LBI

Financial Statements

2017

LBI ehf
Ármúli 21
108 Reykjavík
Reg. No. 540291-2259

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Independent Auditors report

To the Board of Directors and the Shareholders of LBI ehf.

Opinion

We have audited the Financial Statements of LBI ehf. for the year ended December 31, 2017 which comprise the report of the Board of Directors and the CEO, the income statement, the balance sheet, the statement of cash flows, and the notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of LBI ehf. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the Icelandic Financial Statement Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of LBI ehf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and Icelandic Institute of State Authorized Public Accountants, Code of Ethics (FLE Code) and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14 to the Financial Statements which describes the uncertainty related to the value of LBI's claims against the Landsbanki Luxembourg estate. Our opinion is not qualified in respect of this matter.

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the supplemental information.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the Financial Statements in accordance with the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors and the CEO are responsible for assessing LBI ehf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LBI ehf.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kópavogur, 19 March 2018

Deloitte ehf.

Signý Magnúsdóttir

State Authorized Public Accountant

Jón Kristinn Lárusson

State Authorized Public Accountant

Endorsement by the Board of Directors and the CEO

LBI ehf. (hereafter "LBI" or the "Company") is a private limited liability company incorporated and domiciled in Iceland. The Company's registered office is at Ármúli 21, 108 Reykjavík.

LBI's main activity is the management and controlled monetisation of its asset portfolio, which includes, among other things, cash, loans, bond and equity instruments, claims on bankrupt estates, real estate, unsettled derivative contracts and litigation claims against third parties.

LBI's winding-up proceedings under the Icelandic Bankruptcy Act were concluded on 25 December 2015 according to the terms of the composition agreement approved (the "Composition Agreement") following which LBI issued new shares and convertible notes (the "Convertible Notes") to its composition creditors in settlement of their claims on 23 March 2016.

Operations in 2017

During the financial year 2017, LBI actively managed its asset portfolio and worked to resolve disputed and contingent claims. Net cash inflow from assets during the year amounted to EUR 651.6 million, derived primarily from EUR 407.3 million in aggregate prepayments received towards the bonds issued by Landsbankinn, the early release and withdrawal of EUR 138.9 million in term deposits held with Landsbankinn, EUR 54.7 million received from the settlement of various disputes reported under other assets and other sources, and EUR 23.2 million from repayments and controlled monetisation of the Company's loans to customer exposures. During the year, the Company redeemed an aggregate EUR 629.8 million of Convertible Notes pro-rata to their outstanding nominal amount.

Over the year, EUR 88.5 million in disputed Art. 113 claims were finally resolved, of which EUR 85.5 million were finally rejected and EUR 3.0 million were finally accepted. Contingent Art. 113 claims were reduced by EUR 9.6 million of which all were finally rejected. Disputed priority claims in the total amount of EUR 389.1 million were finally rejected during the year, whereas none were finally accepted.

As of 31 December 2017, the Company's total assets amounted to EUR 183.8 million (2016: EUR 862.2 million) and total liabilities amounted to EUR 183.8 million (2016: EUR 862.2 million). The profit for the year was nil after adjusting the value of the Convertible Notes by EUR 28.7 million so as to equal the estimated net realisable value of the Company's assets. No dividends were paid during the year.

Risk Factors and Risk Management

LBI's holding of financial assets gives rise to various risks. The Company proactively manages risk by ensuring that an appropriate governance framework and internal controls are in place.

The Convertible Notes are directly linked to the value of the Company's assets. Any changes to the valuation of the Company's assets due to market developments or perceived risk will therefore have a direct effect on the value of the Convertible Notes. LBI's payment obligations under the Convertible Notes cannot exceed the net realisable value of the underlying assets of the Company, except upon acceleration following an event of default. To give a true and fair view of the financial position, the book value of the Convertible Notes is adjusted in line with the realisable value of the Company's assets at the end of each financial reporting period, resulting in assets being equal to liabilities and causing the equity of the Company to be nil except in the unlikely event that the asset recoveries exceeded the nominal outstanding of the Convertible Notes.

A significant proportion of LBI's assets is denominated in currencies other than the functional currency of the Company and the currency denomination of the Convertible Notes, which gives rise to foreign exchange risk. LBI does not utilise forward contracts, derivatives or other forms of financial hedging.

Although the majority of claim disputes have been settled, it should be noted that the definitive amount of the Company's liabilities cannot be finally determined until all disputed claims have been resolved. LBI is exposed to risk from the potential recognition of disputed claims lodged under Art. 109-113 of the Icelandic Act on Bankruptcy etc. (the "Icelandic Bankruptcy Act") and subsequently rejected during the Company's winding-up proceedings. All of the disputed claims have been referred to the Icelandic courts for resolution. The Company periodically reviews the risks associated with the potential recognition of these claims. Reference is made to Notes 20-22 for further information on disputed claims and their potential impact on the Company's liabilities.

Going Concern

The Financial Statements have been prepared on the basis that the Company will be able to effectively manage the timing of asset realisations. External events (whether political, economic, regulatory and/or legal in nature) could affect the time scale, ability and process for such realisations. Due to the nature of its operations, the Company has a finite life. The Convertible Notes will be fully converted into equity when all recoverable assets of the Company have been realised and all available non-ISK cash has been applied toward the redemption of outstanding Convertible Notes. Following the full conversion of the Convertible Notes into equity, the Company will be dissolved.

Other Matters

The Financial Statements for the year ended 31 December 2017 have been prepared in accordance with the Icelandic Act on Annual Accounts No. 3/2006 (the "Act on Annual Accounts") and are presented in EUR, which the Company adopted as its functional currency from 2016.

Share Capital and Shareholders

On 31 December 2017, 580 shareholders were registered in the Company's share registry. The ten largest shareholders of the Company and their respective ownership stake as of 31 December 2017 were as follows:

#	Shareholder / Control	Number of shares	% Ownership	Aggregate control
1	Anchorage Capital Group LLC			45.8%
	ACMO S.a.r.l.	486,663,432	42.9%	
	AIO IV S.a.r.l.	14,922,178	1.3%	
	ACMO Finance (Ireland) Limited	11,875,360	1.0%	
	PCI Fund LLC	5,686,841	0.5%	
2	Taconic Capital Advisors LP.			8.2%
	TCA Opportunity Investments Sarl	83,759,649	7.4%	
	TCA Event Investements Sarl	9,306,627	0.8%	
3	Burlington Loan Management Limited	84,162,553	7.4%	7.4%
4	Goldman Sachs International	28,098,385	2.5%	7.4%
	ELQ Investors II Ltd.	56,075,428	4.9%	
5	Deutsche Bank AG, London Branch	60,646,937	5.3%	5.3%
6	CarVal Investors			4.5%
	CVF Lux Securities Trading Sarl	32,899,533	2.9%	
	CVIC Lux Securities Trading Sarl	7,206,410	0.6%	
	CVI AA LUX Securities S.A.R.L.	5,415,475	0.5%	
	CarVal GCF Lux Securities Sárl.	2,954,122	0.3%	
	CVI AV Lux Securities Sárl	2,293,287	0.2%	
	CVI CHVF Lux Securities Sárl	265,857	0.0%	
7	Southpaw Credit Opportunity Master Fund LP	38,527,937	3.4%	3.4%
8	Bayerische Landesbank	16,259,172	1.4%	1.4%
9	Citigroup Global Markets Ltd.	13,644,096	1.2%	1.2%
10	Merrill Lynch International	12,786,503	1.1%	1.1%
Total		**973,449,782**	**85.8%**	**85.8%**

Statement by the Board of Directors and the CEO

The Financial Statements for the year ended 31 December 2017 have been prepared in accordance with the Act on Annual Accounts.

It is the opinion of the Board of Directors and the Chief Executive Officer that the Financial Statements of LBI for the year 2017 give a true and fair view of the financial performance of the Company and describe the principal risks and uncertainties faced by the Company.

The Board of Directors and the Chief Executive Officer hereby endorse the Financial Statements of LBI for the year 2017 and recommend that they be approved at the Annual General Meeting of the Company.

