



2020 Q3 Management Accounts – Investor Call

15:00 GMT – 10 November 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”).
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## KEY DEVELOPMENTS IN Q3 2020

- Following receipt of the final dividend payment from the Heritable Bank estate, equivalent to EUR 740 thousand, the amounts of Heritable Bank estate (67) contingent Art. 113 claims were finally determined. Subsequently, applicable reserves on escrow held against those claims were allocated to claimholders and excess reserves reversed to the Company as follows:
  - Allocation to claimholders from escrow was DMP's of EUR 741 thousand, Convertible Notes redemptions of EUR 652 thousand and outstanding bonds of EUR 225 thousand.
  - Reversals from escrow was DMP's of EUR 45 thousands, Convertible Notes redemptions of EUR 1.573 million and Convertible Notes of EUR 541 thousand.
- In the period, LBI and the former Winding-up Board and certain other officers, employees and advisors of LBI (together the "Beneficiaries") reached agreement to terminate indemnity arrangements agreed as part of the Company's Composition, including the indemnity fund.
  - Net of consideration paid to certain Beneficiaries and expenses related to the termination of the indemnity arrangements, an amount of EUR 11.6 million was released to the Company.
- In the period, the equivalent of EUR 0.8 million was released to LBI from escrow after it became clear that potential tax claims in the US related to sale of a flat in New York would not crystallise.

## DRIVERS OF FINANCIAL CHANGE IN Q3 2020

ASSET CATEGORIES	30.6.2020	Net cash received	FX change	Value-change	Income	Operating expenses	Reserve and other reversals	30.9.2020
Cash .....	8.300	14.523	(73)	0	0	(1.557)	1.618	22.810
Restricted cash .....	14.450	(11.553)	(10)	0	(19)	(2.632)	0	235
Loans to customers .....	873	0	0	(281)	0	0	0	592
Claims on bankrupt estates and other assets ..	90.568	(2.970)	(46)	142	0	0	0	87.694
<b>TOTAL</b>	114.190	0	(129)	(140)	(19)	(4.190)	1.618	111.331

- Net cash inflows amounted to EUR 14.5 million, which is mainly explained by (i) release of EUR 11.6 million from Restricted cash (WuB's Indemnity fund); (ii) dividend payment from Landsbanki Luxembourg estate of EUR 1.3 million (iii) release of EUR 0.8 million from escrow account related to sale of a flat in New York, and (iv) Heritable Bank's estate final dividend payment equivalent to EUR 0.7 million.
- Operating expenses were EUR 4.2 million, thereof EUR 3.4 million was consideration paid and expenses incurred in relation to agreement on termination of indemnity arrangements, including EUR 0.5 million of indemnity release payments made to holders of Convertible Notes.
- Reversals of EUR 1.6 million in reserves from escrow, following final determination of the amount of the Heritable Bank estate (67) contingent Art. 113 claims.

## KEY EVENTS AFTER THE BALANCE SHEET DATE

- As part of the termination of the indemnity arrangements, LBI released the Beneficiaries from any liabilities arising from the Composition and related matters (the “Indemnity Release”).
- However, the Company agreed to issue new indemnity covering certain action taken by Beneficiaries in the period up to 14 April 2016. The new indemnity would automatically lapse and cease to have any effect if Bondholders holding at least two thirds (66.667%) in nominal value of the total amount of outstanding Bonds execute Deeds of Adherence.
- 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.

## PRO FORMA BOOK VALUE OF THE OUTSTANDING CONVERTIBLE NOTES

TOTAL ASSET VALUE AS OF 30 SEPTEMBER 2020	111.331
LESS: OTHER LIABILITIES	(543)
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CONVERTIBLE NOTE BOOK VALUE AS OF 30 SEPTEMBER 2020	110.787
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NOMINAL VALUE OF CONVERTIBLE NOTES AS OF 30 SEPTEMBER 2020	480.847
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<b>IMPLIED RECOVERY OF CONVERTIBLE NOTES OUTSTANDING</b>	<b>23,0%</b>
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- Asset value includes cash that is expected to be spent on operational expenses.

