



Securities Note

August 2020

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RISK FACTORS

The risk factors described in this chapter *Risk Factors* are those which the Issuer is aware of and which, in its opinion, are specifically applicable to the Securities. These risk factors are subject to uncertainty and therefore the Issuer is not able to predict the likelihood of them occurring. It is possible that the Issuer may not be able to meet the obligations of the Securities due to other factors that are not considered risk factors based on the information currently available and of which the Issuer is aware. The Issuer has assessed the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact and has organised the following risk factors accordingly, beginning with those estimated to be most significant to the Issuer.

General Risk of Securities

Investment in securities involves risk. The value of the Securities may decrease as well as increase. Investors can lose the value of all or part of their investment in the Securities. Various issues can cause changes in the value of securities, e.g. general economic conditions, interest rate decisions by the Central Bank, changes in legislation and regulations and other events.

Market Risk

The value of securities may change due to market conditions. Thus, the value of the Securities may decrease if the general market yield rises and the value may rise if the yield decreases.

Liquidity Risk

Although the Securities have been admitted to trading on the Regulated Market of Nasdaq Iceland, the Issuer cannot guarantee that the Securities will be actively traded. No obligation rests on the Issuer to maintain an active market with the Securities and no market making contracts have been negotiated. Therefore, liquidity risk may arise, i.e. the risk of not being able to sell the Securities at will. The risk is expressed in such a way that the market cannot accept the quantity that is to be sold or the price formation is such that there is a significant difference between the buying and selling price of the Securities.

Issuer's Liquidity Risk

The Issuer may be in a position of not having sufficient liquidity to meet its obligations when they fall due. The Issuer manages its liquidity risk to ensure that, among other things, it always has sufficient liquidity to meet its obligations.

Changes in Legislation

The admission to trading of the Issuer's Securities on the Regulated Market of Nasdaq Iceland is subject to Icelandic laws in force on the date of the Prospectus. No assurance can be given as to the impacts of any amendments to Icelandic law, court decisions, and/or administrative practice after the date of the Prospectus.

Additionally, it should be borne in mind that changes to EU legislation in this area may affect the Issuer and the Securities due to Iceland's membership of the EEA agreement.

IMPORTANT INFORMATION

Notice to investors

This Securities Note dated 14 August 2020 (hereafter also referred to as the “Securities Note”), has been approved by the Financial Supervisory Authority of the Central Bank of Iceland (hereafter the „FSA“), as competent authority under Regulation (EU) 2017/1129. The FSA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note and investors should make their own assessment as to the suitability of investing in the securities. This Securities Note is a part of the Issuers' Prospectus dated 14 August 2020 (hereafter referred to as the “Prospectus”), which concerns, and is published in relation to the Issuer's application to have its newly issued Securities (hereafter also referred to as the “Securities” and the “Series of Securities”)), which are the second tranche in the Issuer’s series KVB 19 01, admitted to trading on the Regulated Market of Nasdaq Iceland hf. (hereafter referred to as the “Regulated Market of Nasdaq Iceland”). The Prospectus has been prepared in accordance with Icelandic laws and regulations in effect on the date of the Prospectus, including Act no. 108/2007, on Securities Transactions (hereafter the “Act on Securities Transactions”) and Act no.14/2020, on Prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market (hereafter the “Act on Prospectuses”) which implements Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereafter the “Prospectus Regulation”) into Icelandic law. Furthermore, the Prospectus has been prepared in accordance with the provisions of Annex 6 and Annex 15 of Commission Delegated Regulation (EU) 2019/980, cf. Regulation 274/2020. The Prospectus is additionally prepared with regard to the Rules for issuers of financial instruments, issued by Nasdaq Iceland hf., effective as of 1 May 2020.

The Prospectus is published in English and consists of two documents, a Registration Document dated 13 July 2020 and this Securities Note dated 14 August 2020. The Prospectus is available for viewing at the Company's registered office at Katrínartún 2, 105 Reykjavík, Iceland. The Prospectus will also be available on the Company's website: <https://www.kvika.is/en/investor-relations/prospectuses/>.

The information appearing in this Prospectus should not be construed as an offer, a recommendation or solicitation to buy, hold or sell shares in the Company or to take any other investment decisions.

The Prospectus contains information for investors to evaluate the Company's assets and liabilities, financial situation, performance and outlook. Investors are encouraged to familiarize themselves with all information contained in the Prospectus, especially the chapter named 1 Risk Factors, both in the Registration Document and in this Securities Note.

Following the publication of the Prospectus, investors are advised to acquaint themselves with all public information issued by Kvika or concerning Kvika and/or bills, bonds or shares issued by Kvika.

Only the Company is entitled to procure information about conditions described in this Securities Note. Information procured by any other person is of no relevance in relation to this Securities Note and cannot be relied on.

This Securities Note, as well as other documents which are a part of the Prospectus, may not be sent or otherwise distributed, whether electronically or by other means, to countries in which distribution would require additional registration measures or other measures to be taken other than as applicable under Icelandic laws and regulations, or would be in conflict with laws and regulations in the relevant country. In some jurisdictions laws and regulations may restrict distribution of the Prospectus. Therefore, the Company requests that all recipients of the Prospectus familiarize themselves with and act in accordance to such laws and regulations or other restrictions. Kvíka assumes no liability for distribution of the Prospectus by any third parties in any jurisdiction. This Securities Note, as well as any other documents in the Prospectus, should not be distributed or sent to the USA, Australia, Canada, Hong Kong, Singapore, South Africa or Japan.

This Securities Note, or other documents which are a part of the Prospectus, should by no means be viewed or construed as a promise by the Company of future success in operations or as a return on investments. Investors must, first and foremost, trust their own judgment when it comes to investing in the Securities issued by the Company, and are advised to seek advice from external experts before making investment decisions. Investors are furthermore advised to consider their legal status, including taxation issues that may concern the purchase or sale of the Company's Securities, and seek external and independent advice in that respect.

