



2020 Q2 Management Accounts – Investor Call

14:00 GMT – 20 July 2020

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## KEY DEVELOPMENTS IN Q2 2020

- In April 2020, EUR 642 thousand was released from escrow related to agreement with BNP Paribas, as the successor to Fortis in Belgium in 2015
- 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, in April 2020 LBI provided funding in the period to the Landsbanki Luxembourg estate in the amount of EUR 4,675,000.
- At the end of April 2020, two disputed Art. 113 claims were finally rejected and the related reserves reversed to LBI, resulting in no further reserves being held in escrow on account of disputed Art. 113 claims
- In May 2020 LBI successfully finalised the dissolution of its remaining business in Canada resulting in the transfer of CAD 1.76 million (equivalent to EUR 1.2 million) to LBI and an increase in reported value of EUR 0.4 million.
- Procedural hearing in the Grettir D&O case was held in June 2020. LBI is now waiting for Landsrettur Court of Appeal to announce a date for the main hearing which is expected to be held before end of 2020.
- In procedural hearing held in June 2020 on the New Straumur case, the Reykjavik District Court decided that the main hearing on the insurer's dismissal claim will be postponed until final court decisions in the Grettir case is obtained.

## DRIVERS OF FINANCIAL CHANGE IN Q2 2020

ASSET CATEGORIES	31.3.2020	Net cash received	FX change	Value-change	Income	Operating expenses	Reserve and other reversals	30.6.2020
Cash .....	11.847	(2.563)	(83)	0	0	(934)	32	8.300
Restricted cash .....	15.060	0	(6)	0	(19)	(585)	0	14.450
Loans to customers .....	903	(34)	0	3	0	0	0	873
Claims on bankrupt estates and other assets ..	87.507	2.598	(27)	490	0	0	0	90.568
<b>TOTAL</b>	<b>115.317</b>	<b>0</b>	<b>(115)</b>	<b>493</b>	<b>(19)</b>	<b>(1.518)</b>	<b>32</b>	<b>114.190</b>

- Net cash outflows amounted to EUR 2.6 million, mainly explained by (i) funding provided to Landsbanki Luxembourg estate of EUR 4.7 million and (ii) operational expenses of EUR 0.9 million, which is partly offset by cash received in the period of total EUR 1.9 million.
  - Cash received equivalent to EUR 1.2 million was from the dissolution of LBI's remaining business in Canada and EUR 642 thousand is money released from escrow related to agreement with BNP Paribas.
- Net value increase of EUR 0.5 million is mainly explained by EUR 0.4 million in higher than expected recoveries on the successful dissolution of the Company's remaining business in Canada.

## PRO FORMA BOOK VALUE OF THE OUTSTANDING CONVERTIBLE NOTES

TOTAL ASSET VALUE AS OF 30 JUNE 2020	114.190
LESS: OTHER LIABILITIES	(590)
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CONVERTIBLE NOTE BOOK VALUE AS OF 30 JUNE 2020	113.600
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NOMINAL VALUE OF CONVERTIBLE NOTES AS OF 30 JUNE 2020	481.376
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<b>IMPLIED RECOVERY OF CONVERTIBLE NOTES OUTSTANDING</b>	<b>23,6%</b>
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- Asset value includes cash that is expected to be spent on operational expenses.

# OPERATIONAL EXPENSES

EXPENSES VERSUS BUDGET	Q2 2020	Q1 2020
Budgeted operating expenses ...	826	891
Actual operating expenses .....	1.453	922
<b>DIFFERENCE</b>	<b>(627)</b>	<b>(30)</b>

SALARIES AND RELATED EXPENSES	Q2 2020	Q1 2020
Salaries.....	220	321
Pension fund.....	29	43
Other salary related expenses.	16	23
<b>TOTAL</b>	<b>265</b>	<b>387</b>

GENERAL AND ADMINISTRATIVE EXPENSES	Q2 2020	Q1 2020
External advisors.....	1.098	452
Premises expenses.....	8	9
Other expenses.....	82	74
<b>TOTAL</b>	<b>1.188</b>	<b>535</b>

