



2020 Financial Statement – Investor Call

15:00 GMT – 30 MARCH 2021

DISCLAIMER

- LBI ehf. (formerly Landsbanki Íslands hf.) (“LBI”) was in winding-up proceedings in accordance with the provisions of Act no. 161/2002 on Financial Undertakings as amended until 25 December 2015, when a composition agreement between LBI ehf. and its creditors became effective and binding in accordance with Icelandic law (the “Composition Agreement”).
- This document (“Information”) contains a summary of some of the principal issues concerning the Company but is not necessarily and should not be regarded as an exhaustive list of all developments which Noteholders may consider material.
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KEY DEVELOPMENTS IN Q4 2020

- Further to an announcement made by the Company on 24 September 2020, holders of Convertible Notes were invited to execute a deed of adherence to the Indemnity Release in return for a release fee in proportion to the number of Convertible Bonds held.
- Holders representing 89.8% of the Convertible Notes outstanding had executed deeds of adherence to the Indemnity Release by the deadline of 26 October 2020, further to which a total release payment of EUR 898 thousand was made. Of this EUR 460 thousand was paid in Q3 2020 and EUR 438 thousand was paid in Q4 2020.
- On 15 December 2020, the Company redeemed EUR 7.0 million of Convertible Notes pro-rata to their outstanding nominal amount.

DRIVERS OF FINANCIAL CHANGE IN Q4 2020

ASSET CATEGORIES	30.9.2020	Net cash received	FX change	Value-change	Income	Operating expenses	Note Redemption	Reserve and other reversals	31.12.2020
Cash	22.810	23	(11)	0	12	(1.251)	(7.000)	0	14.582
Restricted cash	235	0	(11)	0	0	0	0	0	224
Loans to customers	592	0	9	0	0	0	0	0	600
Claims on bankrupt estates and other assets ..	87.694	(23)	(1)	8.614	0	3	0	0	96.288
TOTAL	111.331	0	(14)	8.614	12	(1.248)	(7.000)	0	111.694

- Net cash inflows amounted to zero.
- Operating expenses were EUR 1.25 million.
- On 15 December 2020, the Company redeemed EUR 7.0 million of Convertible Notes pro-rata to their outstanding nominal amount.
- The estimated recoverable value of LBI's claim against Landsbanki Luxembourg estate was increased in the period by EUR 8.6 million

PRO FORMA BOOK VALUE OF THE OUTSTANDING CONVERTIBLE NOTES

TOTAL ASSET VALUE AS OF 31 DECEMBER 2020	111.694
LESS: OTHER LIABILITIES	(784)
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CONVERTIBLE NOTE BOOK VALUE AS OF 31 DECEMBER 2020	110.910
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NOMINAL VALUE OF CONVERTIBLE NOTES AS OF 31 DECEMBER 2020	473.835
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IMPLIED RECOVERY OF CONVERTIBLE NOTES OUTSTANDING	23,4%
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- Asset value includes cash that is expected to be spent on operational expenses.

OPERATIONAL EXPENSES

EXPENSES VERSUS BUDGET	Q4 2020	Q3 2020
Budgeted operating expenses ..	710	545
Actual operating expenses	1.478	4.149
DIFFERENCE	(768)	(3.603)

SALARIES AND RELATED EXPENSES	Q4 2020	Q3 2020
Salaries.....	348	215
Pension fund.....	44	29
Other salary related expenses.	23	15
TOTAL	415	259

GENERAL AND ADMINISTRATIVE EXPENSES	Q4 2020	Q3 2020
External advisors.....	592	3.392
Premises expenses.....	16	9
Other expenses.....	455	488
TOTAL	1.064	3.889

- Actual cost is EUR 768 thousand higher than budgeted and is mainly explained by:
 - Other expenses is EUR 412 thousand higher than budget. This is mainly explained by release fee paid to holders of Convertible Notes.
 - External advisory cost is EUR 217 thousand higher than budget. This is mainly explained by paid legal fee which was accounted for in the period and legal fee related to monetisation of the Spanish ERL portfolio.
 - Salaries are EUR 125 thousand higher than budget. This is explained by incentive payments made in relation to the EUR 7.0 million 15 December 2020 Convertible Note redemption.