Information in this Prospectus is based on circumstances and facts on the date on which the Prospectus is signed. If significant new information, material mistakes or inaccuracies relating to information in the Prospectus, which could affect the assessment of the Company's Securities, are discovered between the time the Prospectus is approved, cf. article 52 of the Act on Securities Transactions, and the time when the Company's Securities are admitted to trading, a supplement to the Prospectus shall be prepared describing the details in question in accordance with Article 46 of the Act on Securities Transactions. The supplement shall be approved within seven working days and published in the same manner as the original Prospectus.

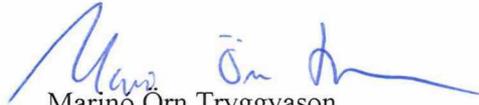
As the Company's shares were admitted to trading on the Regulated Market of Nasdaq Iceland in March 2019, the Company is already under disclosure obligation on the market pursuant to applicable laws and regulations, cf. the Act on Securities Transactions, publicly issues announcements, and is governed by the Nasdaq Iceland Rules. Additionally, the Bank has issued securities that are currently admitted to trading on the Regulated Market of Nasdaq Iceland hf. and is therefore further already governed by the Nasdaq Iceland Rules' provisions regarding bills and bonds.

Company Statement

The CEO and Deputy CEO of Kvika hereby declare, on behalf of the Issuer, that, to the best of their knowledge, having taken all reasonable care to ensure that such is the case, that the information in this Securities Note is in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 14 August 2020

For and on behalf of Kvika



Marino Örn Tryggvason
CEO of Kvika

Potential Conflicts of Interests

It should be noted that the Issuer itself will manage the admission of its Securities to trading on the Regulated Market of Nasdaq Iceland and has prepared the Prospectus. It could be argued that conflicts of interest may arise in such situations, but, in accordance with the statements made by Kvika in the chapter *Company Statement*, the information in this Prospectus is, to the best of Kvika and its Board of Directors' knowledge, factual and contains no omission likely to affect its import.

Additionally, several employees, members of the Issuer's executive management and members of its board of directors own shares in the Bank. Furthermore, most employees and members of the Issuer's executive management own stock options and/or warrants issued by the Bank. The warrants are further described in the chapter *Warrants* in the Registration Document. A number of these individuals have contributed to the preparation of this Prospectus and the admission of Kvika's Securities to trading.

Definitions

“Kvika”, the “Issuer”, the “Company” and the “Bank”	Kvika banki hf., reg. no. 540502-2930, Katrínartúni 2, 105 Reykjavík, Iceland
The “Securities” and the “Series of Securities”	The series of Kvika's securities KVB 19 01
“Act on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments”	Act no. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments.
“Act on Financial Undertakings”	Act no. 161/2002 on Financial Undertakings
“Act on Prospectuses”	Act no.14/2020 on Prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market
“Act on Securities Transactions”	Act no. 108/2007, on Securities Transactions
“LEX”	The LEX law firm, Borgartúni 26, 105 Reykjavík
The “FSA”	The Financial Supervisory Authority of the Central Bank of Iceland
“Securities holders”	Owners of Securities in the series KVB 19 01
“ISK”	Icelandic Króna
“Nasdaq CSD Iceland”	Nasdaq CSD SE, útibú á Íslandi, reg. no. 5101190370, Laugavegi 182, 105 Reykjavík
“Nasdaq Iceland” or the “Exchange”	NASDAQ Iceland hf., Laugavegi 182, 105, Iceland
“Prospectus”	The prospectus dated 14 August 2020, which concerns and is published in relation to Kvika's application to have its second tranche of securities in the series KVB 19 01 admitted to trading on the Regulated Market of Nasdaq Iceland, consisting of this securities note dated 14 August 2020 -and a registration document, dated 13 July 2020
“Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
“Registration Document”	The registration document dated 13 July 2020
“Regulated Market of Nasdaq Iceland”	The regulated market of Nasdaq Iceland
“REIBOR”	The Reykjavik Interbank Offered Rate
“Securities Note”	This securities note dated 14 August 2020, which concerns and is published in relation to Kvika's application to have its second tranche of securities in the series KVB 19 01 admitted to trading on the Regulated Market of Nasdaq Iceland

INFORMATION ON THE SECURITIES AND ADMITTANCE TO TRADING

The Issuer

Kvika is a financial undertaking in accordance with Act no. 161/2002 on Financial Undertakings (hereafter referred to as the “Act on Financial Undertakings”), as amended, and is supervised by the Financial Supervisory Authority of Iceland. Kvika holds a licence to operate as a commercial bank. The issuer operates in accordance with Act no. 2/1995 on Public Limited Companies and Act no. 161/2002 on Financial Undertakings.

Legal name:	Kvika banki hf.
Commercial name:	Kvika
Legal form:	A public limited company established under Act no. 2/1995 on Public Limited Companies
Registration number:	540502-2930
Address:	Katrínartún 2, 105 Reykjavík
Date of incorporation:	07.05.2002
LEI:	254900WR3I1Z9NPC7D84
Website:	www.kvika.is ¹
Phone number:	+ 354 540 3200
Ticker symbol with Nasdaq Iceland:	KVB

Information on the Securities

The Securities were originally issued on 19 December 2019 when kr. 1,520,000,000, or 76 nominal units, were issued. The second tranche was issued on 14 August 2020 when ISK 2,120,000,000, or 106 nominal units, were issued. The total issuance limit in the series is ISK 5,000,000,000, or 250 nominal units.

The reason for issuing the Securities is to fund the Bank’s ongoing regular operations. The Securities were sold at a floating interest rate of 1.50% over the one month Reykjavik Interbank Offered Rate (hereafter „REIBOR“) base rate. REIBOR is the formal interbank market rate for short term loans at Icelandic commercial and savings banks. The sale value of the second tranche is ISK 2,120,000,000 and the net sale value after costs is estimated at ISK 2,119,985,000. The Bank bears all costs associated with the admittance of the Securities to trading. The total cost borne by the Bank is estimated to be ISK 15,000 and consists of costs associated with the preparation, scrutiny and approval of the Prospectus, the Nasdaq Iceland listing fees and costs for auditors, along with other costs directly associated with the admittance to trading.

