Ágætu hluthafar, kæru fundargestir.

Hjartanlega velkomin á aðalfund í félagi okkar, Straumi-Burðarás, sem fer nú fram á ensku í fyrsta sinn. Áður en ég skipti um tungumál vil ég segja að þau umskipti undirstrika betur en annað þær miklu breytingar sem félag okkar gekk í gegnum á síðasta ári. Straumur er orðinn alþjóðlegur banki með höfuðstöðvar á Íslandi.

Ladies and gentlemen!

Welcome to the Annual General Meeting of Straumur, - the first in the Bank‘s history conveyed in the English language. The change of our official language is a direct result of the company’s strategic vision to become an international bank by heart and soul. A bank where managing directors come from five different countries, employees combine understanding of all major European languages and revenues come from various financial services, different sectors and numerous countries.

First of all I would like to suggest to the meeting that Mr. Gunnar Sturluson will be the chairman of this AGM.

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Dear guests.

Despite turbulence and instability in the global financial environment, last year brought Straumur closer than ever to the target of becoming preferred investment bank for investors and clients looking to Northern and Central Europe as well as being a provider of asset management services in the region.

We can clearly identify three milestones on our way; firstly acquisitions of a respected financial service company in Finland, eQ Bank and of Wood & Company Group in The Czech Republic, who is one of the leading corporate finance and brokerage houses in Central and Eastern Europe.

Secondly, Straumur moved towards more client-focused business model and by that de-risked its balance sheet. From the beginning of the year the Bank in accordance with board’s earlier strategic decision, sold many of its major equity holdings as historically Straumur had depended on gains in the equity market. This was truly a timely execution made by our team of management lead by the recently appointed CEO, William Fall, who preceded the onset of the global credit crisis that has shaped the whole financial world for the last six to eight months and undoubtedly saved our company from great losses.

And thirdly, the Bank has extended largely its platform for future organic growth. In addition to acquisitions the Bank commenced operations in London and Stockholm in Sweden and now employs nearly five hundred people in ten countries, compared to roughly one hundred in three countries just over a year ago. I would like to take this opportunity and welcome all the new employees to our growing company.

It is also symbolic that in 2007, Straumur maintained its long-term investment rating from Fitch Ratings, recognizing its strong capital base, - the only Icelandic bank to maintain its rating in the financial turbulences of last months.

Along with strategic growth last year, the management and employees performed well in a challenging year. After tax profit was €163 million and our return on equity was 11.3%. However, results were not as good as the year before, reflecting changes of our business profile, the de-risking of our operational platform and of course the unfavorable market environment, which all of us are aware of and effected by.

Dear, fellow shareholders.

There are some two years since I addressed you at our AGM in the capacity of a chairman of the then newly emerged Straumur-Burdarás. These have been remarkable years. We all know that we have experienced some of the best times in recent history in terms of growth and value creation and as of now we find ourselves in pretty rough seas. The operations are under pressure and the share price in our company has fallen deeper than ever since the merger and the ICEX 15 fallen its lowest for over 30 months.

Our initial objective and strategy in early 2006 was to divert the resource of income from predominantly securities and proprietary trading and as was stated then “… increasing the Bank’s operational and geographical diversity that will ensure Straumur-Burðarás will continue to grow.” This was followed by a clear definition of the Bank as an international investment bank with the ambition to become a leading one in the Nordic region. In simple terms: We wanted to change a local investment company into an international investment bank. In order to execute the board´s policy the Bank has changed the CEO twice since 2006. It was of vital importance to bring into the company the relevant international and banking experience in order to achieve the much needed diversification, - to grow our range of services and products, de-risking our balance sheet and diversifying our sources of funding.

By considering the development of the stock prices in the Iceland Stock Exchange and the fate of investment companies comparable to what Straumur used to be, it is apparent that without the transition into an international investment bank, our company would be facing much greater operational difficulties than we have at hand today and the stock prices would have fallen deeper than we have already experienced.

