

Financial information Q1 2016

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Estimated remaining recovery at end of Q1 2016

ISKbn	Estimated recovery		Changes in Quarter								
	31.12.2015	31.3.2016	Payments	FX change	Valuation	Income	Op. exp.	Art. 112	DMP	Stab. Contr.	Total change
Cash	249,4	30,2	4,0	(2,0)		0,3	(1,3)	(210,6)	(3,0)	(6,8)	(219,2)
Loans to Financial Inst.	10,7	10,6	(0,0)	(0,1)	0,0	0,0					(0,1)
Loans to Customers	54,4	44,1	(2,9)	(0,7)	1,1	0,2				(8,0)	(10,3)
Bonds	0,0	0,0	0,0	0,0		0,0					0,0
Equities	2,0	0,7	(0,1)	(0,0)	0,1	0,0				(1,3)	(1,3)
LB Financing	125,7	122,1	(0,9)	(3,5)	0,0	0,9					(3,6)
Derivatives	0,8	0,7	(0,1)	0,0	(0,0)	0,0					(0,2)
Non current assets	1,6	1,3	0,0	(0,1)	0,0	0,0				(0,2)	(0,2)
Damage/Voiding cases	6,8	6,8		(0,0)							(0,0)
Total assets	451,4	216,6	(0,0)	(6,4)	1,2	1,4	(1,3)	(210,6)	(3,0)	(16,2)	(234,9)

Highlights in Q1 2016

- On 8 January 2016 LBI and CBI finalised their agreement on LBI's stability contribution. Following this in January, executing the agreement, LBI transferred ISK assets of total ISK 15,9bn to CBI, thereof Cash of ISK 6,4bn and ISK non-cash assets of ISK 10,5bn.
 - At end of March 2016 LBI transferred additional stability contribution of ISK 0,35bn to CBI, which was cash in ISK collected from Retained asset (dividend payment in ISK from Baugur estate).
- ISK Reserve Funds 1 and 2. Remaining ISK assets at end of Q1 2016 is Cash in ISK kept on two deposit accounts:
 - Reserve Fund 1 (for potential finally accepted Art. 109-112 priority claims) was originally of total ISK 6,0bn. At end of Q1 2016, including accrued Income in Q1 2016, it was of ISK 6,001bn.
 - Reserve Fund 2 (for operational expenses from end Q4 2016) was originally of total ISK 3,0bn. At end of Q1 2016, having paid operational expenses paid in ISK in Q1 2016, it was of ISK 2,6bn.
- On 11 January 2016 final settlement of Art. 112 priority claims of total ISK 210,6bn was finalised.
- On 8 February 2016 DMP's to composition creditors was made.
- Estimated recovery of assets as at end Q1 2016 is of total ISK 216,6bn. As explained above thereof ISK 8,6bn is ISK assets (Cash).

Estimated remaining recovery by currency at end Q1 2016

ISKbn	ISK		USD		EUR		GBP		Other		Total	
	31.12.15	31.3.16	31.12.15	31.3.16	31.12.15	31.3.16	31.12.15	31.3.16	31.12.15	31.3.16	31.12.15	31.3.16
Cash	16	9	31	2	110	10	80	7	13	2	249	30
Loans to FI	0		1	1	10	10	0	0		0	11	11
Loans to Customers	8	0	1	1	19	19	9	8	17	16	54	44
Bonds											0	0
Equities	1	0	0		0	0	0	0			2	1
LB Financing	0		71	68	55	54	0				126	122
Derivatives	1	0	0		0	1	0				1	1
Other assets	0		1	1	0	0	0				2	1
Damage/Voiding cases					7	7					7	7
Total assets	25	9	105	73	195	101	89	15	30	19	451	217

- **Changes in estimated recovery by currencies in Q1 2016:**

- ISK decreased from ISK 25bn to ISK 8,6bn, mainly due to transfer of ISK assets of total ISK 15,9bn to CBI as stability contribution.
- Final settlement of Art. 112 priority claims on 11 January 2016 of total ISK 210,6bn changed the FX Cash position:
 - Cash in USD decreased by USD 306,2m.
 - Cash in EUR decreased by EUR 706,244m.
 - Cash in GBP decreased by GBP 374,3m.
- On 8 February Cash in EUR decreased by EUR 20,788m or ISK 2,9bn due to DMP's to Art. 113 creditors.