LBI ehf. 8 All amounts are in EUR thousands,
Financial Statements 31/12/2017 unless otherwise stated

Reykjavík, 19 March 2018

The Board of Directors

Richard Katz

Chairman

Kolbeinn Árnason

Christian Digemose

Chief Executive Officer

Ársæll Hafsteinsson

Income Statement 2017

	Notes	2017	2016
Interest, dividend and fee income	4	8,267	41,479
Net change in value	5	57,948	50,495
Other operating income (expense)		0	3,022
Net exchange difference		(25,429)	(2,539)
Operating income		40,787	92,456
Salaries and related expenses	6	(10,722)	(15,236)
General and administrative expenses	7	(8,617)	(23,249)
Operating expenses		(19,339)	(38,485)
Reversal of reserves held in escrow	21	8,341	12,090
Adjustment to value of the Convertible Notes	16	(28,737)	(34,389)
Financing activities		(20,396)	(22,299)
Profit before Stability Contribution and taxes		1,052	31,673
Stability Contribution	18	(1,052)	(31,673)
Taxes	17	0	0
Profit for the year		0	0

All amounts are in EUR thousands,
unless otherwise stated

Balance Sheet as at 31 December 2017

Assets	Notes	31/12/2017	31/12/2016
Cash	8	34,752	42,425
Restricted cash	9	20,090	89,757
Landsbankinn term deposit	10	0	141,540
Landsbankinn bonds	11	0	420,197
Loans to customers	12	32,021	48,194
Equities and bonds	13	186	5,763
Claims on bankrupt estates	14	85,274	80,789
Other assets	15	10,956	32,412
Other receivables		505	1,097
Total assets		183,785	862,175

Liabilities			
Convertible Notes	16	181,292	785,479
Tax liabilities	17	0	19,525
Stability Contribution	18	0	50,023
Other liabilities		2,493	7,147
Total liabilities		183,785	862,175
Equity			
Share capital		11,262	11,283
Accumulated deficit		(11,262)	(11,283)
Total equity	19	0	0
Total liabilities and equity		183,785	862,175

All amounts are in EUR thousands, unless otherwise stated

Statement of Cash Flows 2017

	2017	2016
Cash flows (to) from assets		
Interest received on cash	699	1,187
Restricted cash- net cash inflow (outflow)		(243)
Landsbankinn term deposit - principal payments inflow (outflow)	138,850	(54,576)
Landsbankinn term deposit - interest income	2,065	2,152
Landsbankinn bonds - principal payments	407,268	477,908
Landsbankinn bonds - interest income	7,576	28,130
Loans to customers - principal payments inflow	23,174	235,974
Loans to customers - interest/fee income	1,086	7,780
Equities and bonds - net cash inflow	6,917	4,949
Claims on bankrupt estates - net cash inflow	7,988	15,136
Other assets and other sources - net cash inflow	54,722	20,348
Other receivables - net cash inflow	1,237	
Net cash from assets	651,582	738,747
Cash flows (to) from other operating activities		
Salaries and related expenses	(14,850)	(9,095)
General and administrative expenses	(9,922)	(22,489)
Allocation of Convertible Notes from DBTCA	0	3,290
Net cash (to) from other operating activities	(24,772)	(28,294)
Cash flow (to) from financing activities		
Priority claims	0	(1,482,600)
DMP	0	(20,789)
Reversal of reserves held in escrow	5,225	5,875
Redemption of Convertible Notes	(629,809)	(717,308)
Net cash (to) from financing activities	(624,584)	(2,214,821)
(Decrease) increase in cash	2,227	(1,504,368)
Effects of foreign exchange rate adjustments on cash	(9,900)	(9,334)
Cash at the beginning of the period	42,425	1,556,126
Cash at the end of the period	34,752	42,425

All amounts are in EUR thousands,
unless otherwise stated

General information

1. Reporting entity

LBI ehf. is a private limited liability company incorporated and domiciled in Iceland. The Company's registered office is at Ármúli 21, 108 Reykjavík.

LBI's main activity is management and controlled monetisation of its asset portfolio which includes, among other things, cash, loans, bond and equity instruments, real estate, unsettled derivative contracts and litigation claims against third parties.

2. Basis of preparation

Statement of compliance

These Financial Statements have been prepared in accordance with the Act on Annual Accounts.

The Financial Statements were approved and authorised for issue by the Board of Directors and CEO on 19 March 2018.

Going concern

The Financial Statements have been prepared on the basis that the Company will be able to effectively manage the timing of asset realisations. External events (whether political, economic, regulatory and/or legal in nature) could affect the time scale, ability and process for such realisations. Due to the nature of its operations, the Company has a finite life. The Convertible Notes will be fully converted into equity when all recoverable assets of the Company have been realised and all available non-ISK cash has been applied toward the redemption of outstanding Convertible Notes. Following the full conversion of the Convertible Notes into equity, the Company will be dissolved.

Valuation methodology

The valuation methodology underlying each asset category is based on the application of the Company's present asset realisation strategy. The methodology does not represent an exhaustive attempt to take into account all factors that the Company or other market participants would consider when performing an in-depth valuation exercise. Further information regarding the valuation methodology for each asset is as follows:

Balance sheet item	Valuation methodology
Cash and restricted cash	Recognised at nominal value.
Landsbankinn term deposit	Recognised at nominal value plus accrued interest.
Landsbankinn bonds	Recognised at amortised cost, applying the effective interest rate method, with estimates made for impairment.
Loans to customers	Recognised at amortised cost, applying the effective interest rate method, with estimates made for impairment reflecting the creditworthiness of the borrower, underlying collateral if any and other relevant factors. Assessment of the impairment on syndicated facilities is in part informed by market quotations but does not rely exclusively on such quotations.
Equities and bonds	All equities and bonds are valued at estimated recoveries. To the extent such assets are subject to market quotations, the Company reviews such quotations in assessing its recoveries but does not rely exclusively on such quotations.

Claims on bankrupt estates	Realisable value is based on best estimate of recoverability, in part reflecting information provided by the administrator of the relevant estate.
Other assets	Real estate is valued at realisable value. Unsettled derivative contracts which are disputed claims, and claims against entities which have concluded their winding-up proceedings in Iceland by way of a composition agreement, are valued based on best estimate of recoverability. Value derived from settlement of disputes reported off balance sheet are reported under this category.
Other receivables	Valued at nominal amount.
Convertible Notes	Recognised at the lesser of net asset value or nominal amount outstanding at the end of the period.
Other liabilities	Valued at nominal amount.

Functional currency

These Financial Statements are presented in EUR, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, except where otherwise stated. A significant proportion of the Company's assets are denominated in currencies other than EUR. As a result, the estimated values presented herein may be materially impacted by exchange rate movements.

Uncertainties / use of estimates and judgements

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported values. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Reasonable prudence is exercised in the valuation of individual assets and foreseeable losses are taken into account. Actual results may nonetheless differ materially from these estimates and assumptions made.

The Financial Statements have been prepared on the basis that LBI is able to manage the realisation of its assets and transact its ongoing business with appropriate regard to the interests of all its stakeholders. Accordingly, the estimate of value attributed to each asset is dependent on the realisation strategy presently pursued for such asset. As such, asset value does not necessarily represent the price at which an orderly transaction could take place between market participants on the reporting date. Rather, such values are intended to represent the value of assets based on a longer-term estimate of recoverable value.

Limited active markets exist for some of the assets held by the Company. To the extent that the estimated asset values are based on inputs that are less observable or unobservable in the market, estimation of value requires a more subjective judgement. Accordingly, management has been required to apply such judgement considerably in estimating values for certain assets.

The Company holds assets for which limited or no observable market data is available and/or which are subject to legal disputes. The value of those assets is based on judgements regarding various factors deemed appropriate. Considerable judgement has been applied in determining and recognising the value of those assets.

The realisable value of the Company's assets may differ at various points in time, as some of the non-cash assets are complex, illiquid and non-standardised, and subject to a number of material uncertainties, including general economic and market conditions and legal outcomes which have been and may continue to be volatile. Changes in the underlying assumptions used for measurement could materially affect these stated values.

Although the majority of claim disputes have been settled, it should be noted that the definitive amount of the Company's liabilities cannot be finally determined until all disputed claims have been resolved. Reference is made to Notes 20-22 for further information on disputed claims and their potential impact on the Company's liabilities.

Interest, dividend and fee income

Interest and fee income is recognised on an accrual basis except interest income on cash held at bank which is recognised from account statements.

Dividend income is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits are expected to flow to the Company and the amount of income can be measured reliably).

Impairment

Assets measured at amortised cost are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is determined by evaluating exposures on a case-by-case basis. Reasonable prudence is exercised in the valuation of individual assets and potential losses which may arise in the course of the financial year or in respect of previous financial years are taken into account. Impairment losses are recognised in the income statement when losses are either incurred or foreseeable.

Where the cost of assets has been impaired and the reasons for the impairment no longer applies, the previously recognised impairment loss is reversed. Income from assets classified off balance sheet is recognised as reversal of impairment. The amount of the reversal is recognised in the income statement.

