



2020 Q1 Management Accounts – Investor Call

14:00 GMT – 6 May 2020

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- 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 Q1 2020

- In January 2020, the Company received full and final payment of CHF 1 million (equivalent to EUR 921 thousand) from a foreign financial institution on a claim which was recognised in Q4 2019.
- In January 2020, LBI bought a real estate property in France on a public auction to defend LI Lux estate's interests related to the estate's secured loan exposure. The net sale proceeds will re-distributed to LBI as dividend payment through LI Lux estate.
- On 31 January 2020, the Paris Appeal Court largely upheld the decision of the Criminal Court of First Instance in Paris of 28 August 2017, acquitting Landsbanki Luxembourg S.A. (in liquidation) and some of its former managers and employees of charges brought by the French Public Prosecutor and certain French borrowers and dismissing all the borrowers' claims for damages.
- In February 2020, a challenge of the Paris Appeal Court decision was submitted to the Cour de Cassation by the French Public Prosecutor and certain individual borrowers.
- In March 2020, the last outstanding K/S loan exposure with reported value was collected when final full payment of EUR 1.351 million was received.
- In March 2020 four disputed Art. 113 claims were discontinued and cancelled .

DRIVERS OF FINANCIAL CHANGE IN Q1 2020

ASSET CATEGORIES	31.12.2019	Net cash received	FX change	Value-change	Income	Operating expenses	Reserve and other reversals	31.3.2020
Cash	11.155	1.856	(5)	0	0	(1.196)	37	11.847
Restricted cash	15.109	0	6	0	(20)	(36)	0	15.060
Loans to customers	2.270	(1.413)	3	22	21	0	0	903
Claims on bankrupt estates and other assets ..	87.674	(443)	(46)	322	0	0	0	87.507
TOTAL	116.209	0	(42)	343	1	(1.232)	37	115.317

- Net cash received was EUR 1.9 million, thereof EUR 1.352 million from a K/S entity and CHF 1 million (equivalent to EUR 921 thousand) on a claim against a foreign financial institution on a claim, offset by EUR 495 thousand payment to a French auction court in connection with a defensive purchase of a real estate property collateralising a secured loan held by the LI Lux estate.
- Net increase in estimated value of EUR 343 thousand is mainly from higher recovery expectations on claims against foreign financial institution, reported under Claims on bankrupt estates and other assets, which was fully collected in April 2020.

KEY EVENTS AFTER THE BALANCE SHEET DATE

- In April 2020, LBI provided funding to the Landsbanki Luxembourg estate in the amount of EUR 4,675,000 for the purpose of funding the ongoing expenses and ensuring an orderly liquidation of the estate under an agreement the other terms of which are confidential

PRO FORMA BOOK VALUE OF THE OUTSTANDING CONVERTIBLE NOTES

TOTAL ASSET VALUE AS OF 31 MARCH 2020	115.317
LESS: OTHER LIABILITIES	(669)
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CONVERTIBLE NOTE BOOK VALUE AS OF 31 MARCH 2020	114.648
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NOMINAL VALUE OF CONVERTIBLE NOTES AS OF 31 MARCH 2020	481.376
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IMPLIED RECOVERY OF CONVERTIBLE NOTES OUTSTANDING	23,8%
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- Asset value includes cash that is expected to be spent on operational expenses.

OPERATIONAL EXPENSES

EXPENSES VERSUS BUDGET	Q1 2020	Q4 2019
Budgeted operating expenses ...	891	590
Actual operating expenses	922	1.238
DIFFERENCE	(30)	(648)

- In line with budget, salary expenses continue to decline while external advisor cost remain a significant expense item for the Company

SALARIES AND RELATED EXPENSES	Q1 2020	Q4 2019
Salaries.....	321	550
Pension fund.....	43	50
Other salary related expenses.	23	125
TOTAL	387	725

GENERAL AND ADMINISTRATIVE EXPENSES	Q1 2020	Q4 2019
External advisors.....	452	462
Premises expenses.....	9	13
Other expenses.....	74	38
TOTAL	535	514

