-
Other operating income	-	-	-	-	-
Operating income	54.41	24.38	-20.49	-62.91	197.76
<i>Operating expense</i>	-1.57	-1.47	-1.35	-0.80	-1.80
Impairment	-	-	-	-	-
Pre-tax profit	52.84	22.91	-21.83	-63.71	195.96

Capital Markets

Capital Markets handles the Bank's securities brokering and co-ordinates share and bond offers. The division is currently growing rapidly abroad and aims to expand its brokering activity into offering innovative services and products to its clients, which are primarily institutional investors, corporations, and mutual funds.

Net operating income was EUR 10.04 million in the first quarter, an increase of 7% over the previous quarter.

<i>EUR thousands</i>	1F 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net interest income	0.02	-0.01	-0.18	-0.29	-0.13
Net commission income	10.02	9.39	5.80	4.61	8.19
Dividends	-	-	-	-	-
Net income on equity	-	-	-	-	-
Net income on bonds	-	-	-	-	-
Net foreign exchange gain/loss	-	-	-	-	-
Net income on investments	-	-	-	-	-
Other operating income	-	-	-	-	-
Operating income	10.04	9.38	5.62	4.32	8.06
<i>Operating expense</i>	-1.28	-1.25	-0.87	-0.54	-1.05
Impairment	-	-	-	-	-
Pre-tax profit	8.76	8.13	4.75	3.79	7.01

Corporate Finance

Corporate Finance advises the Bank's clients on the acquisition, disposal and/or financing of companies and investment vehicles. The division's services may involve mergers, acquisitions, or general restructuring requiring the issuance of share capital and/or debt financing.

Net operating income was EUR 7.24 million in the first quarter. Net fee and commission income totalled EUR 16.14 during the quarter. Capital gains amounted to EUR 9.46 in the first quarter.

<i>EUR thousands</i>	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net interest income	-4.55	-4.91	-5.48	-3.02	-2.80
Net commission income	16.14	14.11	13.01	7.22	14.92
Dividends	0.00	-	0.06	-	-
Net income on equity	-0.22	83.76	5.54	21.44	25.72
Net income on bonds	-	-	-	-	-
Net foreign exchange gain/loss	-	-	-	-	-
Net income on investments	-9.24	9.26	-	-	-
Other operating income	5.11	-	-	-	-
Operating income	7.24	102.21	13.12	25.65	37.84
<i>Operating expense</i>	-5.45	-8.66	-3.47	-2.12	-2.47
Impairment	-	-	-	-	-
Pre-tax profit	1.79	93.55	9.66	23.53	35.36

Debt Finance

Debt Finance handles lending to corporate clients and institutional investors, offering the full range of debt financing solutions from simple corporate loans, to bridge facilities and structured lending. The division's main focus is on acquisition financing in relation to LBOs including senior and mezzanine debt, providing clients with a tailored and comprehensive service.

Net operating income for the division was EUR 16,00 million in the first quarter compared to EUR 19.45 million in the previous quarter. The division's net interest income was EUR 10.85 million. Net fee and commission income amounted to EUR 5.15 million during the quarter.

<i>EUR thousands</i>	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net interest income	10.85	17.02	16.01	14.95	11.00
Net commission income	5.15	2.43	0.70	1.03	3.89
Dividends	-	-	-	-	-
Net income on equity	0.00	0.13	-	-	-
Net income on bonds	-	-0.13	-	0.13	-
Net foreign exchange gain/loss	-	-	-	-	-
Net income on investments	-	-	-	-	-
Other operating income	-	-	-	-	-
Operating income	16.00	19.45	16.70	16.10	14.89
<i>Operating expense</i>	-3.43	-3.47	-1.82	-1.29	-1.18
Impairment	-2.86	3.37	-2.05	-3.37	-3.03
Pre-tax profit	9.70	12.61	12.84	11.43	10.67

Treasury

Treasury is responsible for the Bank's financing and management of short-term cash flow, interest rate balance, and FX balance.

The Treasury division's net operating income totalled EUR 5.57 during the first quarter.

<i>EUR thousands</i>	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net interest income	10.31	19.29	18.39	30.46	20.42
Net commission income	-0.78	-	0.05	-	-
Dividends	-	-	-	-	-
Net income on equity	0	-	-	-	-
Net income on bonds	0	-	-	-	-
Net foreign exchange gain/loss	-4.09	30.63	0.84	-2.45	-1.22
Net income on investments	-	-	-	-	-
Other operating income	-	-	-	-	-
Operating income	5.57	49.92	19.28	28.01	19.20
<i>Operating expense</i>	-3.80	-3.36	-1.81	-1.62	-1.72
Impairment	-	-	-	-	-
Pre-tax profit	1.77	46.56	17.46	26.39	17.48

Profitability and share capital

Return on equity during the first quarter of 2007 was 4.6%. Return on equity during the first three months is the equivalent of 19.9% annualised ROE.

As at 31 March 2006, the nominal value of the outstanding share capital of Straumur-Burðarás Investment Bank was EUR 102.18 million.

Shareholders

As at 31 March 2006, shareholders numbered 20,757, as opposed to 20,666 at year-end 2006. At the end of the first quarter, one shareholder owned holdings of over 10% in the Bank.

Shareholdings

Landsbanki Luxembourg S.A.49.78%*

*Samson Global Holdings holds 30.2% of these shares according to OMX announcement of Major Holdings from 26 October 2006.