¹ Information on the website does not form part of the Securities Note unless that information is incorporated by reference into the document.

The objective of having the Securities admitted to trading on the Regulated Market of Nasdaq Iceland hf. is to promote their increased liquidity and marketability, in addition to ensuring that the procedures and disclosure of the Issuer comply with the rules which apply to the issuers of financial instruments on the Regulated Market of Nasdaq.

Identifier	KVB 19 01.
ISIN number	IS0000031706
Type of bond	Floating rate 5 year bonds payable monthly
CFI number	DBVUFR
FISN number	KVÍKA BANKI HF/VAR BD B 20241219
Electronically registered	The Securities, which are in registered form, are issued electronically in a central securities depository, Nasdaq CSD SE, útibú á Íslandi, reg. no. 5101190370, Laugavegi 182, 105 Reykjavík (hereafter referred to as “Nasdaq CSD Iceland”) which operates pursuant to the Act on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments. . The registration of electronic security certificates at Nasdaq CSD Iceland grants their owners legal authority to the rights for which they are registered.
Type of instalments	Equal instalments
Country of issuing	Iceland.
Currency	ISK – Icelandic króna.
Nominal units	20,000,000.
Total limit	5,000,000,000.
Previously issued	1,520,000,000.
Issued now	2,120,000,000
Date of issue	14.08.2020
First principal due date	19.01.2020.
Total number of due dates of the principal as a whole	60.
Number of principal due dates per year	12.
Maturity date of principal	19.12.2024.
Payment of interests and interest rate	Interest is payable on the 19 th of each month, from and including 19 January 2020 until and including the maturity date of principal 19 December 2024. The first day of interest accrual is 19 December 2019 which is payable on 19 January 2020.

The Securities have a floating interest rate of 1 month REIBOR (i.e. interest rates in Icelandic krónur on the interbank market as published by the Central Bank of Iceland between 11:15 am and 11:30 am local time each day in Reykjavik) plus a 1.5% margin. The 1M REIBOR base rate shall be determined at the beginning of each interest period as the offered rate two Business days before the beginning of each interest period.

Floating interest rate base

REIBOR 1M.

In the event that the REIBOR base rate were discontinued or otherwise unavailable at the determination date (two business days before the beginning of each interest period), the base rate will be determined for the relevant interest period by:

- i) the rate which the Central Bank of Iceland determines is a successor to or replacement of the REIBOR base rate
- ii) In the absence of the Central Bank of Iceland's determination of a successor to or replacement of the REIBOR base rate, a rate an independent adviser determines will become the successor or replacement to the REIBOR base rate. Independent adviser shall, in this case, mean an independent financial institution of international repute or other independent financial advisers experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

Any amendments to the terms of the Securities must be approved by 75% of Securities Holders per chapter III) in this Securities Note.

Margin over base rate	1.5%
Calculation rule for interest	Simple.
Day-count convention	ACT/360.
First day of interest accrual	19.12.2019.
First interest due date	19.01.2020.

Number of interest due dates per year	12.
Total number of interest due dates	60.
Indexed	No.
Callable	No.
Redeemable	No.
Limitation Periods	The limitation period for claims pursuant to the Securities is ten years from the due date, in accordance with Paragraph 1, Article 5 of Act no. 150/2007 on the limitation periods for claims. The limitation period for claims of interests and price level adjustments is four years from the due date in accordance with Article 3 of the same act.
Convertible	No.
Calculation Agent	The Issuer, Kvika banki hf.
Place of payment	The Issuer shall, through the intermediation of Nasdaq CSD Iceland, pay the nominal value of the Securities on the due date to the account operator where the registered owners of the Securities have an electronic securities account (an electronic securities account is understood as an account in the sense of the Act on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments.).
If a payment becomes due on a weekend/holiday, should interest be added for the number of days the payment is delayed by?	No.
Market making	No.
Benefits	No benefits are attached to the Securities.
Tax	The issuance is electronically registered with Nasdaq CSD Iceland. The custodian of the relevant Securities must calculate and withhold withholding tax on capital gains.
Expenses	The issuer pays all costs relating to the issuance, including fees to Nasdaq Iceland hf.

Disputes	Any dispute arising due to the Securities may be brought before the District Court of Reykjavík, cf. the provisions of Chapter XVII of Act no. 91/1991 on Civil Procedure.
Prioritisation	A claim against the Issuer for repayment of the principal of the Securities is a general claim and does not enjoy priority over other claims against Kvika at any given time.

In appendix I below is an issue description of the Securities, dated 19 December 2019.

Further terms of the Securities

I) General provisions

Terms of the Securities, as described in the Securities Note and the issue description of the Securities dated 19 December 2019, are binding for the owners of the Securities (hereinafter referred to as “Securities holders”) in each case, irrespective of whether their holdings stem from subscriptions when the securities were initially sold or whether they are due to subsequent transfers, the satisfaction of claims or other transfers of ownership rights of the securities.

The claims of bond holders under the terms of this series of securities always rank equally (*pari passu*) and it is forbidden to make payments to Securities holders on the basis of securities in this series unless the same percentage is paid to all Securities holders.

There are no restrictions on the transfer of these securities. The securities can only be transferred to named parties. The securities are issued electronically in the Nasdaq CSD Iceland system, and only account operators, as they are defined in the Act on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments., are permitted to act as intermediaries in the transfer of their ownership. The registration of electronic security certificates in the Nasdaq CSD Iceland system grants their owners legal authority to the rights for which they are registered.

II) Events of default and call provisions

If the Issuer fails to make a payment on the maturity date, the Securities holder is authorised to collect penalty interest, in accordance with the decision of the Central Bank of Iceland, cf. Par. 1. of Article 6 of Act no. 38/2001 on Interest and Price Indexation, on the sum called payable. If the maturity of the Securities does not occur on a banking day, i.e. a day on which banks are open in Iceland, and the issuer pays on the following banking day, no penalty interest shall be paid. If payment has not been made 14 days after the maturity date, each Securities holder is authorised to unilaterally call the debt due on the due date.