- Actual cost is EUR 627 thousand higher than budgeted. This is mainly explained by:
  - External advisors cost at EUR 821 thousand above budget, primarily in the form of legal cost related to discussions with WuB on release of the Indemnity fund and legal cost related to LI Lux estate

# CASH / RESTRICTED CASH AND LOANS TO CUSTOMERS

CASH	30.6.2020	31.3.2020
Cash.....	8.300	11.847
<b>TOTAL</b>	<b>8.300</b>	<b>11.847</b>

RESTRICTED CASH	30.6.2020	31.3.2020
Indemnity Fund.....	14.204	14.809
Trustee Indemnity Fund....	245	251
<b>TOTAL</b>	<b>14.450</b>	<b>15.060</b>

### Indemnity fund

- Discussions with the beneficiaries under the Indemnity Fund are still ongoing.
- In Q2 2020 legal cost of EUR 585 thousand related to ongoing discussions was debited from the fund.

LOANS BY COUNTRY	30.6.2020	31.3.2020
UK.....	792	815
Other Europe.....	81	88
<b>TOTAL</b>	<b>873</b>	<b>903</b>

### 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.

## LI Lux estate

- In the period LBI provided funding to the Landsbanki Luxembourg estate in the amount of EUR 4.7 million 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.
- As a result , both the nominal value and the estimated recoverable value of LBI's claims against Landsbanki Luxembourg estate were increased by an equal amount (EUR 4.7 million) as the Company believes that the funds will eventually be returned in full by way of future distributions.



## 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
Contingent Heritable claims (67)	786	2.225	766	143
<b>TOTAL CONTINGENT</b>	786	2.225	766	143
<b>TOTAL RESERVES</b>	786	2.225	766	143

- The table above shows the status of reserves on escrow at the end of Q2 2020
- All disputed Art. 113 claims with reserves on escrow have been resolved and the remaining reserves reversed to LBI.
- The remaining contingent Art. 113 claims are all relate to the liquidation of Heritable Bank
  - Reserves for contingent Heritable claims will be reversed to the extent claimants receive further distributions from the Heritable estate. It is currently 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.
    - Procedural hearing in the Grettir case was held in June 2020. LBI is now waiting for Landsrettur Court of Appeal to announce a date for the main hearing which is currently expected to be held before end of 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.
    - 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 final court decisions in the Grettir case is obtained.

## MONETISATION PLAN FOR NEXT 12 MONTHS

ASSET CATEGORIES	2020		2021		TOTAL
	Q3	Q4	Q1	Q2	
Loans to customers .....	296	0	496	0	792
Claims on bankrupt estates and other assets .	1.112	1.762	0	0	2.874
<b>TOTAL</b>	<b>1.408</b>	<b>1.762</b>	<b>496</b>	<b>0</b>	<b>3.666</b>

AMOUNTS IN EUR EQUIVALENT	2020		2021		TOTAL
	Q3	Q4	Q1	Q2	
USD .....	0	856	0	0	856
GBP .....	1.008	0	496	0	1.504
EUR .....	400	906	0	0	1.306
<b>TOTAL</b>	<b>1.408</b>	<b>1.762</b>	<b>496</b>	<b>0</b>	<b>3.666</b>

- In Q3 2020 EUR a total of EUR 1.408 million is expected, thereof EUR 1.112 million from Claims on bankrupt estates and other assets (EUR 712 thousand from Heritable Bank estate and EUR 400 thousands from LI Lux estate) and EUR 296 thousand from Loans to customers (from UK individual's bankruptcy estate).
- In Q4 2020 a total of EUR 1.762 thousand is expected, thereof EUR 906 thousand from Claims on bankrupt estates (LI Lux estate) and EUR 856 thousand from Other assets (money held on escrow related to sale of flat in NY expected to be released).
- In Q1 2021 a total of EUR 496 thousand is expected. This is from Loans to customers (from UK individual bankruptcy estate).
- No payments are currently expected in Q2 2021.

# Q&A