Cash and expected cash inflow by currency and asset categories (excluding net Income)

Estimated cash flow by currency

Estimated Recovery (ISKbn)	Cash	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
ISK	9	0												9
USD	2	2	0	2		34				34				73
EUR	10	14	6	10	1	1	1	28	1	1	1	28	1	100
GBP	7	3	1		4									15
CAD and other	2	15	0	0	0	0	0	0	0	0	0	0	0	19
Total assets	30	34	7	12	6	35	1	28	1	34	1	28	1	217

Estimated cash flow by asset category

Estimated Recovery (ISKbn)	Cash	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Later	Total
Cash	30													30
Loans to Financial Inst.		0	1	2	1	1	1	1	1	1	1	1	1	11
Loans to Customers		30	6	3	4	0	0	0	0	0	0	0	0	44
Bonds														0
Equities		0	1											1
LB Financing		1				34		27		34		27		122
Derivatives		1												1
Investment in Subsidiaries														0
Non current assets		1	0	0	0	0	0	0	0	0	0	0	0	1
Damage/Voiding cases		0	0	7	0	0	0	0	0	0	0	0	0	7
Total assets	30	34	7	12	6	35	1	28	1	34	1	28	1	217

- At end of Q1 2016 the term deposit account with LB is of total ISK 12,8bn and the Trust account (EUR 20m) of ISK 2,8bn.
- In Q2 2016 LBI has received final payment of EUR 70m from its loan exposure against European food production company. In accordance with LBI's and LB's agreement from 9 December 2015 LBI needs to deposit EUR 27,255m, USD 4,95m and GBP 18,15m of this amount into LBI's term deposit account with LB (for further information see Note No. 10 in LBI's 2015 Financial Statement).
- Expected cash inflow in 2016-2017 is mainly from Loans to customers. Of ISK 14bn expected in EUR in Q2-Q4 2016 from Loans to customers ISK 9,9bn (EUR 70m) has already been paid. The bulk of ISK 15bn payment in CAD (and other) in Q2-Q4 2016 is expected in Q4 2016.

Assets monetisation plan for the next 12 months

Estimated recovery and expected cash in-/outflow <i>Numbers in bnISK based on CBI's selling rate as at end Q1 2016</i>	Estimated recovery 31.3.2016	Expected cash flow Q2-Q4 2016			Expected cash flow Q1 2017
		Q2	Q3	Q4	
Loans to Financial Inst.	10,608			0,082	
Loans to Customers	44,147	11,016	(2,134)	21,956	0,408
Equities	0,743			0,195	
LB Financing	122,131	0,974	0,974	0,985	0,985
LB Fixed term deposits	12,811	(7,686)			
Derivatives	0,665			0,665	
Non current assets	1,323			1,323	
Damage/Voiding cases	6,777				
Trust Account (EUR 20m)	2,819				
Estimated recovery - Expected cash flow from assets	202,024	4,304	(1,160)	25,206	1,393
Opex (Initial budget for Q2-Q4 2016)		(1,069)	(0,802)	(0,802)	(0,908)
<i>In FX</i>		<i>(0,584)</i>	<i>(0,438)</i>	<i>(0,438)</i>	<i>(0,438)</i>
<i>In ISK (from originally ISK 3bn reserve fund)</i>		<i>(0,485)</i>	<i>(0,364)</i>	<i>(0,364)</i>	<i>(0,470)</i>
Initial new Bond payments (EUR 16,5m)		(2,326)			
Expected new Bond payments		(3,451)		(26,239)	
Expected tax payment from ISK 6bn Special Reserve Fund				(2,722)	
Closing cash position	14,543	12,000	10,038	5,481	5,966
<i>In FX - Available cash</i>	<i>2,350</i>	<i>0,292</i>	<i>1,611</i>	<i>0,219</i>	<i>1,174</i>
<i>In FX - Funds needed to service/protect FX assets</i>	<i>3,613</i>	<i>3,613</i>	<i>0,696</i>	<i>0,617</i>	<i>0,617</i>
<i>In ISK - Reserve fund for Opex post composition</i>	<i>2,578</i>	<i>2,093</i>	<i>1,729</i>	<i>1,365</i>	<i>0,895</i>
<i>In ISK - Special Reserve for potential Art. 109-112 claims</i>	<i>6,001</i>	<i>6,001</i>	<i>6,001</i>	<i>3,279</i>	<i>3,279</i>

- Of ISK 11bn expected in Q2 2016 from Loans to customers ISK 9,9bn (EUR 70m) has already been paid.
- The bulk of ISK 15bn payment in CAD (and other) in Q2-Q4 2016 is expected in Q4 2016.
- In accordance with LBI's and LB's agreement from 9 December 2015 LBI needs to to-up its term deposit account with LB in Q2 2016.
- Operational expenses next 12 months is expected to be of total ISK 3,6bn, thereof in 1,7bn in ISK and 1,9bn in FX.
- Expected cash flow in Q3 2016 for Loans to customers is net ISK (2,1)bn due to seasonal draw-down. Repayment is expected in Q4 2016.
- ISK 6bn special fund will reduce in Q4 2016 by ISK 2,72bn due to payment of the special assets management tax for operational year 2015.
- Scheduled bond payments to Bond Trustee is expected to be ISK 3,5bn by end Q2 2016 and ISK 26,2bn by end Q4 2016.