If the debt is called due, it shall be permissible to resort to enforceable action against the issuer to satisfy the debt without a previous judgement or court settlement, cf. sub-paragraph 7 of paragraph 1 of Article 1 of Act no. 90/1989. In addition to applying to the principal amount of the debt, the enforceable action also applies to interest, penalty interest, mandatory default premium, all costs related to claims, legal fees and collection measures and statutory arrears, as

well as the anticipated costs of further measures to satisfy the debt, cf. Article 1, paragraph 2 of Act no. 90/1989.

If the issuer ceases to be a financial undertaking, in accordance with Act no.161/2002 on financial undertaking, is wound up in accordance with Art.101 of the same Act, there is a levy of execution on the issuer, there is a justified request to initiate bankruptcy proceedings on the issuer's estate, the issuer seeks composition, the assets of the issuer are placed on a bankruptcy auction or frozen as part of the satisfaction of creditors' debts, each Securities holder is authorised to unilaterally decide to call the Securities without any special prior notice.

Special call provision conditions

If the issuer is found to have breached terms a), b), c), d) and/or e) here below, it has 14 days to make amends, but otherwise a meeting of creditors shall be convened to make a decision on whether the series of securities shall be called.

- a) **Notification of non-performance:** The issuer undertakes to immediately notify Securities holders in writing if it becomes aware that any kind of breach, as defined under these terms, has occurred.
- b) **Ranking (pari passu):** The claims of Securities holders under the terms of this series of securities always rank equally (pari passu) and it is forbidden to make payments to Securities holders on the basis of securities in this series unless the same percentage is paid to all Securities holders.
- c) **Collateral:** It is forbidden to grant other equally ranked Securities holders special guarantees for their claims.
- d) **Calling of third parties:** An issuer's debt with third parties, amounting to more than 10% of the equity base according to the latest audit or examined results of the issuer, is called. However, this provision shall be regarded as having been breached, if there is a justified argument regarding the issuer's payment obligation and the issuer has presented a reasonable defence without undue delay.
- e) **Prohibition to alter the issuer's purpose:** The issuer is not permitted to change its purpose without the prior approval of 90% of the Securities holders (of the amount not the principal) who attend a legally convened creditors meeting in accordance with the terms of this securities issue. If there is only one Securities holder, it shall provide its written consent.

The following circumstances grant Securities holders the right to unilaterally call securities without special prior notice:

- f) **Levy of execution, bankruptcies etc.:** There is a levy of execution on the issuer, a bankruptcy auction is requested on its assets, the issuer seeks composition, the issuer submits a request to the District Court seeking a composition agreement with its creditors or there is an agreement to send the claim on the estate of the issuer into receivership. The assets of the issuer are placed on a bankruptcy auction or frozen as part of the satisfaction of creditors' debts. The Financial Supervisory Authority take action on the basis of Act no.161/2002 on Financial Undertakings, due to the financial position of the issuer. However, the foregoing does not apply if there is a justifiable objection from the issuer and a reasonable defence is upheld by legal means.

- g) **Decisions of the Financial Supervisory Authority:** The Financial Supervisory Authority can revoke the operating licence of an issuer, in accordance with Act no. 161/2002 on Financial Undertakings.
- h) **Delisting:** After being registered, the securities shall be de-listed from the regulated securities market without convening a creditors meeting and the required approval of bond holders shall be obtained according to the terms of the series of securities.
- i) **Amendments to laws and regulations:** If any amendments are made to laws and regulations after the issue of the series of securities, which in some way restrict the rights of Securities holders to enforce their default remedies and/or their rights to interest and/or principal.

The obligation under this article to convene a creditors meeting only applies if there are two or more Securities holders. If there is only one Securities holder, it is, in accordance with the nature of the case, authorised to unilaterally call the securities without convening a creditors meeting.

Approval of the call under special conditions: The acceleration clause of the series of securities mentioned above under special conditions (Art. 3.4.) is contingent upon the condition that 50% of the Securities holders (of the amount not the principal) approve this at a creditors meeting, which the issuer convenes on the basis of a request from individual Securities holders. To avoid any doubt, creditors meetings do not need to be held when cases f), g), h) and i) apply. Under the circumstances that are defined there, each Securities holder can unilaterally decide to call the sum payable without any special prior notice for its own part. To avoid any doubt, the acceleration clause due to the issuer's overdue payments according to the securities is also an independent authorisation, which each Securities holder can avail of without having to involve a creditors meeting.

III) Amendments to these terms

All amendments to the terms of the Securities require the approval of 75% of the Securities holders (of the amount not the principal) who attend a legally convened creditors meeting in accordance with the terms of this securities issue. If there is only one Securities holder, it shall provide its written consent. The issuer shall convene meetings and always convene them with a minimum notice of 7 days. A Securities holders meeting shall be considered legitimate and competent if is convened in accordance with the above.

The issuer must notify Nasdaq CSD Iceland of any changes to the terms of the Securities.

IV) Creditors meetings

The LEX law firm, Borgartúni 26, 105 Reykjavík (hereinafter referred to as “LEX”) convenes meetings of all creditors, following a request from a Securities holder(s) and shall always convene meetings with a minimum notice of 7 days. LEX sends out a notification to the issuer, who on the same day must pass it onto Nasdaq Iceland hf. to be posted on the stock exchange’s newsfeed. While trading has not started on the Securities, this information shall be sent to Securities holders through the intermediary of account operators.

The voting rights of Securities holders are determined by the amounts of each Securities holder as a percentage of the series of securities. Calculations provided for in this Article shall be based on the position of claims on the day on which the meeting is convened. The issuer reserves

itself the right to speak at these meetings. Calls to meetings, meeting documents and the results of meetings shall be posted on the Nasdaq Iceland hf. news network and LEX shall ensure the issuer posts this information. If the acceleration clause is no longer in place on the day of the meeting, the issuer shall cancel the meeting.