Events in Q1 2007

On 1 January, operation of the Straumur-Burðarás Investment Bank London office commenced in the UK, following the British Financial Services Authority (FSA) permit to operate a branch in London. The activities of the London office centres initially on lending activities, with particular emphasis on syndicated loans where Straumur-Burðarás will act variously as participant or lead arranger. In London, the Bank is allied with Stamford Partners. Our objective is to bring all the London operations together under one roof during the this year and enhance it further; i.e., by building up the Capital Markets division.

On 2 March, Straumur-Burðarás Investment Bank hf. signed a syndicated loan for EUR 400 million with variable interest rates, for periods of one and three years. The one-year portion of the loan, for EUR 77 million, was priced at 35 basis points above EURIBOR rates, while the three-year portion, for EUR 323 million, was priced at 67.5 basis points above EURIBOR rates. There was considerable demand for participation in the loan, which resulted in its increasing from EUR 175 million to EUR 400 million. BayernLB, Commerzbank, Fortis bank, and RZB led the syndicate, which involved 29 banks from 13 countries. The transaction bears witness to the trust that Straumur-Burðarás Investment Bank enjoys with lenders and to the faith that lenders have in the Bank's long-term strategy.

On 8 March, the Annual General Meeting agreed that the Board of the Company is authorised to determine the issue of Company share capital in Euros instead of Icelandic krónas. Three new board members were elected at the meeting: Fridrik Hallbjörn Karlsson, Guðmundur Kristjánsson and James Leitner. Five alternates were elected at the same time: Baldur Örn Guðmundsson, Edgar Alden Edmonds, Hreidar Már Guðjónsson, Jóhann Páll Símonarson and Thórunn Guðmundsdóttir. Björgólfur Thor Björgólfsson was elected and will continue as Chairman of the Board; Birgir Már Ragnarsson took on the role of Vice-Chairman.

On 15 March, Fitch Ratings affirmed Straumur-Burðarás Investment Bank ("Straumur") ratings at Issuer Default "BBB-" (BBB minus), Short-term "F3", Individual "C/D", and Support "3". The Outlook on the Issuer Default rating is Stable.

Outlook for 2007

Further advance into international markets will continue. The Bank's first announcement of results in Euro is an important milestone on the way towards its internationalisation. Preparation for the opening of a branch in Stockholm has begun; the Bank has already assured the recruitment of key employees that will commence their work in the coming months. The Bank's income divisions will all have operations in Stockholm in the future. Continued emphasis will be put on the employment of the most qualified people in each market.

Straumur-Burðarás' aim is to assure stability in its income sources. This will mainly be achieved through diversification in the Bank's operations. In three years' time, no business segments or geographic sector should represent more than 20 per cent of the Bank's revenue and exposure. The

intention of opening offices in more countries will help to facilitate this – although the focus will still be on keeping the cost/income ratio low.

Continued profitable growth is a permanent objective. Northern Europe will continue to be the Bank's core market, with a particular focus on the Nordic countries and the UK, but opportunities elsewhere will still be considered, based on their individual merits. Straumur-Burdaras intention is to become a leading Nordic investment bank. The Bank's goal is to increase its customer base threefold by the end of 2009, to earn 20 per cent of its revenue from new products and services and to achieve a ROE of 15 per cent over risk free rates.

The Bank's balance sheet is strong and supports its external and organic growth.

Five-year overview

	3 months 2007	2006	2005	2004	2003
<i>EUR thousands</i>					
Total assets	5.192	4.358	3.472	1.073	251
Equity at end of period (ISK millions)	1.539	1.494	1.538	383	179
Shares at end of period (ISK millions)	102	100	139	65	45
Equity per share	15	15	11	6	4
Net operating income	93	490	453	103	48
Operating costs	-12	-41	-17	-6	-4
Profit before tax (ISK millions)	77	438	431	96	44
Profit after tax (ISK millions)	69	478	358	80	43
Return on equity on annual basis	19,90%	42,00%	46,50%	34,50%	40,10%
Profit (losses) per share	1,59	2,41	3,5	1,51	1,17
Dividend per share	0,0072	0,65	0,65	0,35	0,35
Full-time-equivalent positions	117	109	52	17	12
Net op. Income/Total assets	1,8%	11,2%	13,1%	9,6%	13,3%
Op. Expenses/Total assets	0,2%	0,9%	0,5%	0,6%	1,4%
Cost/Income	13,2%	8,3%	3,9%	6,1%	7,4%

Accounting

The interim financial statements for the first quarter 2007 have been examined by KPMG Endurskodun hf., which is the Bank's auditor.

Personnel

At end of the quarter, there were 117 full-time equivalent positions at the Bank.

Information disclosure

Straumur-Burdaras is dedicated to providing timely, reliable, correct, and appropriate information to the market, through the Iceland Stock Exchange News System and its own website and in the press. The Bank's aim is to guarantee all stakeholders access to clear and exact information on the Bank's operations and projects at any given time.

Financial calendar for 2007

Q1

26 April

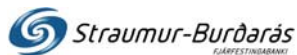
Publication of the results for the first six months (Q2) is scheduled on 26 July 2007.

Presentation of results

A presentation for investors and other parties in the market will be held at 8:30am on Thursday 26 April 2007, at the Bank's headquarters at Borgartún 25, 8th floor. Chief Executive Officer Fridrik Jóhannsson will present the results and a survey of company operations during the first nine months of 2006. Jesper Damborg from Property Group, a Danish subsidiary of Straumur-Burðarás, will present the company and its vision.

The interim financial statements and further information

For further information, please contact Fridrik Jóhannsson, CEO, and Jóhanna Vígdís Guðmundsdóttir (johanna@straumur.net, mobile number: +354 8409133). The interim financial statements for the first three months of 2007 will be available at the Bank's offices and will be accessible, together with other information on the Bank, on its website: www.straumur.net.



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