



2021 Q3 Management Accounts – Investor Call

14:00 GMT – 2 November 2021

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KEY DEVELOPMENTS IN Q3 2021

The Grettir Case and the New Straumur Case

- On 15 September 2021, the Supreme Court of Iceland announced that it had rejected LBI's request for an appeal on the appellate court Landsréttur's decision in the Grettir Case, which affectively became final.
- Consequently, LBI was required to pay the legal fees of the D&O Insurers, the former CEO, Halldor J. Kristjansson, and the former Head of Corporate Finance totalling ISK 75.6m (including default interest).
- Following receipt of the above rejection from the Supreme Court, the New Straumur Case before Reykjavik District Court was discontinued and cancelled early October 2021. The Reykjavik District Court decided that legal costs payable by LBI to the defendants should be a total of ISK 2.3 million.
- As LBI has not included any recovery from the Grettir Case or the New Straumur Case (other than those already collected in settlements from certain insurers in November 2018), beside with respect to the prospective cost obligations above, the Supreme Court decision will not impact the reported values in the Company's future accounts.

DRIVERS OF FINANCIAL CHANGE IN Q3 2021

ASSET CATEGORIES	30.6.2021	Net cash received	FX change	Value-change	Income	Operating expenses	Note Redemption	30.9.2021
Cash	14.950	270	17	0	0	(1.034)	0	14.204
Restricted cash	231	0	6	0	0	0	0	237
Loans to customers	308	(270)	(1)	270	0	0	0	307
Claims on bankrupt estates and other assets ..	97.000	(0)	0	1.365	0	0	0	98.365
TOTAL	112.490	0	22	1.635	0	(1.034)	0	113.113

- Net cash received in the period was EUR 270 thousands. This is money which was held by French auction court related to disputed tax claim, but released in the period to LBI when the matter was finally resolved. Subsequently, value of zero-recovery loan was increased accordingly.
- Estimated recoverable value increased by net EUR 1.6 million during the quarter, primarily due to EUR 1.1 million in recoveries on settling a claim brought by LBI against former service, EUR 270 thousands from the disputed tax claim referenced above and increased estimated recovery on LBI's claims against the Landsbanki Luxembourg estate by EUR 260 thousands.
- Operating expenses were EUR 1.0 million
- The pro forma book value of the outstanding Convertible Notes as on 30 September 2021 is 23.6%, including cash that is expected to be spent on future operational expenses

OPERATIONAL EXPENSES

EXPENSES VERSUS BUDGET	Q3 2021	Q2 2021
Budgeted operating expenses ...	641	575
Actual operating expenses	1.504	1.147
DIFFERENCE	(862)	(573)

SALARIES AND RELATED EXPENSES	Q3 2021	Q2 2021
Salaries.....	224	224
Pension fund.....	30	30
Other salary related expenses.	14	14
TOTAL	268	268

GENERAL AND ADMINISTRATIVE EXPENSES	Q3 2021	Q2 2021
External advisors.....	1.211	789
Premises expenses.....	9	9
Other expenses.....	15	81
TOTAL	1.235	879

- Actual cost during the quarter was EUR 862 thousand higher than budgeted and is mainly explained by:
 - EUR 96 thousand in salaries as board fees did not form part of the budget.
 - External advisory cost is EUR 778 thousand higher than budget and mainly explained by:
 - domestic legal fees of EUR 499 thousand awarded by domestic courts to counterparties in the Grettir case, and
 - foreign legal success fee of EUR 440 thousands, related to aforementioned settlement of a claim brought against former service providers where LBI’s gross recovery is EUR 1.1 million.

LI Lux estate

- Final ruling from Cour de Cassation on French criminal litigation expected before end of November 2021
- Diverging court rulings continue in Spanish civil litigation with all unfavourable rulings being appealed

OTHER LEGAL DISPUTES BEFORE COURTS

- **HSBC Milan case**
- Next procedural hearing before the Milan Court of Appeal will be held in December 2021.
- As proceedings before the appellate court are usually faster than before the court of first instance, it is currently expected that a decision on the appeal will be rendered in the first half of 2023.

MONETISATION PLAN FOR NEXT 12 MONTHS

ASSET CATEGORIES	2021	2022			TOTAL
	Q4	Q1	Q2	Q3	
Loans to customers	0	307	0	0	307
Claims on bankrupt estates and other assets .	1.281	0	0	0	1.281
TOTAL	1.281	307	0	0	1.588

AMOUNTS IN EUR EQUIVALENT	2021	2022			TOTAL
	Q4	Q1	Q2	Q3	
GBP	0	307	0	0	307
EUR	1.281	0	0	0	1.281
TOTAL	1.281	307	0	0	1.588

- In Q4 2021, a total of EUR 1.3 million is expected. Thereof, EUR 1.1 million is expected from claims against former service providers and EUR 180 thousands from LI Lux estate.
- In Q1 2022 EUR 307 thousands is expected from Loans to customers (from UK individual's bankruptcy estate)

OPERATIONAL BUDGET FOR 2022

	2022				
	Q1	Q2	Q3	Q4	
SALARIES AND RELATED EXPENSES*					
Salaries.....	221	275	112	112	
Pension fund.....	29	40	15	16	
Other salary related expenses.....	14	21	8	8	
TOTAL	264	337	136	136	
GENERAL AND ADMINISTRATIVE EXPENSES					
External advisors.....	554	388	292	231	
Premises expenses.....	9	9	9	9	
Other expenses.....	37	94	28	28	
TOTAL	600	492	328	267	
OPERATING EXPENSES	TOTAL	864	829	464	403

* Board fee post Q1 2022 has not been determined and is therefore excluded from Salaries and related expenses.

- Estimated costs for external advisors relate the LILUX monetisation proceedings and Convertible Notes administration fees.

KEY EVENTS AFTER THE BALANCE SHEET DATE

- As provided for under the terms and conditions of the Convertible Notes, LBI is working on a partial conversion of the Convertible Notes into equity in order to utilise tax loss carry-forwards from previous years that are due to expire at the end of 2021.

Q&A