Contacts at the LEX Law firm are Guðmundur Ingvi Sigurðsson, Attorney to the Supreme Court, gudmundur@lex.is and Stefán Orri Ólafsson, District Court Attorney, stefan@lex.is and the obligations of the LEX Law firm are in accordance with the provisions of the series of securities.

V) *Delisting:*

The series of securities shall be delisted after its maturity date, unless the Issuer announces otherwise.

VI) *Disputes*

Any legal proceedings arising from these Securities can be referred to the Reykjavík District Court pursuant to Chapter XVII of the Civil Procedure Act no. 91/1991.

Authorisation to issue the Securities

The Securities were initially issued in accordance with the authorisation of the Bank's Asset and Liability Committee on 6 December 2019. The second tranche of securities were issued in accordance with the authorisation of the Bank's Asset and Liability Committee on 5 August 2020.

Laws governing the issuance of the Securities

The Securities are issued in accordance with Act no. 108/2007 on Securities Transactions. Additionally, the Act on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments, the Act on Prospectuses and the Prospectus Regulation and act no.38/2001 on interest and price indexation may apply to the Securities. Further, act no.150/2007 on the limitation periods for claims may be applicable on a case by case basis. - The Securities are otherwise subject to Icelandic laws.

In addition, rules no. 1050/2012 of the Financial Supervisory Authority, on the Treatment of Insider Information and Insider Transactions, as well as regulation no. 630/2005 on Insider Information and Market Abuse, regulation no. 707/2008 on the provision of information and notification requirements in accordance with Act no. 108/2007 on Securities Transactions and the Nasdaq Iceland Rules, apply to the Securities and the Issuer from the time when the Issuer has applied for admission of the Securities to trading on the Regulated Market of Nasdaq Iceland. Changes to the legislation related to the issuance may affect the value of the Securities.

The Issuer must comply with the abovementioned laws and regulations, which, among other things, include disclosure requirements.

Admission to Trading on the Regulated Market of Nasdaq Iceland

The initial issuance of securities in the series KVB 19 01 has been admitted to trading on the Regulated Market of Nasdaq Iceland. Following the FSA's approval of the Prospectus, Nasdaq

Iceland will conduct a final review of the Bank's application to have the additional Securities admitted to trading and make its conclusions public in the European Economic Area.

It is expected, although no guarantee can be given to that effect, that Nasdaq Iceland will admit the addition to the Bank's Securities in the series KVB 19 01 to trading on its regulated market. If the Securities are admitted to trading, the first day of trading in the Securities will be announced by Nasdaq Iceland with a minimum of one business day's notice.

The Issuer is already under disclosure obligations on the market, pursuant to applicable laws and regulations, cf. the Act on Securities Transactions, publicly issues announcements, and is governed by the Nasdaq Iceland Rules. Current rules stipulate, among other things, that the Issuer of the Securities, shall endeavour to publish, without delay, any previously unpublished information regarding decisions or incidents, which the Issuer knows or might know may have a significant impact on the price of the Securities.

The Series of Securities will be delisted after the due date, unless otherwise notified by the Issuer. The Issuer is required to notify Nasdaq CSD Iceland of non-payment of the Series of Securities, and shall in such case send Nasdaq CSD Iceland notification thereof when payment has been made.

Appendix I: Issue description of the Securities, dated 19 December 2019

ÚTGÁFULÝSING

RAFRÆN ÚTGÁFA SKULDABRÉFA/VÍXLA HJÁ NASDAQ VERÐBRÉFAMIÐSTÖÐ HF.

1. Almennar upplýsingar um útgefanda:

Nafn útgefanda, kennitala, heimild til útgáfu, skráð aðsetur og höfuðstöðvar ef þær eru aðrar en hið skráða aðsetur.

Nafn útgefanda:	Kvika banki hf.
Kennitala:	5405022930
Skráð aðsetur:	Borgartún 25, 105 Reykjavík
Höfuðstöðvar, ef annað en skráð aðsetur:	

Heimild til útgáfu:
Útgáfan krefst ekki samþykkis Fjármálaeftirlitsins. Fjármálanefnd bankans tók ákvörðun um útgáfuna þann 6. desember 2019.

Nöfn og kennitölur forsvarsmanna útgefenda.

Nafn:	Kennitala:
Marínó Örn Tryggvason	2505785719

Nöfn, símanúmer og netföng þeirra sem annast afborganir útgáfunnar:

Nafn:	Símanúmer:	Netfang:
Halldór Karl Högnason	540-3200	halldor.hognason@kvika.is
Halldór Þór Snaeland	540-3200	halldor.snaeland@kvika.is

HS
JMK

2. Upplýsingar um útgáfuna:

Auðkenni útgáfunnar hjá Nasdaq verðbréfamiðstöð:	ISIN:
KVB 19 01	IS0000031706

Nafnverð og önnur skilyrði sem varða útgáfuna og skuldbinda útgefanda skal skrá í viðauka, sjá eyðublað, „Viðauki – skilmálar skuldabréfs/víxils“.

Breytingar á skilmálum:

Útgefanda ber að tilkynna Nasdaq verðbréfamiðstöð hf. (NVM) um hvers kyns breytingar á skilmálum skuldabréfanna.

Afskráning:

Skuldabréfin verða afskráð eftir lokagjalddaga, nema tilkynning um annað berist frá útgefanda. Útgefandi sendir NVM staðfestingu þegar lokagjalddagi hefur verið greiddur.

Greiðslufall:

Útgefanda ber að tilkynna NVM um greiðslufall og skal í því tilviki senda NVM tilkynningu þar um þegar greiðsla hefur farið fram. NVM getur óskað eftir staðfestingu frá vörsluaðila að skuldabréfið hafi verið greitt upp.

Nasdaq verðbréfamiðstöð hf. ráðstafar útgefnum skuldabréfum á NVM reikning útgefanda hjá fjármálafyrirtæki.

Fjármálafyrirtæki/vörsluaðili:	Kvika banki hf.
Reikningur hjá vörsluaðila:	305122

Annað:

3. Upplýsingar um þá sem annast útgáfulýsingu:

Nöfn, símanúmer og netföng þeirra sem annast útgáfulýsingu hjá útgefanda.