Stability Contribution

As part of the Composition Agreement confirmed by the District Court of Reykjavik on 18 December 2015 (which became final and binding under Icelandic law on 25 December 2015), LBI made a voluntary a voluntary contribution to the Icelandic State (the "Stability Contribution") and entered into an agreement with the Central Bank of Iceland ("CBI") whereby the Company undertook to transfer ISK cash balances and certain assets to the CBI (the "Assignment Agreement"). The Assignment Agreement furthermore provided for specific assets to be retained by LBI (the "Retained Assets"), subject to additional Stability Contributions (the "Additional Stability Contributions") in the future under certain circumstances. The Assignment Agreement provides for the Company to transfer certain specific assets to the CBI or such entity as the CBI may designate. The majority of these assets were transferred during the first quarter of 2016. The Assignment Agreement furthermore provided for specific assets to be retained by LBI, the Retained Assets, subject to Additional Stability Contributions under certain circumstances. The Retained Assets held by LBI during the reporting period are as follows:

(i) A cash amount initially of ISK 3.0 billion (the "ISK Opex Reserve Fund") which was deposited into a separate account to be used for payments of ISK-denominated operating expenses incurred by the Company during the period of 1 January 2016 to 31 December 2018. Pursuant to the Assignment Agreement, any ISK funds remaining in this separate account on 31 December 2018 must be transferred to the CBI as an Additional Stability Contribution;

(ii) A cash amount initially of ISK 6.0 billion (the “ISK Priority Claims Reserve Fund”) which was deposited to a separate account for the settlement of disputed ISK-denominated priority claims lodged under Art. 109-111 of the Icelandic Bankruptcy Act, to the extent that such claims are finally recognised, and to pay the Special Financial Administration Tax for 2015. Pursuant to the Assignment Agreement, the ISK funds remaining in this separate account, after all such claims were resolved and such tax payment was made, were transferred to the CBI as an Additional Stability Contribution in the first quarter of 2017; and

(iii) Certain assets, rights and litigation where a realisation would result solely in ISK proceeds or combined ISK and non-ISK proceeds; any ISK proceeds must be transferred to the CBI as an Additional Stability Contribution if and when realised. No value is assigned to prospective ISK proceeds from these assets in LBI’s Balance Sheet. Previously, the Company recorded any cash received on account of a Retained Asset as an asset in Restricted Cash and as a liability in the form of an Additional Stability Contribution. As of 31 December 2017, any cash received on account of a Retained Asset will be held off balance sheet until returned to CBI as Additional Stability Contribution.

3. Currency exchange rates

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the date of each transaction. Monetary assets and liabilities denominated in foreign currency are converted using the selling rates published by the CBI on the Balance Sheet date. Profit and loss resulting from exchange rate movements are included in profit/loss for the reporting period.

	Balance Sheet date	
	31/12/2017	31/12/2016
ISK	0.0080	0.0084
USD	0.8347	0.9467
GBP	1.1270	1.1657

At the end of the reporting period, the Company held assets in additional currencies totalling the equivalent of EUR 5.0 million (see Supplemental Information A.).

Notes to the Income Statement

4. Interest, dividend and fee income

	2017	2016
Cash and restricted cash balances	611	3,220
Landsbankinn term deposit	2,040	2,173
Landsbankinn bonds	4,863	25,362
Loans to customers	753	10,724
Total	8,267	41,479

Interest, dividend and fee income for the 2017 financial year totalled EUR 8.3 million (2016: EUR 41.5 million), primarily on account of interest income on the Landsbankinn bonds and Landsbankinn term deposit. Owing to prepayments of the Landsbankinn bonds and the monetisation of other interest-bearing exposures, interest, dividend and fee income fell compared to the prior year.

LBI ehf. 16 All amounts are in EUR thousands,
Financial Statements 31/12/2017 unless otherwise stated

5. Net change in value

	2017	2016
Loans to customers	8,243	(11,093)
Equities and bonds	1,424	4,910
Claims on bankrupt estates	13,569	29,165
Other assets	34,713	27,513
Total	57,948	50,495

The estimated recoverable value reported under claims on bankrupt estates has increased by EUR 13.6 million over the year (2016: 29.2 million) mainly due to a reassessment of expected collections on claims against the Landsbanki Luxembourg estate following a favourable ruling by the Criminal Court in Paris on 28 August 2017. A net increase in reported value of EUR 34.7 million for other assets (2016: 27.5 million) is primarily driven by settlement of legal disputes with Kaupthing, Glitnir, PricewaterhouseCoopers, three derivative counterparties as well as two French individuals. Net change of reported value for loans to customers of EUR 8.2 million (2016: EUR -11.1 million) is explained by a reassessments of expected recoveries, the realisation of underlying collateral and the collection on outstanding loans during the year.

6. Salaries and related expenses

	2017	2016
Salaries	9,004	12,735
Pension fund	1,040	1,304
Other salary related expenses	678	1,197
Total	10,722	15,236
Of which: ISK	5,236	7,732
Of which: non-ISK	5,485	7,504
Total	10,722	15,236

Average number of full-time positions during the period	10	12
Number of full-time positions at the end of the period	7	12

Total salaries and fees paid to the Company's directors and management for the year 2017 amounted to EUR 6.3 million (2016: EUR 7.7 million).

7. General and administrative expenses

	2017	2016
Winding-up Board and CEOs	0	1,167
External advisors	7,759	19,280
Premises expenses	192	379
Other expenses	666	2,423
Total	8,617	23,249
Of which: ISK	3,919	10,261
Of which: non-ISK	4,698	12,988
Total	8,617	23,249

All amounts are in EUR thousands,
unless otherwise stated

Notes to the Balance Sheet

8. Cash

	31/12/2017	31/12/2016
Non-ISK	34,223	31,420
ISK Opex Reserve Fund	529	11,005
Total	34,752	42,425

As of 31 December 2017, the Company's non-ISK cash balance amounted to EUR 34.8 million and the remaining balance in the ISK Opex Reserve Fund amounted to ISK 66.3 million (EUR 529 thousand). The ISK-denominated funds are retained by LBI in a separate account for the payment of ISK-denominated operating expenses. Pursuant to the terms of the Assignment Agreement, any ISK funds remaining on 31 December 2018 must be paid to the CBI and will therefore not be available for distribution to the Company's stakeholders (see Note 2). The Company expects that the ISK Opex Reserve Fund will be depleted during the first quarter of 2018.

9. Restricted cash

	31/12/2017	31/12/2016
ISK Priority Claims Reserve Fund	0	52,283
ISK cash with respect to an Additional Stability Contribution	0	17,265
Indemnity Fund	19,861	19,949
Trustee Indemnity Fund	230	260
Total	20,090	89,757

During the reporting period, the last of the ISK-denominated disputed priority claims lodged against LBI under Art. 109-111 of the Icelandic Bankruptcy Act was resolved. On this basis, and pursuant to the Assignment Agreement, LBI transferred the residual balance in the ISK Priority Claims Reserve Fund to the CBI after paying the Special Financial Administrative Tax for the 2015 financial year.

Further to a ruling by the Supreme Court of Iceland on 6 October 2016, LBI received a payment of ISK 2.1 billion (2017: EUR 16.5 million, 2016: EUR 17.3 million) from Brim hf. (as a Retained Asset). Brim made the payment with reservations, demanding recourse to LBI for reimbursement of the paid amount. Previously, the payment from Brim hf. has been reported as Restricted Cash and a corresponding amount reported as an Additional Stability Contribution. As the payment will either be reimbursed by LBI to Brim hf. or transferred to CBI as an Additional Stability Contribution, the full amount has been reclassified and taken off balance sheet, and is neither reported as Restricted Cash nor as an Additional Stability Contribution as of 31 December 2017.

An indemnity fund (the "Indemnity Fund") has been placed in a term deposit account with a foreign bank under the terms of the indemnification provided by the Company in favour of various parties in relation to the winding-up proceedings and composition. As of 31 December 2017, the balance of the Indemnity Fund amounted to EUR 19.9 million (of an initial allocation of EUR 20 million). The term deposit bears floating interest rates which are currently negative. The Indemnity Fund was reduced to EUR 15 million after the end of the reporting period and EUR 4.9 million was returned to LBI. In the event that the Indemnity Fund is drawn on between 26 December 2017 and 25 December 2019, LBI is required to top-up the balance to EUR 15 million. Any balance remaining in the Indemnity Fund on 25 December 2025 will be returned to LBI.

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An indemnity fund has been placed with Wilmington Trust in its capacity as trustees under the trust deed executed in relation to the issuance of the Convertible Notes (the "Trustee Indemnity Fund"). The first of four equal instalments in the amount of USD 275 thousand has been deposited into the Trustee Indemnity Fund which will total USD 1.1 million when fully funded. The Trustee Indemnity Fund will be held for the benefit of Wilmington Trust and any remaining funds released under certain conditions three months after the Convertible Notes are redeemed, cancelled or converted.

Neither cash nor restricted cash includes reserves placed in escrow pursuant to the Composition Agreement to cover disputed and contingent claims lodged under Art. 113 of the Icelandic Bankruptcy Act.

10. Landsbankinn term deposit

	31/12/2017	31/12/2016
Term deposit with Landsbankinn (EUR)	0	72,610
Term deposit with Landsbankinn (GBP)	0	56,431
Term deposit with Landsbankinn (USD)	0	12,500
Total	0	141,540

During the reporting period, the full amount of the Landsbankinn term deposit was released and withdrawn.

11. Landsbankinn bonds

	31/12/2017	31/12/2016
Series 2020 (USD)	0	161,390
Series 2024 (USD)	0	258,807
Total	0	420,197

During 2017, Landsbankinn fully repaid the remainder of its outstanding bonds held by LBI.