## OPERATIONAL EXPENSES

EXPENSES VERSUS BUDGET	Q3 2020	Q2 2020
Budgeted operating expenses ...	545	826
Actual operating expenses .....	4.149	1.453
<b>DIFFERENCE</b>	<b>(3.603)</b>	<b>(627)</b>

SALARIES AND RELATED EXPENSES	Q3 2020	Q2 2020
Salaries.....	215	220
Pension fund.....	29	29
Other salary related expenses.	15	16
<b>TOTAL</b>	<b>259</b>	<b>265</b>

GENERAL AND ADMINISTRATIVE EXPENSES	Q3 2020	Q2 2020
External advisors.....	3.392	1.098
Premises expenses.....	9	8
Other expenses.....	488	82
<b>TOTAL</b>	<b>3.889</b>	<b>1.188</b>

- Actual cost is EUR 3.6 million higher than budgeted and mainly explained by:
  - EUR 3.0 million in consideration paid and expenses incurred in relation to the termination of the indemnity arrangements and the release of the Indemnity Fund captured in “external advisor” expenses
  - EUR 0.5 million in indemnity release payments to holder of Convertible Notes captured in “other expenses”

## CASH / RESTRICTED CASH AND LOANS TO CUSTOMERS

CASH	30.9.2020	30.6.2020
Cash.....	22.810	8.300
<b>TOTAL</b>	<b>22.810</b>	<b>8.300</b>

RESTRICTED CASH	30.9.2020	30.6.2020
Indemnity Fund.....	0	14.204
Trustee Indemnity Fund....	235	245
<b>TOTAL</b>	<b>235</b>	<b>14.450</b>

### Allocation of WuB's Indemnity fund

- Cash increased in the period by EUR 14,5 million, mainly as a result of the termination and release of the WuB's Indemnity Fund

LOANS BY COUNTRY	30.9.2020	30.6.2020
UK.....	592	792
Other Europe.....	0	81
<b>TOTAL</b>	<b>592</b>	<b>873</b>

### Remaining Loans to customers

- The sole remaining recovery is a loan to an individual in bankruptcy proceedings in the UK. The estimated recovery is reduced in the period by EUR 200 thousand.



## LI Lux estate

- In the period, LBI received dividend payment of EUR 1.3 million.
- 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.
    - Late August, the Landsrettur Court of Appeal announced that the main hearing will not be held before end of 2020. Currently, it is expected that the main hearing will be held in Q1 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	2020	2021			TOTAL
	Q4	Q1	Q2	Q3	
Loans to customers .....	296	0	296	0	592
Claims on bankrupt estates and other assets .	111	0	0	0	111
<b>TOTAL</b>	<b>407</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>703</b>

  

AMOUNTS IN EUR EQUIVALENT	2020	2021			TOTAL
	Q4	Q1	Q2	Q3	
USD .....	0	0	0	0	0
GBP .....	296	0	296	0	592
EUR .....	111	0	0	0	111
<b>TOTAL</b>	<b>407</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>703</b>

- In Q4 2020 a total of EUR 407 thousands is expected, thereof EUR 296 thousand from Loans to customers (from UK individual's bankruptcy estate) and EUR 111 thousand from claims on bankrupt estate and other assets.
- No payments is currently expected in Q1 2021.
- In Q2 2021 a total of EUR 296 thousand is expected from Loans to customers (UK individual bankruptcy estate).
- No payments is currently expected in Q3 2021.

# OPERATIONAL BUDGET FOR 2021

	2021				
	Q1	Q2	Q3	Q4	
<b>SALARIES AND RELATED EXPENSES*</b>					
Salaries.....	214	141	141	141	
Pension fund.....	28	20	20	20	
Other salary related expenses.....	15	11	11	11	
<b>TOTAL</b>	<b>257</b>	<b>172</b>	<b>172</b>	<b>172</b>	
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>					
External advisors.....	583	311	433	404	
Premises expenses.....	9	9	9	9	
Other expenses.....	38	83	28	27	
<b>TOTAL</b>	<b>629</b>	<b>403</b>	<b>469</b>	<b>440</b>	
<b>OPERATING EXPENSES</b>	<b>TOTAL</b>	<b>886</b>	<b>575</b>	<b>641</b>	<b>612</b>

\* Board fee post Q1 2021 has not been determined and is therefore excluded from Salaries and related expenses.

- Estimated costs for external advisors relate the LILUX monetisation proceedings, D&O litigation and Convertible Notes administration fees.

# Q&A