



2019 Financial Statements – Investor Call

14:00 GMT – 27 FEBRUARY 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 Q4 2019

- On 13 November 2019, LBI announced its decision to initiate a partial conversion of EUR 89,635,400 of Bonds into new 89,635,400 Class A Shares each of nominal value EUR 0.01 according to authorization provided in Company's Articles of Association and in the Terms and Conditions of the Bonds. The conversion was concluded in December 2019.
- On 15 November 2019, LBI announced that it would not make a Scheduled Payment under the Bonds on 15 December 2019 but postpone such payment until the Scheduled Payment on 15 June 2020, unless postponed further.
- In December 2019 LBI recognized the value of a claim against foreign financial institution which was collected in full in Q1 2020.

## DRIVERS OF FINANCIAL CHANGE IN Q4 2019

<b>Asset categories</b>	30.9.2019	Net cash received	FX change	Value-change	Income	Operating expenses	31.12.2019
Cash .....	11.920	183	16	0	31	(996)	11.155
Restricted cash .....	15.134	0	(7)	0	0	(18)	15.109
Loans to customers .....	1.931	(173)	(1)	464	49	0	2.270
Claims on bankrupt estates and other assets .....	86.754	(10)	(0)	932	0	0	87.674
<b>Total</b>	<b>115.739</b>	<b>0</b>	<b>8</b>	<b>1.396</b>	<b>80</b>	<b>(1.014)</b>	<b>116.209</b>

- Net increase in estimated value of EUR 1.4 million is mainly from a claim against foreign financial institution which was recognised in Q4 2019 and collected in full in Q1 2020 and increased recovery expectations on an exposure in loans to customers

## KEY EVENTS AFTER THE BALANCE SHEET DATE

- 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.
- 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.

## PRO FORMA BOOK VALUE OF THE OUTSTANDING CONVERTIBLE NOTES

TOTAL ASSET VALUE AS OF 31 DECEMBER 2019	116.209
LESS: OTHER LIABILITIES	(951)
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CONVERTIBLE NOTE BOOK VALUE AS OF 31 DECEMBER 2019	115.258
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NOMINAL VALUE OF CONVERTIBLE NOTES AS OF 31 DECEMBER 2019	481.379
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<b>IMPLIED RECOVERY OF CONVERTIBLE NOTES OUTSTANDING</b>	<b>23,9%</b>
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- Asset value includes cash that is expected to be spent on operational expenses.

# OPERATIONAL EXPENSES

EXPENSES VERSUS BUDGET	Q4 2019	Q3 2019
Budgeted operating expenses ..	590	510
Actual operating expenses .....	1.238	937
<b>DIFFERENCE</b>	<b>(648)</b>	<b>(427)</b>

SALARIES AND RELATED EXPENSES	Q4 2019	Q3 2019
Salaries.....	550	496
Pension fund.....	50	78
Other salary related expenses.	125	31
<b>TOTAL</b>	<b>725</b>	<b>605</b>

GENERAL AND ADMINISTRATIVE EXPENSES	Q4 2019	Q3 2019
External advisors.....	462	271
Premises expenses.....	13	9
Other expenses.....	38	52
<b>TOTAL</b>	<b>514</b>	<b>332</b>

- The EUR 648 thousand difference between budgeted and actual operating expenses is mainly explained by:
  - EUR 263 thousand external advisors cost, thereof EUR 147 thousand is foreign legal cost and EUR 68 thousand is domestic other service.
  - EUR 279 thousand is employee salaries related tax payment which the tax office by mistake reversed to LBI in Q2 2019, but LBI repaid and expensed in Q4 2019. The net result of this within the year 2019 is zero.
  - Board salaries post Q1 2019 which were not included in the presented budget.

## CASH AND RESTRICTED CASH

CASH	31.12.2019	30.9.2019
Cash.....	11.155	11.920
<b>TOTAL</b>	<b>11.155</b>	<b>11.920</b>

RESTRICTED CASH	31.12.2019	30.9.2019
Indemnity Fund.....	14.864	14.882
Trustee Indemnity Fund....	245	252
<b>TOTAL</b>	<b>15.109</b>	<b>15.134</b>



## LOANS TO CUSTOMERS

LOANS BY SECTOR	31.12.2019	30.9.2019	LOANS BY COUNTRY	31.12.2019	30.9.2019
Real Estate.....	2.178	1.835	UK.....	2.178	1.835
Other.....	92	96	Other Europe.....	92	96
<b>TOTAL</b>	<b>2.270</b>	<b>1.931</b>	<b>TOTAL</b>	<b>2.270</b>	<b>1.931</b>

### Loans by Sector

- Remaining recovery for Real Estate sector lending is mainly on loans to K/S structure exposures and claims against an individual who has filed for bankruptcy in the United Kingdom.

### Loans by Country

- Remaining recovery for UK is mainly related to loans to K/S structure exposures and an individual in bankruptcy proceedings.

## 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 (9 cases)	59	10	3	1	73
Contingent Heritable claims (67)	786	2.225	766	143	3.920
<b>TOTAL CONTINGENT</b>	786	2.225	766	143	<b>3.920</b>
<b>TOTAL DISPUTED</b>	59	10	3	1	<b>73</b>
<b>TOTAL RESERVES</b>	846	2.235	769	143	<b>3.993</b>

- The table above shows the status of reserves on escrow at the end of Q4 2019
- Disputed Art. 113 claims:
  - At the end of Q3 2019, 9 small money market cases remained outstanding. Currently all these claims are expected to be resolved and/or cancelled 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)
  - 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.
  - 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 in February 2020. It is currently expected that main hearing on the dismissal claim will be held in Q2 2020.

## MONETISATION PLAN FOR NEXT 12 MONTHS

ASSET CATEGORIES	2020			
	Q1	Q2	Q3	Q4
Loans to customers .....	48	2.147	8	8
Claims on bankrupt estates and other assets .	927	321	2.408	0
<b>TOTAL</b>	<b>974</b>	<b>2.468</b>	<b>2.416</b>	<b>8</b>

AMOUNTS IN EUR EQUIVALENT	2020			
	Q1	Q2	Q3	Q4
USD .....	0	0	856	0
GBP .....	5	0	763	0
EUR .....	0	1.169	0	0
Other .....	969	1.299	798	8
<b>TOTAL</b>	<b>974</b>	<b>2.468</b>	<b>2.416</b>	<b>8</b>

- EUR 927 thousand from Claims on bankrupt estates and other assets in Q1 2020 is mainly collection on a claim against a foreign financial institution on a claim which has already been collected in full.
- EUR 2.1 million is expected to be received in Q2 2020 from loans to customers, mainly from a K/S loan and individual who has filed for bankruptcy in the UK.
- EUR 2.4 million expected from Claims on bankrupt estates and other assets in Q3 2020 is 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 and dividend from Heritable Bank estate.

# Q&A