CASH / RESTRICTED CASH AND LOANS TO CUSTOMERS

CASH	31.12.2020	30.9.2020
Cash.....	14.582	22.810
TOTAL	14.582	22.810

RESTRICTED CASH	31.12.2020	30.9.2020
Trustee Indemnity Fund....	224	235
TOTAL	224	235

Cash

- Cash decreased in the period by EUR 8,2 million, mainly as a result of the EUR 7.0 million of Convertible Notes redemption and operation expenses of EUR 1.47 million.

LOANS TO CUSTOMERS	31.12.2020	30.9.2020
Bankrupt individual (UK).....	600	592
TOTAL	600	592

Remaining Loans to customers

- The sole remaining recovery is a loan to an individual in bankruptcy proceedings in the UK.

LI Lux estate

- In Q4 2020 the Company revised the estimated recoverable value of LBI's claim against Landsbanki Luxembourg estate and increased it by EUR 8.6 million. The Company notes that the estimated recoverable value on its claim against the Landsbanki Luxembourg estate is based on expected net proceeds from collections or collateral enforcements on the underlying loan portfolios in France and Spain, and does not necessarily represent the value which would be obtained if the loan portfolio was offered for sale in the current market.
- Final ruling from Cour de cassation on French criminal litigation expected during the course of 2021
- Diverging court rulings continue in Spanish civil litigation with all unfavourable rulings being appealed

OTHER LEGAL DISPUTES BEFORE COURTS

- Damages cases (D&O cases)
 - **Grettir-case**
 - In January 2019, LBI appealed the judgement in case E-3817/2011 (“Grettir-case”) to the Landsrettur court of appeal.
 - The Landsréttur Court of Appeal has announced that the main hearing will be held in mid April 2021. Therefore, it can be expected that the court will render its decision before end Q2 2021
 - **New Straumur-case**
 - At the extraordinary general meeting (EGM) of LBI held on 17 May 2019, the shareholders decided to bring actions against former CEOs of Landsbanki Íslands hf. (now LBI ehf.) and insurers to obtain compensation for lending to Straumur-Burðarás Investment Bank hf. in October 2008. These claims are for the same events as previously brought in above two cases that were dismissed by the Reykjavik District Court on 28 December 2018 (and not appealed). In late May 2019, LBI served its summons on the defendants. In September 2019, the first procedural court hearing before the Reykjavik District Court was held in “the new D&O case”. The defendants demanded that the case is dismissed.
 - In procedural hearing held in June 2020, the Reykjavik District Court decided that the main hearing on the insurer’s dismissal claim will be postponed until the final court decision in the Grettir case is obtained.

MONETISATION PLAN FOR NEXT 12 MONTHS

ASSET CATEGORIES	2021				
	Q1	Q2	Q3	Q4	TOTAL
Loans to customers	0	300	0	300	600
Claims on bankrupt estates and other assets .	112	0	0	0	112
TOTAL	112	300	0	300	712

AMOUNTS IN EUR EQUIVALENT	2021				
	Q1	Q2	Q3	Q4	TOTAL
USD	0	0	0	0	0
GBP	0	300	0	300	600
EUR	112	0	0	0	112
TOTAL	112	300	0	300	712

- In Q1 2021 a total of EUR 112 thousand is expected from claims on bankrupt estate and other assets.
- In Q2 2021 a total of EUR 300 thousand is expected from Loans to customers (from UK individual's bankruptcy estate).
- No payments is currently expected in Q3 2021.
- In Q4 2021 a total of EUR 300 thousand is expected from Loans to customers (from UK individual's bankruptcy estate).

Q&A