The difficulties Straumur, and most other financial companies in Iceland are challenged by at present, are two folded. Firstly, we have been affected by the global liquidity crisis, - a development that was predictable but unavoidable in the light of the global surplus of capital in the last five years. Secondly, global economic trends seem to hit Iceland in a magnified proportion and so it has this time around, - a predictable development which we did our utmost to prepare for, - but as some things were beyond our control.

The Icelandic monetary system is the smallest independent one in the world. As such it is weak and volatile whereas other realms of business, trade and industry are more firmly and solidly integrated into the global economy. During the years of rapid growth of Iceland’s economy, its export industry and financial sector, the monetary system was weakened by constant rise of basic interest rate, - enabling traders solely buying and selling currencies with different rates to profit handsomely buying the Icelandic Krona. As of now these so called carry traders are thought to control over 800 billion Krona or nearly 75% of the country’s GNP. The demand for Krona maintains a high rate of the currency and over-rules the affect that the economical trends in Iceland should have on the rate of the currency. In a report from autumn 2007 the International Monetary Fund argues that when the Krona Index was 115, the real value was 150 to 190. In other words; the IMF was predicting a devaluation of over 30% of the Krona. Last month’s devaluation of the Icelandic Krona of some 20% should therefore not have been a surprise and we should be expecting further adjustments of the currency.

We at Straumur have repeatedly warned all concerned and expressed our worries as sudden changes in demand of the Krona could have dramatic affects on the Icelandic financial sector and the country’s industry and economy at large.

The Board of Straumur has tried to protect the interest of shareholders by limiting the effect of Krona on the operations of the Bank and the shareholders’ value. First of all the Bank has hedged its operations in order to protect itself and meet predicted devaluation of the Krona. Secondly, is Straumur showing this year’s Annual Results denominated in Euros, rather than the Krona, - the first Icelandic bank to do so. And in September last year The Board voted to execute a decision from AGM to change the denomination of Straumur’s share capital from Krona to Euro. For what in absence of transparency, seems to be bureaucratic and political reasons, the Central bank has hesitated in granting it’s permission to execute the transactions.

Denominating Straumur’s accounts and share capital in Euros instead of Krona is vital for the future of the Bank. It is important for the operations and interests of all shareholders to bring on the stability associated with a strong curreny, - it is important to our international investors to understand and trust the currency Straumur’s is traded in and not having to increase their risk with the Icelandic Krona. And we need foreign investors. They broaden our shareholders base, create stability in stock value and increase liquidity of shares.

If Straumur had been able to pursue its intention and start trading stock in Euros, we would have saved our shareholders the loss of 20% when the rate of Icelandic Krona fell earlier this year. This is very hard to accept.

Last year, in my address to our AGM, I referred to ideas of the Icelandic government of the time to promote Iceland as a center or a hub for international financial companies, and I criticized some of the government’s actions as they contradicted such plans. When observing present economic and business environment in Iceland, it is safe to say that the country is further away from attracting international financial companies and foreign investors than ever before. In addition to fluctuation of currency, a sudden rise of inflation is expected creating further economic turbulences. Icelandic companies will be faced with instability on all fronts, no business plans will last, no budget will hold and risk will increase dramatically preventing any serious equity investments. In other words, the present economical environment prevents innovation and growth. It is therefore of extreme importance for the Icelandic government to do whatever in its power to install economical stability and to look further ahead to change the monetary system in order to prevent in future the costly mistakes we have witnessed in recent months and years. We should not let our past hold us future hostage.

Dear guests.

Market and economic conditions are always uncertain and that especially holds true now. However, the actions that we have taken over the past two years to diversify Straumur mean that we have a more robust business today than ever before. We have reacted timely and in accountable way to foreseeable events and we expect all parties, including market participants and government and related authorities to do the same and shoulder theirs responsibility. We all have invested interested in establishing attractive business environment in Iceland.

Straumur has entered 2008 in a strong position to move forward with our ambitions for the Bank. We will continue to diversify in 2008 and create additional growth engines for our company. In my view, Straumur is in an excellent position to continue realizing its vision, - to become the preferred investment bank in Northern and Central Europe.

Thank you.