12. Loans to customers

During 2017, three of the four largest loans by reported value as of end of 2016 were repaid in full. As of 31 December 2017, the estimated recoverable value in the loan to customer portfolio was primarily accounted for by mortgages to individuals secured by residential real estate and by exposures to Danish limited liability structures known as Kommanditselskaber ("K/S").

Loans to customers by sector	31/12/2017	31/12/2016
Real Estate	28,998	29,518
Services	325	10,882
Retail	1,054	6,017
Other	1,645	1,778
Total	32,021	48,194

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Loans to customers by country	31/12/2017	31/12/2016
UK	20,976	26,988
France	6,270	6,250
Germany	25	4,643
Netherlands	21	20
Other Europe	4,730	10,293
Total	32,021	48,194

As of 31 December 2017, the ten largest exposures in the portfolio by estimated recoverable value accounted for EUR 30.9 million, or 97.0% of the estimated recoverable value of all loans to customers, whereas the aggregate outstanding balance for these ten exposures amounted to EUR 84.0 million, or 85.1%, of the entire portfolio.

Counterparty	Type of Exposure	Collateral	Balance
Individual	Mortgage / equity loan	Residential real estate	37,169
Individual	Mortgage	Residential real estate (sold / in contract)	25,576
Corporate	K/S	Commercial property lease	13,395
Corporate	Leveraged lending	Senior unsecured	3,411
Corporate	K/S	Commercial property lease	1,468
Individual	K/S	Personal guarantees	1,439
Corporate	K/S	Commercial property lease	883
Corporate	K/S	Commercial property lease	236
Individual	K/S	Commercial property lease	199
Corporate	K/S	Commercial property lease	196
		Total	83,972

The two largest exposures by outstanding balance are in the form of loans to individuals, which are secured by mortgages on residential properties in the United Kingdom and continental Europe. In one instance, the Company has sold the mortgaged properties. However, the release of proceeds is subject to ongoing court proceedings in Iceland related to a claim filed by the individual against LBI. In the other instance, the individual has filed for bankruptcy in the United Kingdom and the Company is the largest creditor of the estate. In the latter case, the Company expects that the very substantial majority of the outstanding balance will ultimately be uncollectible. During the year, the outstanding balance against this individual was reduced by EUR 32.7 million in line with the amount of LBI's general unsecured claim accepted by the liquidator of the bankrupt estate.

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K/S entities are tax-transparent and efficient property-owning vehicles targeted towards high net worth and high income-generating Danish individuals. At origination, the investors had to fulfil certain criteria for income and net worth to qualify as an investor into the K/S structure. Senior lending to these entities was provided by local banks (from the country of the origination of the underlying asset) whereas the second lien (junior positions) is held by LBI with estimated recoverable value based on real estate value, lease payments and guarantees of the individuals owning the respective K/S structure. A combination of tenant defaults, declining property values in some markets, distressed senior and junior banks, inability to secure refinancing of maturing debt obligations and weakening strength of K/S investors financial capacity, have put pressure on recovery values. As of 31 December 2017, the Company's loan to customer portfolio comprised twenty-seven K/S exposures with an aggregate balance of EUR 20.5 million, of which seven are against solvent K/S entities and twenty are against individual investors who guaranteed the obligations of failed K/S entities.

13. Equities and bonds

The remaining equity positions as of 31 December 2017 are all unlisted and have primarily arisen from the past restructuring of credit exposures. During the year, LBI has sold equity positions for a total amount of EUR 6.9 million, exceeding reported value as of 31 December 2016 by EUR 1.4 million. LBI did not hold any bond positions as of 31 December 2017.

14. Claims on bankrupt estates

	31/12/2017	31/12/2016
Landsbanki Luxembourg	84,311	74,355
Baugur	158	4,803
Heritable bank	805	1,632
Kaupthing Singer & Friedlander	1	0
Total	85,274	80,789

Landsbanki Luxembourg

LBI is the sole remaining creditor of the Landsbanki Luxembourg estate, which has been subject to liquidation proceedings in Luxembourg since late 2008. Information set forth below regarding legal matters pertaining to the Landsbanki Luxembourg estate is mainly based on communications from that estate's liquidator, and not all of such information has been independently verified by LBI management.

The residual assets of the Landsbanki Luxembourg estate consist of equity release loans to individuals domiciled mainly in France and Spain. All loans are secured by first-lien mortgages on residential property owned by the respective borrowers. As a general matter, when an equity release loan was originally advanced, a portion of the proceeds was made available to the applicable borrower in cash or in the form of a repayment on an existing mortgage; other proceeds may have been invested in securities. The aggregate amounts of the cash or mortgage-repayment, inclusive of accrued interest thereon, are shown in the table below as "Cash release".

The table below shows the breakdown of the loans as estimated by LBI in EUR millions. Loan balances shown below have been updated as of 31 December 2017 and include interest accruals at full default rates. Information shown below related to collateral values, except in limited circumstances, has not been updated since 31 December 2016. There is considerable uncertainty regarding the estimated collateral value shown below. Amounts shown do not take into account continuing administrative and legal expenses, expected cost of enforcements and sales, discount for distressed sales or potential claims from third parties.

Location	# Clients	Outstanding Loan Balance		Estimated Collateral Value	Lesser of Balance or Collateral Value	
		Cash release	Total	Total	Cash release	Total
France	66	59.9	150.9	119.6	58.1	108.7
Spain	200	61.9	141.2	99.3	54.1	93.7
Other	2	.7	.9	.6	.4	.6
Total	268	122.5	293.0	219.5	112.5	202.9

French debtors have brought criminal actions against the Landsbanki Luxembourg estate and the Criminal Court in Paris has ordered a stay on the collection and enforcement of outstanding loans to borrowers domiciled in France until the legal proceedings are concluded. This action impedes the expected cash flow in the form of dividend payments from the Landsbanki Luxembourg estate to LBI and will delay collection of these loans and the liquidation process as a whole. A ruling from the Criminal Court of First Instance in Paris was announced on 28 August 2017 where Landsbanki Luxembourg and nine former directors, executives and wealth management advisors were acquitted of all charges. On 1 September 2017, the Public Prosecutor and the borrowers in question appealed the judgement.

Landsbanki Luxembourg is also subject to criminal complaints and civil proceedings in Spain. These proceedings, too, may impact the timing and amounts of recoveries on the portfolio.

In November 2012, several customers in France and Spain brought a criminal complaint in Luxembourg against the liquidator, alleging that the former activities of Landsbanki Luxembourg are criminal and thus that the estate's liquidator should be convicted for money laundering by trying to execute the mortgages. Other criminal complaints have been filed in Luxembourg in 2016 and 2017 based on the same grounds against the liquidator personally.

Collections on Landsbanki Luxembourg's loans may take several years due to the time requirements of criminal proceedings and enforcement procedures. Because of this, LBI's presented estimated recovery numbers are subject to great uncertainty, both in timing and amount.

At 31 December 2017, LBI's claims against the Landsbanki Luxembourg estate amounted to EUR 348.1 million, whereas the aggregate balance of outstanding equity release loans amounted to EUR 293.0 million with an estimated recoverable value, net of certain costs expected to be incurred in connection with their monetisation, of EUR 84.3 million.

Baugur

LBI holds accepted claims against the estate of Baugur hf., which is subject to liquidation proceedings in Iceland. The Company received distributions from the Baugur estate of GBP 3.9 million (EUR 4.6 million) during the first quarter of 2017. Only a small residual expected recovery is outstanding as of 31 December 2017.

Heritable Bank

Heritable Bank is a former financial institution and a former subsidiary of LBI, which has been subject to bankruptcy proceedings in Scotland since October 2008. LBI was awarded a finally recognised general unsecured claim in the amount of GBP 70 million (EUR 78.9 million) and a finally recognised subordinated claim in the amount of GBP 7 million (EUR 7.9 million) against the Heritable Bank estate. To date, the Heritable Bank estate has made aggregate distributions to holders of general unsecured creditors equal to 98% of their finally admitted claims. Based on information received in

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2017, LBI revised the expected recovery of its general unsecured claim on the basis that the Heritable Bank estate would pay 99% of their principal amount rather than the 100% assumed at 31 December 2016. LBI's estimated recoveries assume that the cumulative distributions will be 99% of admitted general unsecured claims (and nil on the subordinated claims) based on reports from the administrators of the Heritable Bank estate.

Under a subsidiary guarantee provided by LBI to Heritable Bank prior to its bankruptcy proceedings, 67 holders of unsecured claims against Heritable Bank lodged contingent Art. 113 claims against LBI to the extent that these claims would not be fully satisfied by the Heritable Bank estate. LBI has fully reserved against these contingent Art. 113 claims and has placed into escrow an aggregate EUR 3.9 million in sufficient de minimis cash payments (the "DMP"), Convertible Notes and Convertible Note redemption payments to cover its maximum potential obligations (see Note 21). While these escrows will be returned to LBI in their entirety if the Heritable Bank estate's general unsecured claims recover 100% of their principal amount, only half of the escrows will be returned if the general unsecured claims recover 99% of their principal amount.