Nafn:	Símanúmer:	Netfang:
Halldór Karl Högnason	540-3200	halldor.hognason@kvika.is
Halldór Þór Snæland	540-3200	halldor.snaeland@kvika.is

Nöfn, símanúmer og netföng starfsmanna þeirrar reikningsstofnunar sem annast útgáfulýsinguna.

Nafn:	Símanúmer:	Netfang:
Halldór Karl Högnason	540-3200	halldor.hognason@kvika.is
Halldór Þór Snæland	540-3200	halldor.sneland@kvika.is

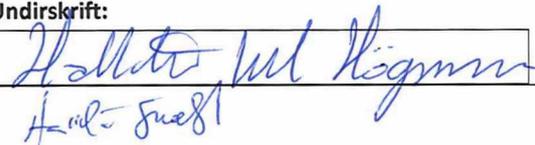
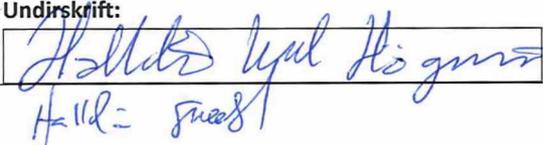
4. Fylgigögn með útgáfulýsingu:

- Staðfesting á að útgefandi hafi tekið formlega ákvörðun um hina fyrirhuguðu rafrænu útgáfu eða önnur gögn þar að lútandi svo sem staðfest afrit af fundargerð eða vísun í lög eða reglur sem gilda um útgáfuna.
- Útgáfa innan útgáfuheimildar.
- Viðauki – skilmálar skuldabréfs/víxils.

Staður: Reykjavík	Dagsetning: 16/12/2019
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F.h. útgefanda

F.h. reikningsstofnunar:

Nafn: Halldór Karl Högnason / Halldór Þór Snæland	Nafn: Halldór Karl Högnason / Halldór Þór Snæland
Undirskrift:  Hall - Snæland	Undirskrift:  Hall - Snæland

VIÐAUKI I HELSTU SKILMÁLAR SKULDABRÉFS

Upplýsingar um útgefanda:

1. Nafn:	Kvika banki hf.
2. Kennitala:	540502-2930
3. LEI:	254900WR311Z9NPC7D84

Upplýsingar um útgáfu

4. Auðkenni útgáfu:	KVB 19 01
5. ISIN:	IS0000031706
6. CFI númer:	DBVUFR
7. FISN númer:	KVIKA BANKI HF/VAR BD B 20241219
8. Skuldabréf/víxill:	Skuldabréf
9. Heildarnafnverð útgáfu skv. útgáfuheimild:	5.000.000.000
10. Nafnverð áður útgefið:	0
11. Nafnverð útgefið nú:	1.520.000.000
12. Nafnverðseining í verðbréfamiðstöð:	20.000.000
13. Skráð í Kauphöll:	Já

Afborganir - Greiðsluflæði

14. Tegund afborgana:	Jafnar afborganir höfuðstóls
15. Tegund afborgana, ef annað:	Á ekki við
16. Gjaldmiðill:	ISK
17. Gjaldmiðill ef annað:	Á ekki við
18. Útgáfudagur:	19.12.2019
19. Fyrsti gjalddagi höfuðstóls:	19.1.2020
20. Fjöldi gjalddaga höfuðstóls í heild:	60
21. Fjöldi gjalddaga á ári:	12
22. Lokagjalddagi höfuðstóls:	19.12.2024
23. Vaxtaþrósent:	Á ekki við
24. Vaxtaruna, breytilegir vextir:	REIBOR 1M
25. Vaxtaruna, ef annað:	Á ekki við
26. Álagsþrósent á vaxtarunu:	1,50
27. Reikniregla vaxta:	Einfaldir
28. Reikniregla ef annað:	Á ekki við
29. Dagaregla:	ACT/360
30. Dagaregla ef annað:	Á ekki við
31. Fyrsti vaxtagdagur:	19.12.2019
32. Fyrsti vaxtagjalddagi:	19.1.2020
33. Fjöldi vaxtagjalddaga á ári:	12
34. Fjöldi vaxtagjalddaga í heildina:	60
35. Ef óreglulegt greiðsluflæði, þá hvernig:	Á ekki við
36. Verð með/án áfallinna vaxta:	Án áfallinna vaxta

37. Ef dagsetning afborgunar er frídagur, skal auka vaxtadaga sem því nemur:	Nei
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Vísitölur

38. Vísitölutrygging:	Nei
39. Nafn vísitölu:	Á ekki við
40. Dagvísitala eða mánaðarvísitala:	Á ekki við
41. Dag/mánaðarvísitala ef annað:	Á ekki við
42. Grunnildi vísitölu:	Á ekki við
43. Dags. grunnvísitölugildis:	Á ekki við

Aðrar upplýsingar

44. Innkallanlegt:	Nei
45. Innleysanlegt:	Nei
46. Breytanlegt:	Nei
47. Lánshæfismat (matsfyrirtæki, dags.):	Á ekki við
48. Aðrar upplýsingar:	Sjá meðfylgjandi nánari skilmála í Viðauka II