CASH / RESTRICTED CASH AND LOANS TO CUSTOMERS

CASH	31.3.2020	31.12.2019
Cash.....	11.847	11.155
TOTAL	11.847	11.155

RESTRICTED CASH	31.3.2020	31.12.2019
Indemnity Fund.....	14.809	14.864
Trustee Indemnity Fund....	251	245
TOTAL	15.060	15.109

Indemnity fund

- LBI has entered into discussions with the beneficiaries under the Indemnity Fund with a view to replacing the Indemnity Fund with an insurance policy as provided for under the relevant agreement entered by the parties in connection with LBI’s composition.
- Related to this in Q1 2020 cost of EUR 36 thousand was debited to the fund.

LOANS BY COUNTRY	31.3.2020	31.12.2019
UK.....	815	2.178
Other Europe.....	88	92
TOTAL	903	2.270

Remaining Loans to customers

- Remaining recovery for UK is a loan to individual in bankruptcy proceedings.
- Other Europe is exposure against three individuals who guaranteed the obligations of failed K/S entities.

RESERVES ON ESCROW TOWARDS DISPUTED AND CONTINGENT ART. 113. CLAIMS

CASE OR CASE GROUP	DMP ON ESCROW	REDEMPTIONS ON ESCROW	OUTSTANDING NOMINAL	CLASS A SHARES	TOTAL RESERVES
Money Market claims (5 cases)	32	0	0	0	32
Contingent Heritable claims (67)	786	2.225	766	143	3.920
TOTAL CONTINGENT	786	2.225	766	143	3.920
TOTAL DISPUTED	32	0	0	0	32
TOTAL RESERVES	818	2.225	766	143	3.952

- The table above shows the status of reserves on escrow at the end of Q1 2020
- Disputed Art. 113 claims:
 - At the end of Q1 2020, 5 small money market cases remained outstanding. Currently it is expected that 3 of these claims will be resolved before end of Q2 2020 and the 2 then remaining claims before the end of 2020 with the associated reserves on escrow being returned to LBI.
- Contingent Art. 113 claims:
 - Reserves for contingent Heritable claims will be reversed to the extent claimants receive further distributions from the Heritable estate. It is expected that approximately 47% of the reserves will be returned to LBI before end of Q3 2020.

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. Next procedural hearing hasn’t been scheduled but is currently expected in Q2 2020.
 - **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. Next procedural hearing will be held before the end of May 2020. It is currently expected that main hearing on the dismissal claim will be held before end of 2020.

MONETISATION PLAN FOR NEXT 12 MONTHS

ASSET CATEGORIES	2020			2021	TOTAL
	Q2	Q3	Q4	Q1	
Loans to customers	8	313	8	519	848
Claims on bankrupt estates and other assets .	643	733	876	741	2.992
TOTAL	651	1.046	884	1.259	3.840

AMOUNTS IN EUR EQUIVALENT	2020			2021	TOTAL
	Q2	Q3	Q4	Q1	
USD	0	0	876	0	876
GBP	0	1.037	0	511	1.548
EUR	642	0	0	0	642
Other	8	8	8	749	773
TOTAL	651	1.046	884	1.259	3.840

- EUR 643 thousand from Claims on bankrupt estates and other assets in Q2 2020 is the release of amount on escrow held by BNP Paribas (as the successor to Fortis in Belgium)
- In Q3 2020 a total of EUR 1.046 million is expected, thereof EUR 733 thousand from Claims on bankrupt estates (Heritable Bank estate) and EUR 733 thousand from Loans to customers (mainly from bankruptcy estate of individual who has filed for bankruptcy in the UK).
- EUR 1.624 million is expected in Q4 2020, mainly from Claims on bankrupt estates and other assets (mainly from cash released from escrow which is held as a reserve for potential tax claims related to a sale of real estate in the US).
- EUR 519 thousand is expected in Q1 2021, (mainly from bankruptcy estate of individual who has filed for bankruptcy in the UK).

Q&A