In addition, the UK Financial Services Compensation Scheme (the "FSCS") has lodged a claim against LBI based on the same subsidiary guarantee, seeking compensation of its interest expense in the period from 8 October 2008 until 22 April 2009. This claim is disputed by LBI and has been referred to the Icelandic Courts for resolution. LBI has fully reserved against this disputed Art. 113 claims and has placed into escrow EUR 13.8 million in sufficient DMP, Convertible Notes and Convertible Note redemption payments to cover its maximum potential obligations (see Note 21). On 9 October 2017, the District Court of Reykjavik ruled in the favour of LBI dismissing the claim on a procedural basis. On 5 December 2017, the Supreme Court of Iceland reversed the ruling and referred the main case back to the District Court.

15. Other assets

During 2017, the Company collected payments of EUR 54.7 million from other assets and other sources. The increase in reported value during the year were EUR 34.7 million, partially offset by EUR 1.4 million in adverse foreign exchange movements.

The largest payments received during the year came from settlements of various disputes between LBI, Kaupthing and Glitnir.

On 18 April 2017, LBI and Kaupthing hf. settled a dispute related to an Article 113 claim filed by Kaupthing hf. which, if allowed, would have been satisfied by means of set-off against allowed claims in Kaupthing hf.'s estate held by LBI. The settlement resulted in the collection of cash equivalent to EUR 7.4 million in the period including proceeds from the sale of bonds received.

On 12 May 2017, LBI and Glitnir hf. settled a dispute surrounding certain claims and counterclaims related to guarantees provided by Glitnir hf. on a loan made by LBI to a third party. As a result of this settlement, LBI collected cash equivalent to EUR 29.0 million in the reporting period. LBI still held a residual balance of a Glitnir bond with an estimated recovery of EUR 0.1 million at the end of the period. The settlement furthermore involved the withdrawal of a priority claim lodged by Glitnir hf. against LBI under Art. 109 of the Icelandic Bankruptcy Act.

In November 2017, LBI settled its disputes with Commerzbank. LBI also settled its dispute with a foreign financial institution with a reported balance of EUR 2.2 million. The settlements of these disputes resulted in a net value increase of EUR 2.3 million. These settlements will also result in net cash receipts of EUR 4.4 million and reversals to LBI of Convertible Notes in the nominal amount of EUR 4.8 million in the fourth quarter, constituting a release of all reserves held in escrow on account of both disputed and previously-allowed claims lodged by the two counterparties against LBI.

In December 2017, LBI settled a case brought in France against two French individuals seeking to recover certain funds. The settlement of this case resulted in a cash payment to LBI as well as a reversal of reserves from escrow as explained in Note 21.

Other assets primarily consist of real estate, exposures to foreign financial institutions and corporate entities. The remaining exposures to foreign financial institutions and corporate entities are in the form of unsettled derivative contracts and nostro account balances which in both cases remain subject to resolution and collection. As of 31 December 2017, a total balance of EUR 27.3 million was unresolved with five counterparties as summarised in the table below:

Counterparty	Contract	Unresolved matter	Jurisdiction	Balance
Raffeisen Zentralbank	GMRA / GMSLA	Valuation / Close-out	UK	14,751
HSBC	Nostro Account	Set-off	Italy	6,158
KAS Bank	GMSLA	Valuation	Iceland / UK	3,091
BNP Paribas	Deposit Account	Potential 3rd party claims	Belgium	1,768
Greif International Holding	ISDA	Suspended payment	UK	1,490
			Total	**27,258**

Balances reported in the table above may not incorporate all amounts that LBI may be legally eligible to obtain should it prevail in the applicable legal disputes.

In March 2017, a ruling was handed down in the UK Royal Courts of Justice against LBI in its suit against Raiffeisen Zentralbank. LBI has since appealed the ruling and the Court of Appeal will hear the case on 27 March 2018.

LBI filed litigation against HSBC Milan Branch in Italy in March 2017. The dispute arises from the withdrawals of funds by HSBC from bank accounts in the name of LBI at the HSBC Milan Branch. The next procedural hearing in this case is scheduled for 13 September 2018.

In 2015, LBI reached an agreement with BNP Paribas, as the successor to Fortis in Belgium, regarding a bank account held in the name of LBI. As part of the agreement, certain funds are held on escrow account until 19 March 2020 to cover potential claims which might arise from third parties on BNP Paribas until that time. After the end of the reporting period, LBI expects to receive EUR 1.1 million as partial release of the amount held on escrow.

KAS Bank lodged a claim against LBI based on the closeout calculations of a GMSLA agreement. The dispute is currently with the Reykjavik District Court, where LBI has raised counterclaims on KAS Bank related to the such closeout.

LBI is pursuing collection against Greif International Holding B.V. (previously known as Pack2Pack B.V.), a counterparty which suspended payments under a derivative trade in reliance on provisions of the ISDA Master Agreement which allow the non-defaulting party to suspend payment until the applicable default is cured. Greif International Holding B.V. is a Dutch subsidiary of Greif, Inc. (NYSE: GEF). LBI lodged a claim for declaratory relief with the High Court of Justice in February 2018 to enforce the collection of its claim.

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Liabilities

16. Convertible Notes

Pursuant to the Composition Agreement the Company issued Convertible Notes on 23 March 2016 in an aggregate nominal amount of EUR 2,041,382 thousand. The nominal amount of the Convertible Notes is specified as follows:

	Noteholders	LBI	Total
Nominal amount outstanding 1 January 2017	1,322,273	(14,756)	1,307,517
Convertible Notes redeemed	(629,809)		(629,809)
Convertible Notes cancelled	(23,699)	14,756	(8,943)
Nominal amount outstanding 31 December 2017	668,764	0	668,764

The Convertible Notes are unsecured, non-interest bearing, convertible into equity in certain circumstances and contain certain restrictions related to the Company's assets.

The final maturity of the Convertible Notes is 30 November 2035. The timing and amount of any early redemptions are determined by the realisation of the Company's assets. Under the terms of the Convertible Notes, LBI is required to make redemptions on 15 June and 15 December of each year equal to all available non-ISK cash held by the Company on such dates. Redemptions are made to the extent that its aggregate non-ISK cash balances exceed the equivalent of EUR 10 million after deduction of funds retained for budgeted operating expenses, asset support and settlement of priority claims lodged under Art. 109-111 of the Icelandic Bankruptcy Act. LBI has the option of making early redemptions at any time, subject to prior notification.

The Convertible Notes are convertible into equity on the final maturity date, in part or in full, or on a conversion date as defined in their terms. The Convertible Notes will be fully converted into equity when all recoverable assets of the Company have been realised and all available non-ISK cash has been applied toward the redemption of outstanding Convertible Notes. Following the full conversion of the Convertible Notes into equity, the Company will be dissolved.

Pursuant to LBI's Articles of Association, the Convertible Notes are contractually stapled to the Company's share capital on a pro-rata basis, which requires any transfer of the two instruments to occur simultaneously.

LBI's payment obligations under the Convertible Notes cannot exceed the net realisable value of the underlying assets of the Company, except upon acceleration following an event of default. As such, the book value of the Convertible Notes is adjusted in line with the asset value of the Company's, at the end of each financial reporting period. Increase in asset value can later lead to an increase in the book value of the Convertible Notes. Such increase can never lead to a higher book value than the nominal amount outstanding.

During 2017, the Company redeemed an aggregate EUR 629.8 million of Convertible Notes pro-rata to their outstanding nominal amount: On 5 April 2017, the Company exercised its option of early redemption and redeemed EUR 299.2 million of Convertible Notes. In addition, EUR 43.6 million of Convertible Notes were redeemed on 15 June 2017. On 21 July 2017 and 15 December 2017, the Company exercised its option of early redemption and redeemed EUR 146.6 and EUR 140.5 million of Convertible Notes, respectively.

All amounts are in EUR thousands, unless otherwise stated

During the year 2017, Convertible Notes in the nominal amount of EUR 7.2 million were returned to LBI from escrow following the final rejection of disputed and contingent Art. 113 claims. In addition, LBI received outstanding Convertible Notes as a part its settlement with Commerzbank in the nominal amount of EUR 1.7 million. A total of EUR 23.7 million of Convertible Notes, including the EUR 14.8 million held by LBI at the beginning of the year were cancelled during the reporting period.

As of 31 December 2017, Convertible Notes in the nominal amount of EUR 10.5 million and Convertible Note redemption payments in the amount of EUR 20.8 million were held in escrow to cover disputed and contingent Art. 113 claims pursuant to the Composition Agreement.