VIÐAUKI II NÁNARI SKILMÁLAR SKULDABRÉFA

1. Almenn ákvæði

- 1.1. Viðauki þessi er gerður við útgáfulýsingu skuldabréfa, dags. 19. desember 2019, sem gefin eru út rafrænt hjá Nasdaq verðbréfamiðstöð hf. og bera auðkennið KVB 19 01.
- 1.2. Viðauki þessi telst órjúfanlegur hluti annarra skilmála og útgáfulýsingar vegna útgáfu skuldabréfanna.
- 1.3. Viðauki þessi er bindandi fyrir eigendur skuldabréfanna (hér eftir nefndir „skuldabréfaeigendur“) á hverjum tíma hvort sem eignarhald þeirra á rætur að rekja til áskriftar við upphaflega sölu þess eða vegna síðara framsals, fullnustuaðgerða eða annarrar yfirfærslu á eignarétti yfir skuldabréfinu.
- 1.4. Kröfur skuldabréfaeiganda samkvæmt skilmálum skuldabréfaflokks þessa eru ávallt jafnréttarháar (pari passu) innbyrðis og er óheimilt að inna af hendi greiðslur til skuldabréfaeigenda á grundvelli skuldabréfa í skuldabréfaflokki þessum nema sama hlutfall sé greitt til allra skuldabréfaeigenda.
- 1.5. Engar hömlur eru á framsali með skuldabréf þessi. Þó skal einungis heimilt að framselja skuldabréfin til nafngreinds aðila. Skuldabréfin eru gefin út með rafrænum hætti í kerfi NVM og er reikningsstofnunum, eins og þær eru skilgreindar samkvæmt lögum nr. 131/1997, um rafræna eignaskráningu verðbréfa, einum heimilt að annast milligöngu um framsal á þeim. Eignaskráning rafréfa hjá NVM veitir skráðum eiganda hennar lögformlega heimild fyrir þeim réttindum sem hann er skráður eigandi að.

2. Vanefndatilvik og gjaldfellingarheimildir

- 2.1. Greiði útgefandi ekki á gjalddaga, er skuldabréfaeiganda heimilt að innheimta dráttarvexti í samræmi við ákvörðun Seðlabanka Íslands, sbr. 1. mgr. 6. gr. laga nr. 38/2001, um vexti og verðtryggingu af gjaldfallinni eða gjaldfelldri upphæð. Ef gjalddaga skuldabréfanna ber ekki upp á bankadag, þ.e. dag sem bankar eru opnir á Íslandi, og útgefandi greiðir næsta bankadag, þá verða dráttarvextir ekki greiddir. Hafi greiðsla ekki verið innt af hendi 14 dögum eftir gjalddaga, er hverjum skuldabréfaeiganda einhliða heimilt að fella skuldina í gjalddaga.
- 2.2. Verði skuldin gjaldfelld má gera aðför hjá útgefanda til fullnustu skuldarinnar, án undangengins dóms eða réttarsáttar skv. 7. tl. 1. mgr. 1. gr. laga nr. 90/1989 um aðför, að undangenginni greiðsluáskorun skv. 7. gr. laganna. Auk þess að ná til höfuðstóls skuldarinnar, nær aðfaraheimild þessi til vaxta, dráttarvaxta og lögbundinna vanskilaálaga, kostnaðar af kröfum, málskostnaðar eða innheimtukostnaðar, endurgjaldskostnaðar af gerðinni sjálfri og væntanlegs kostnaðar af frekari fullnustuaðgerðum, sbr. 2. mgr. 1. gr. laga nr. 90 /1989.
- 2.3. Ef útgefandi hættir að vera fjármálafyrirtæki skv. lögum nr. 161/2002 um fjármálafyrirtæki, útgefandi er tekinn til slita samkvæmt 101. gr. sömu laga, fjárnám verður gert hjá útgefanda, komi fram réttmæt ósk um gjaldþrotaskipti á búi útgefanda, ef útgefandi leitar nauðasamninga, eignir útgefanda eru auglýstar á nauðungaruppboði eða ef eignir útgefanda eru kyrrsettar sem hluti af

fullnustuaðgerðum kröfuhafa getur hver og einn skuldabréfaeigandi ákveðið einhliða og án sérstaks fyrirvara að gjaldfella skuldabréfið.

2.4. Sérstök skilyrði til gjaldfellingar

3.4.1. Verði útgefandi uppvís að brotum á skilmálum a), b), c), d) og e) hér fyrir neðan þá hefur hann 14 daga til þess að bæta úr þeim, en að öðrum kosti skal boðað til kröfuhafafundar þar sem tekin verður ákvörðun um hvort gjaldfella skuli skuldabréfaflokkinn.

a) Tilkynning á vanefnd: Útgefandi skuldbindur sig til að tilkynna skuldabréfaeigendum skriflega þegar í stað, ef hann verður var við að hvers kyns vanefndartilvik, eins og það er skilgreint skv. skilmálum þessum, hafi átt sér stað.

b) Rétt hæð (pari passu): Kröfur skuldabréfaeigenda samkvæmt skilmálum skuldabréfaflokks þessa eru ávallt jafnrétt háar (pari passu) innbyrðis og er óheimilt að inna af hendi greiðslur til skuldabréfaeigenda á grundvelli skuldabréfa í skuldabréfaflokki þessum nema sama hlutfall sé greitt til allra skuldabréfaeigenda.

c) Tryggingar: Óheimilt er að veita öðrum jafnrétt háum skuldabréfaeigendum sérstakar tryggingar fyrir kröfum sínum.

d) Gjaldfelling þriðja aðila: Skuld útgefanda við þriðja aðila að minnsta kosti að fjárhæð sem nemur yfir 10% af eiginfjárgrunni útgefanda samkvæmt síðasta endurskoðaða eða kannaða uppgjöri útgefanda er gjaldfellð. Það telst þó ekki brot gegn þessu ákvæði ef réttmætur ágreiningur er um greiðsluskyldu útgefanda og útgefandi hefur tekið til eðlilegra varna án ástæðulauss dráttar.

e) Bann við breytingum á tilgangi útgefanda: Útgefanda er óheimilt að breyta tilgangi sínum nema að undangengnu samþykki 90% skuldabréfaeigenda (að fjárhæð en ekki höfðatölu) sem mættir eru á réttilega boðaðan kröfuhafafund samkvæmt skilmálum skuldabréfaútgáfu þessarar. Sé aðeins einn eigandi að skuldabréfunum skal hann veita skriflegt samþykki.