The book value of the Convertible Notes is specified as follows:

	31/12/2017	31/12/2016
Book value outstanding 1 January 2017	785,479	1,478,345
Convertible Notes redeemed	(629,809)	(717,308)
Adjustment of value relating to net asset value	28,737	34,389
Convertible Notes cancelled by book value	(3,115)	(1,082)
Convertible Notes held by LBI at book value		(8,865)
Book value of the Convertible Notes 31 December 2017	181,292	785,479

17. Taxes

Income tax

The Company is subject to general corporate income tax in Iceland at the rate of 20%. The Company has tax loss carry-forwards from previous years to offset future taxable income as set out below:

Income year	Expires	Tax loss
2008	2018	669,211
2009	2019	99,421
2010	2020	0
2011	2021	74,381
2012	2022	94,283
2013	2023	57,989
2014	2024	121,258
2015	2025	0
2016	2026	0
	Total	**1,116,544**

18. Stability Contribution

Pursuant to its Composition Agreement and the Assignment Agreement entered into with the CBI, the Company undertook to make certain voluntary contributions to the Icelandic State in the form of a Stability Contribution (ISK cash balances and ISK assets as of 31 December 2015) and Additional Stability Contributions (ISK cash proceeds from the monetisation or release of Retained Assets realised from 1 January 2016 onwards).

Following the final resolution of all ISK-denominated disputed priority claims lodged against LBI under Art. 109-111 of the Icelandic Bankruptcy Act, LBI transferred the residual balance of the ISK Priority Claims Reserve (EUR 52.3 million) to the CBI on 8 March 2017 after paying the Special Financial Administrative Tax for 2015 (EUR 2.3 million).

All amounts are in EUR thousands, unless otherwise stated

During the year, LBI received ISK-denominated payments in the amount of ISK 119.6 million (EUR 1.1 million) which was subsequently transferred to the CBI as Additional Stability Contribution. In March 2017, LBI reached an agreement with the CBI to retain a payment received from Brim hf. of ISK 2.1 billion (EUR 16.5 million) further to a ruling by the Supreme Court of Iceland. This ISK-denominated payment will eventually be transferred to the CBI to the extent not reimbursed by LBI to Brim hf. and the asset and an offsetting liability are recorded off balance sheet as of 31 December 2017.

	31/12/2017	31/12/2016
ISK cash with respect to an Additional Stability Contribution	0	50,023
Allocated cash for Stability Contribution	0	50,023

Previously, the Company recorded any cash received on account of a Retained Asset as an asset in Restricted Cash and as a liability in the form of an Additional Stability Contribution. As of 31 December 2017, any cash received on account of a Retained Asset will be held off balance sheet until returned to CBI as Additional Stability Contribution.

Equity

19. Changes in Equity

The Company's share capital is divided into two classes of shares, being 1,134,170,953 Class A Shares and nil Class B Shares as of 31 December 2017. The rights of shareholders in each class are the same apart from the fact that shareholders holding Class B Shares do not enjoy voting rights except as set out in the Company's Articles of Association.

Pursuant to its Articles of Association, the Company is both authorised and obligated to issue 36.7 million new Class A shares each of EUR 0.01 to cover any disputed or contingent claims lodged under Art. 113 of the Icelandic Bankruptcy Act which may become finally recognised under LBI's Composition Agreement.

The Share capital of the Company as of 31 December 2017 is specified as follows:

	Shares	Ratio	Amount
Total share capital at year-end	1,134,170,953	100.0%	11,341,710
Own shares held at year-end	(7,958,319)	-0.7%	(79,583)
	1,126,212,634	99.3%	11,262,126

All amounts are in EUR thousands, unless otherwise stated

Change in equity is specified as follows:

	Share capital	Accumulated deficit	Total equity
Equity as at 1 January 2016	11,339	(11,339)	0
Shares allocated to LBI	(55)	55	0
New share capital issued	0	(0)	0
Profit for the period	0	0	0
Equity as at 1 January 2017	11,283	(11,283)	0
Shares allocated to LBI	(24)	24	0
New share capital issued	3	(3)	0
Profit for the period	0	0	0
Equity as of 31 December 2017	11,262	(11,262)	0

During the year 2017, LBI issued 301,003 new Class A Shares with a nominal value of EUR 3,010.03 to holders of previously disputed claims which were finally accepted over the period. As a part of a settlement with Commerzbank explained in Note 15, the Company received an allocation of its own shares for a total notional amount of EUR 24 thousand or 2,420,208 shares each of EUR 0.01.

All amounts are in EUR thousands, unless otherwise stated

Information relating to claims not reflected in the Balance Sheet

20. Disputed and contingent Art. 113 claims pursuant to the Composition Agreement

Disputed Art. 113 claims	2017	2016
Claims at the beginning of the period	258,379	349,957
Finally rejected claims	(85,541)	(91,549)
Finally accepted claims	(2,998)	(30)
Disputed Art. 113 claims at the end of the period	169,840	258,379

All disputed Art. 113 claims have been referred to the Icelandic courts for resolution.

During the year, the Company settled one disputed claim pursuant to which EUR 3.0 million of the claim was finally accepted and the remaining EUR 3.5 million was finally rejected.

On 11 May 2017, LBI lost its rescission case against LGT Bank and subsequently withdrew twelve additional rescission court cases which resulted in the final rejection EUR 31.9 million in disputed Art. 113 claims.

On 16 November 2017, LBI and Commerzbank settled all outstanding disputes between the parties resulting in the final rejection of EUR 42.8 million in disputed claims. The remaining EUR 7.2 million in finally rejected disputed claims follows from settlements of four additional disputes and favourable rulings for the Company on two money market cases during the year.

Contingent Art. 113 claims	2017	2016
Claims at the beginning of the period	31,587	31,587
Finally rejected claims	(9,594)	0
Finally accepted claims	0	0
Contingent Art. 113 claims at the end of the period	21,992	31,587

In December 2017, the Company settled a case against two individuals which resulted in the final rejection of EUR 9.6 million in contingent claims.

The resolution of all remaining contingent claims now depends on the extent to which further payments are made by the Heritable Bank estate towards general accepted claims (see Note 14). Any further payments from the Heritable Bank estate towards its general unsecured claims will lower the contingent claims on LBI causing a reversal of reserves held against those claims. Based on LBI's current assumption that general unsecured claims against the Heritable Bank estate will receive a cumulative 99% of their allowed amount (as described in Note 14), EUR 11.0 million of such EUR 22.0 million contingent claims would be finally rejected.

21. Reserves for disputed and contingent Art. 113 claims pursuant to the Composition Agreement

Pursuant to the Composition Agreement, the Company has fully reserved against all disputed and contingent Art. 113 claims by placing into escrow sufficient DMP, Convertible Notes and Convertible Note redemption payments to cover its maximum potential obligation on such claims.

The reserves for disputed and contingent Art. 113 claims are held off balance sheet. To the extent disputed Art. 113 claims are finally rejected or contingent Art. 113 claims are ultimately reduced, the corresponding amount of DMP, Convertible Notes and Convertible Note redemption payments will be returned to LBI. Upon receipt, the Company recognises such reversal of reserves in the Income Statement and on the Balance Sheet.

As stated in the Company's Articles of Association, LBI is authorised and obligated to issue and allocate new shares up to a maximum amount of EUR 379 thousand of which EUR 204 thousand remain in proportion to any disputed and contingent claims which may become finally accepted under the Composition Agreement.

Reserves for Disputed Art. 113 claims	Convertible notes	Conv. notes redemption	DMP	Total reserves
Reserves 1.1.2017	28,432	15,412	2,417	46,261
Partially accepted claims	(340)	(185)	0	(525)
Redemption payments	(12,017)	12,017	0	0
Reversed to LBI	(6,637)	(8,558)	(83)	(15,278)
Reserves 31.12.2017	9,438	18,687	2,333	30,457

During the year, total reserves of EUR 15.3 million in the form of Convertible Notes (nominal value of EUR 6.6 million), Convertible Note Redemption Payments (EUR 8.6 million) and DMP (EUR 83 thousand) were released from escrow and returned to LBI due to the final rejection of disputed Art. 113 claims. The reported income from these reversals are partially recorded in the income statement as a EUR 1.6 million increase in the value of other assets. The cash flow associated with these reversals excludes a net inflow from Commerzbank as part of the settlement of oustanding claims, which is recorded in cash flow from other assets and other sources.

Reserves for Contingent Art. 113 claims	Convertible notes	Conv. notes redemption	DMP	Total reserves
Reserves 1.1.2017	3,102	1,682	810	5,595
Redemption payments	(1,498)	1,498	0	0
Reversed to LBI	(553)	(1,097)	(24)	(1,674)
Reserves 31.12.2017	1,050	2,083	786	3,920

Total reserves amounting to EUR 1.7 million, comprised of EUR 0.6 million in Convertible Notes, EUR 1.1 million in Convertible Note redemption payments and 24 thousand in DMP allocations, were reversed from escrow and returned to LBI during the year.

22. Disputed priority claims

	2017	2016
Disputed Priority claims at the beginning of the year	459,070	804,982
New filed Priority claims during the period	0	0
Finally rejected Priority claims	(389,133)	(292,914)
Finally accepted Priority claims	0	0
FX difference	1,668	(52,998)
Disputed Priority claims at the end of the year	68,269	459,070

All disputed priority claims lodged under Art. 109-111 of the Icelandic Bankruptcy Act during LBI's winding-up proceedings have been referred to the Icelandic courts for resolution.

Six priority claims for a total amount of EUR 389.1 million were finally rejected during the year. As of 31 December 2017, the only remaining disputed priority claims are comprised of two Art. 111/set-off claims lodged by one individual in the amounts of EUR 11.9 million and GBP 50.0 million (EUR 56.6 million).

23. Litigation against third parties

LBI has initiated a number of legal cases against third parties to recover losses due to actions of LBI's former management and Board of Directors. These cases include suits for damages against individuals and/or LBI's insurers as well as actions against foreign financial undertakings, legal entities and individuals demanding voiding of purchases by LBI of its own notes.

Pursuant to the Assignment Agreement, all recoveries in ISK from Retained Assets are to accrue to the CBI (with the exception of court costs awarded) while recoveries in foreign currencies accrue to LBI. It is LBI which holds final decision-making powers on pursuing cases with potential recovery in ISK and/or foreign currency, whether a settlement is reached, and if so how, in consultation with CBI representatives; however, it may not dispose of the asset (claim) without the CBI's consent. In the case of assets where the potential recovery is only in ISK, the CBI holds final decision-making power.

Claim for Damages
LBI has brought the four below cases claiming damages against third parties. Three out of these four cases involve claims made against individuals who held a management or Board position with LBI before it became insolvent. In three out of these four cases (i-iii), damages are additionally sought from the liability insurers of LBI. It should be noted that the total sum that can be sought from the liability insurers from all of these three cases combined is EUR 50 million.

(i) Bank Guarantees Not Enforced - damages also sought from the liability insurers

A case has been brought before the Reykjavik district court against the two former CEOs of LBI and the Managing Director of the Corporate Banking division, as well as the liability insurers of LBI. The principal of the claim against parties other than the insurers is ISK 16.2 billion, while the principal of the claim against the insurers is limited to the maximum benefit under the policy which amounts to a total of EUR 50 million.

All amounts are in EUR thousands,
unless otherwise stated

LBI loaned an Icelandic financial undertaking ISK 19 billion on 2 October 2008 without any collateral being provided. The loan was not paid at maturity, the entity was taken over by the Financial Supervisory Authority and thereafter was placed in winding-up proceedings which concluded with composition. Only a portion of the loan was paid under the composition.

It is not possible to say when this action can be expected to conclude with a final court judgement, but the time frame can be estimated as at least 3-4 years.

(ii) Loans to an Icelandic Financial Undertaking- damages also sought from the liability insurers

A case has been brought before the Reykjavik district court against the two former CEOs of LBI as well as its liability insurers. The principal of the claim against parties other than the insurers is ISK 11.6 billion, while the principal of the claim against the insurers is limited to the maximum benefit under the policy which amounts to a total of EUR 50 million.

LBI loaned an Icelandic financial undertaking ISK 19 billion on 2 October 2008 without any collateral being provided. The loan was not paid at maturity, the entity was taken over by the Financial Supervisory Authority and thereafter was placed in winding-up proceedings which concluded with composition. Only a portion of the loan was paid under the composition.

It is not possible to say when this action can be expected to conclude with a final court judgement, but the time frame can be estimated as at least 3-4 years.

(iii) Disbursements on 6 October 2008- damages also sought from the liability insurers

A case has been brought before the Reykjavik district court against the two former CEOs of LBI, the head of Treasury and four Directors, as well as the liability insurers of LBI. The principal of the claim against parties other than the insurers is ISK 14.1 billion, USD 10.5 million and EUR 10.8 million, while the principal of the claim against the insurers is limited to the maximum benefit under the policy which amounts to a total of EUR 50 million.

This case concerns events which took place on 6 October 2008, on the last day LBI operated before a Resolution Committee was appointed for the bank. On that day, and in part after its general business had closed, LBI disbursed substantial amounts to two domestic financial undertakings and one of its subsidiaries; a substantial portion of these funds were lost.

It is not possible to say when this action can be expected to conclude with a final court judgement, but the time frame can be estimated to be 3-4 years.

On 27 February 2018, the result of a procedural hearing at the District Court of Reykjavik was that the main hearing of the three cases against former employees of the Company and liability insurers would start on 29 October 2018. The main hearings are expected to last for 3-6 weeks.

(iv) Other

A case brought in France against two French individuals seeking to recover certain funds was settled before the end of the year as further explained in Notes 15, 20 and 21.

Claims for Voiding
Redemption of Bonds and Bills prior to Maturity

On 11 May 2017, LBI lost its rescission case against LGT Bank Ltd. The Court found that the payment appeared ordinary under the circumstances as the terms of the bonds stated that LBI could buy back securities without limitation, that LBI did so to a substantial degree between 2006 and 2008. The Court furthermore supported its decision on the basis that financial institutions routinely purchase their own bonds before maturity. Cost was not awarded to either side.

Following the judgement, LBI withdrew twelve similar rescission cases that were pending before the Icelandic courts. In five cases, reserves had been placed in escrow on account of provisional claims having been lodged against LBI by the counterparties.

LBI lost its six remaining court cases regarding claims for voiding at the Reykjavik District Court in December. LBI did not appeal the judgement in any of these cases so they became final in January 2018. These six respective cases have seven reserve allocations in escrow as there are two reserve allocations in one instance which have all been reversed after the end of the year.

24. Events after the Balance Sheet Date

As LBI decided not to appeal the unfavourable December 2017 ruling of the District Court in respect of the last six rescission cases, EUR 20.1 million in disputed Art. 113 claims became finally rejected and total reserves of EUR 2.3 million were released from escrow and returned to LBI, including EUR 1.2 million in Convertible Notes which have since been cancelled.

In January 2018, the Indemnity fund was reduced to EUR 15 million and EUR 4.9 million returned to LBI as further explained in Note 9.

In February 2018, the Company received a EUR 2.9 million dividend payment from the Landsbanki Luxembourg estate.

On 15 March 2018, Kevin Stanford's case against LBI at the District Court of Reykjavik was discontinued and finally determined. The proceeds from the sales of residential properties in the United Kingdom and continental Europe had previously been placed on escrow accounts by the English Courts pending on the outcome of the case brought by Kevin Stanford against LBI in Iceland. Resulting from the Icelandic case being discontinued and finally determined, LBI is expecting to receive soon from escrow funds equivalent to EUR 21.4 million.

Supplemental Information

A. Assets specified by currencies

	31/12/2017					
	EUR	USD	GBP	ISK	Other	Total
Cash	26,212	5,062	2,309	529	640	34,752
Restricted cash	19,861	230	0	0	0	20,090
Loans to customers	11,147	0	17,220	0	3,655	32,021
Equities and bonds	0	0	186	0	0	186
Claims on bankrupt estates	84,311	0	964	0	0	85,274
Other assets	4,512	5,676	0	0	769	10,956
Other receivables	0	0	0	505	0	505
Total	146,042	10,967	20,678	1,034	5,064	183,785
% of total assets	79%	6%	11%	1%	3%	100%

	30/09/2017					
	EUR	USD	GBP	ISK	Other	Total
Cash	15,206	2,410	1,843	1,495	2,586	23,540
Restricted cash	19,883	233	0	16,546	0	36,662
Landsbankinn term deposit	72,607	11,176	54,834	0	0	138,617
Loans to customers	9,375	0	17,410	0	4,556	31,341
Equities and bonds	0	0	982	0	0	982
Claims on bankrupt estates	84,311	0	967	0	0	85,278
Other assets	8,618	5,756	0	0	0	14,374
Other receivables	0	0	0	1,487	0	1,487
Total	210,001	19,574	76,036	19,529	7,142	332,282
% of total assets	63%	6%	23%	6%	2%	100%

All amounts are in EUR thousands, unless otherwise stated

B. Drivers of change for the period 01/01/2017-31/12/2017

Asset categories	31/12/2016	Net cash received	FX change	Value-change	Income	Operating expenses and other liability	Stability Contrib.	Note Redemption	Reserve and other reversals	Reclass	31/12/2017
Cash	42,425	650,883	(9,900)	0	699	(24,772)	0	(629,809)	5,225	0	34,752
Restricted cash	89,757	0	1,007	0	(88)	0	(54,039)	0	0	(16,546)	20,090
Landsbankinn term deposit	141,540	(140,915)	(2,665)	0	2,040	0	0	0	0	0	0
Landsbankinn bonds	420,197	(414,844)	(10,216)	0	4,863	0	0	0	0	0	0
Loans to customers	48,194	(24,260)	(909)	8,243	753	0	0	0	0	0	32,021
Equities and bonds	5,763	(6,917)	(84)	1,424	0	0	0	0	0	0	186
Claims on bankrupt estates	80,789	(7,988)	(95)	13,569	0	0	(1,000)	0	0	0	85,274
Other assets and other sources	32,412	(54,722)	(1,447)	34,713	0	0	0	0	0	0	10,956
Other receivables	1,097	(1,237)	390.63	0	0	255	0	0	0	0	505
Total	862,175	0	(23,919)	57,948	8,268	(24,517)	(55,039)	(629,809)	5,225	(16,546)	183,785

All amounts are in EUR thousands,
unless otherwise stated

C. Drivers of change for the period 01/09/2017-31/12/2017

Asset categories	30/09/2017	Net cash received	FX change	Value-change	Income	Operating expenses	Stability Contrib. and Tax	Note Redemption	Reserve and other reversals	Reclass	31/12/2017
Cash	23,540	152,735	(254)	0	409	(3,102)	0	(140,465)	1,889	0	34,752
Restricted cash	36,662	0	(3)	0	(23)	0	0	0	0	(16,546)	20,090
Landsbankinn term deposit	138,617	(139,271)	251	0	403	0	0	0	0	0	0
Landsbankinn bonds	0	0	0	0	0	0	0	0	0	0	0
Loans to customers	31,341	(2,479)	(91)	3,216	35	0	0	0	0	0	32,021
Equities and bonds	982	(922)	(2)	128	0	0	0	0	0	0	186
Claims on bankrupt estates	85,278	(0)	(5)	1	0	0	0	0	0	0	85,274
Other assets and other sources	14,374	(8,826)	(82)	5,490	0	0	0	0	0	0	10,956
Other receivables	1,487	(1,237)	0	0	0	255	0	0	0	0	505
Total	332,282	0	(186)	8,835	824	(2,847)	0	(140,465)	1,889	(16,546)	183,785

The valuation increase of EUR 3.2 million reported under loans to customers is largely driven by higher than expected proceeds from the sale of collateral serving as security for an exposure. The EUR 5.5 million increase in reported value under other assets and other sources is mostly related to the settlement of a dispute with two individuals as further explain in Notes 15, 20 and 21.

All amounts are in EUR thousands,
unless otherwise stated

D. Assets, classification and measurement

Asset categories	31/12/2017 Balance	31/12/2017 Value	30/09/2017 Balance	30/09/2017 Value
Cash	34,752	34,752	23,540	23,540
Restricted cash	20,090	20,090	36,662	36,662
Landsbankinn term deposit	0	0	138,617	138,617
Loans to customers	98,617	32,021	100,571	31,341
Equities and bonds	2,681	186	3,486	982
Claims on bankrupt estates	354,757	85,274	354,807	85,278
Other assets	34,475	10,956	40,479	14,374
Other receivables	505	505	1,487	1,487
Total	545,878	183,785	699,650	332,282

The balance of loans to customers as of 31 December 2017 include aggregate exposures of EUR 4.6 million for which the Company expects zero recovery and which are not reflected in the tables below:

Loans to customers by sector	31/12/2017 Balance	31/12/2017 Value	30/09/2017 Balance	30/09/2017 Value
Services	4,411	325	4,432	325
Real Estate	71,673	28,998	73,754	28,450
Retail	13,395	1,054	13,400	1,161
Other	4,485	1,645	5,029	1,405
Total	93,964	32,021	96,615	31,341

Loans to customers by country	31/12/2017 Balance	31/12/2017 Value	30/09/2017 Balance	30/09/2017 Value
UK	71,462	20,976	41,740	20,882
France	5,927	6,270	5,927	6,270
Germany	1,000	25	1,000	25
Netherlands	205	21	205	21
Other Europe	15,369	4,730	47,743	4,144
Total	93,964	32,021	96,615	31,341

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E. Actual cash flow versus previously expected cash flow

Asset categories	Actual cash flow 1/10 - 31/12 2017	Expected Cash flow 1/10 - 31/12 2017
Landsbankinn term deposit	139,271	139,007
Landsbankinn bonds	0	0
Loans to customers	2,479	1,838
Equities and bonds	922	925
Claims on bankrupt estates	0	0
Other assets and other sources	8,826	4,431
Total	151,498	146,201

Amounts by currency stated in EUR equivalent	Actual cash flow 1/10 - 31/12 2017	Expected Cash flow 1/10 - 31/12 2017
USD	11,871	11,233
GBP	56,167	56,108
EUR	82,251	77,852
Other	1,208	1,008
Total	151,498	146,201

The primary reason for the higher than expected cash flow during the fourth quarter of 2017 is the settlement of the court cases against two individuals referred to in Notes 15, 20 and 21 recorded under other assets and other sources.

The only individual asset with value in excess of EUR 10 million monetised in the fourth quarter 2017 was the early release and withdrawal of the Landsbankinn term deposit.

F. Asset monetisation plan for the next 12 months

	2018			
Asset categories	Q1	Q2	Q3	Q4
Loans to customers	2,387	22,938	3,232	1,580
Equities and bonds	107	0	0	56
Claims on bankrupt estates	2,900	0	805	501
Other assets and other sources	0	1,126	5,676	0
Total	5,394	24,063	9,712	2,138

	2018			
Amounts by currency stated in EUR equivalent	Q1	Q2	Q3	Q4
USD	0	0	5,676	0
GBP	1,273	15,152	805	57
EUR	3,093	7,876	3,099	1,580
Other	1,027	1,036	132	501
Total	5,394	24,063	9,712	2,138

All amounts are in EUR thousands, unless otherwise stated

G. Disputed and contingent Art. 113 claims pursuant to the Composition Agreement

Disputed Art. claims	2017 1/10 - 31/12	2017 1/7 - 30/9
Claims at the beginning of the period	220,318	233,189
Finally rejected claims	(50,477)	(12,871)
Finally accepted claims	0	0
Disputed Art. 113 claims at the end of the period	169,840	220,318

On 16 November 2017, LBI and Commerzbank settled all outstanding disputes between the parties resulting in the final rejection of EUR 42.8 million in disputed Art. 113 claims. The remaining EUR 7.7 million in disputed claims that were finally rejected during the fourth quarter of 2017 follows from settlements of four additional disputes and favourable rulings for the Company on two money market cases.

Contingent Art. claims	2017 1/10 - 31/12	2017 1/7 - 30/9
Claims at the beginning of the period	31,587	31,587
Finally rejected claims	(9,595)	0
Finally accepted claims	0	0
Contingent Art. 113 claims at the end of the period	21,992	31,587

In December 2017, the Company settled a case against two individuals which resulted in the final rejection of EUR 9.6 million in contingent Art. 113 claims. The resolution of all remaining contingent claims now depends on the extent to which further payments are made by the Heritable Bank estate towards general accepted claims (see Note 14).

H. Reserves for disputed and contingent Art. 113 claims pursuant to the Composition Agreement

Reserves for Disputed Art. 113 claims	Convertible notes	Conv. notes redemption	DMP	Total reserves
Reserves 30.9.2017	14,938	21,900	2,381	39,219
Partially accepted claims	0	0	0	0
Redemption payments	(1,981)	1,981	0	0
Reversed to LBI	(3,520)	(5,194)	(48)	(8,761)
Reserves 31.12.2017	9,438	18,687	2,333	30,457

All amounts are in EUR thousands,
unless otherwise stated

The settlement with Commerzbank referred to in Note 15 and Note 20 resulted in the release from escrow and return to LBI of EUR 7.5 million in reserves, comprised of EUR 3.0 million in Convertible Notes and EUR 4.5 million in Convertible Notes redemption payments during the fourth quarter of 2017. The reported income from these reversals are partially recorded in the income statement as EUR 1.6 million increase in the value of other assets. The reporeted cash flow from these reversals excludes payment of an undisclosed amount to Commerzbank as part of the settlement of oustanding claims.

The settlement of four additional disputes claims and favourable rulings on two court cases in December resulted in EUR 477 thousand in Convertible Notes and EUR 731 thousand in Convertible Notes redemption payments being reversed from escrow and returned to LBI during the fourth quarter of 2017.

Reserves for Contingent Art. 113 claims	Convertible notes	Conv. notes redemption	DMP	Total reserves
Reserves 1.1.2017	1,940	2,844	810	5,594
Redemption payments	(336)	336	0	0
Reversed to LBI	(553)	(1,097)	(24)	(1,674)
Reserves 31.12.2017	1,050	2,083	786	3,920

In December 2017, the Company settled a case against two individuals which resulted in the final rejection of EUR 9.6 million in contingent claims.

The settlement of the case against the two individuals referred to in Note 20 resulted in reserves of EUR 553 thousand in Convertible Notes and EUR 1.1 million in Convertible Note redemption payments being released from escrow and returned to LBI during the fourth quarter of 2017.

I. Disputed priority claims

	31/12/2017	30/09/2017
Disputed Priority claims at the beginning of the year	68,578	68,775
New filed Priority claims during the period	0	0
Finally rejected Priority claims	(19)	0
Finally accepted Priority claims	0	0
FX difference	290	(197)
Disputed Priority claims at the end of the year	68,269	68,578

The settlement of the court cases against two individuals resulted in withdrawal of two small priority claims of EUR 19 thousand in December.

As of 31 December 2017, the only remaining disputed priority claims are comprised of two Art. 111/set-off claims lodged by one individual in the amounts of EUR 11.9 million and GBP 50.0 million (EUR 56.6 million).

All amounts are in EUR thousands, unless otherwise stated