3.4.2. Eftirfarandi tilvik veita hverjum skuldabréfaeiganda heimild til að gjaldfella skuldabréfið einhliða og án sérstaks fyrirvara:

f) Fjárnám, gjaldþrot o.fl.: Fjárnám er gert hjá útgefanda, beiðst er nauðungaruppboðs á eignum hans, útgefandi leitar eftir heimild til greiðslustöðvunar, útgefandi leggur fram beiðni til héraðsdóms um að leita eftir nauðasamningi við kröfuhafa sína eða fallist er á kröfu um að bú útgefanda sé tekið til gjaldþrotaskipta. Eignir útgefanda eru auglýstar á nauðungaruppboði eða ef eignir útgefanda eru kyrrsettar sem hluti af fullnustuaðgerðum kröfuhafa.

Fjármálaeftirlitið grípur til aðgerða samkvæmt lögum nr. 161/2002, um fjármála fyrirtæki, vegna fjárhagsstöðu útgefanda. Framangreint á þó ekki við ef réttlæt看legum mótmælum útgefanda og eðlilegum vörnum er haldið uppi eftir lögformlegum leiðum.

g) Ákvarðanir fjármálaeftirlitsins: Fjármálaeftirlitið afturkallar starfsleyfi útgefanda, samkvæmt lögum nr. 161/2002, um fjármála fyrirtæki.

h) Afskráning: Skuldabréfin verða eftir skráningu afskráð af skipulögðum verðbréfamarkaði án þess að boðað hafi verið til kröfuhafafundar og tilskilins samþykkis skuldabréfaeigenda aflað samkvæmt skilmálum skuldabréfaflokksins.

i) Laga- eða reglubreytingar: Ef laga- eða reglubreytingar eiga sér stað eftir útgáfu skuldabréfaflokksins sem takmarkar á einhvern hátt rétt skuldabréfaeigenda til að beita vanefndaúrræðum sínum og/eða rétti hans til vaxta og/eða höfuðstóls.

2.5. Skylda samkvæmt þessari grein til að boða til kröfuhafafundar á aðeins við ef skuldabréfaeigendur eru tveir eða fleiri. Ef aðeins er einn eigandi að skuldabréfunum er honum eðli máls samkvæmt einhliða heimilt að gjaldfella skuldabréfin án þess að boða til kröfuhafafundar.

2.6. **Samþykki fyrir gjaldfellingu skv. sérstökum skilyrðum:** Gjaldfellingarheimildir skuldabréfaflokksins sem taldar eru upp hér að framan í liðnum sérstök skilyrði (gr. 3.4.) eru háðar því skilyrði að 50% skuldabréfaeigenda (að fjárhæð en ekki höfðatölu) samþykki slíkt á kröfuhafafundi sem útgefandi boðar til samkvæmt beiðni frá einstökum skuldabréfaeigendum. Til að taka af allan vafa þarf ekki að halda kröfuhafafund þegar tilvik f), g), h) og i) eiga við. Við þær aðstæður sem þar eru tilgreindar getur hver og einn skuldabréfaeigandi tekið einhliða ákvörðun um gjaldfellingu án sérstaks fyrirvara fyrir sitt leyti. Til að valda ekki vafa þá er gjaldfellingarheimild vegna greiðsludráttar útgefanda skv. skuldabréfi þessu jafnframt sjálfstæð heimild sem hver og einn skuldabréfaeigandi getur nýtt sér án aðkomu kröfuhafafundar.

3. Breytingar á skilmálum

3.1. Allar breytingar á skilmálum skuldabréfanna þarfnast samþykkis 75% skuldabréfaeigenda (að fjárhæð en ekki höfðatölu) sem mættir eru á réttilega boðaðan kröfuhafafund samkvæmt skilmálum skuldabréfaútgáfu þessarar. Sé aðeins einn eigandi að skuldabréfunum skal hann veita skriflegt samþykki. Útgefandi skal annast fundarboðun og skal ávallt boða til fundar með 7 daga fyrirvara að lágmarki. Fundur skuldabréfaeigenda telst lögmætur og ákvörðunarbær sé til hans boðað samkvæmt framangreindu.

3.2. Útgefanda ber að tilkynna NVM um hvers kyns breytingar á skilmálum skuldabréfanna

4. Kröfuhafafundur

4.1. LEX lögmannsstofa, Borgartúni 26, 105 Reykjavík (hér eftir Lögmannsstofa) annast fundarboðun allra kröfuhafafunda, samkvæmt beiðni um slíkt frá skuldabréfaeigenda og/eða útgefanda, og skal ávallt boða til fundar með að lágmarki sjö (7) daga fyrirvara frá birtingu tilkynningar. Lögmannsstofan sendir tilkynningu til útgefanda sem skal samdægurs koma tilkynningunni til Nasdaq Iceland hf. til birtingar í fréttakerfi kauphallar. Á meðan skuldabréfin hafa ekki verið tekin til viðskipta, skulu slíkar upplýsingar vera sendar til skuldabréfaeigenda fyrir milligöngu reikningsstofnana.

4.2. Atkvæðisréttur skuldabréfaeigenda miðast við fjárhæðir hvers skuldabréfaeigenda sem hlutfall af skuldabréfaflokksnum. Við útreikning samkvæmt þessari málsgrein skal miða við stöðu krafna á þeim degi sem boðað er til fundar. Útgefandi hefur rétt til að tjá sig á slíkum fundum. Fundarboðun, fundargögn og niðurstöður fundar skulu birt í fréttakerfi Nasdaq Iceland hf. og skal

lögmannsstofa hlutast til um að útgefandi birti slíkar upplýsingar. Sé gjaldfellingarheimild ekki lengur til staðar á fundardegi skal útgefandi afboða fundinn.

- 4.3. Tengiliðir lögmannsstofu eru Guðmundur Ingvi Sigurðsson, hrl., gudmundur@lex.is og Stefán Orri Ólafsson, hdl., stefan@lex.is og um skyldur lögmannsstofu fer eftir ákvæðum skuldabréfaflokksins.

5. Afskráning

- 5.1. Skuldabréfin verða afskráð eftir lokagjalddaga, nema tilkynning um annað berist frá útgefanda

6. Ágreiningsmál

- 6.1. Rísi mál út af skuldabréfi þessu má reka þau fyrir héraðsdómi Reykjavíkur, skv. ákvæðum XVII. kafla laga nr. 91/1991 um meðferð einkamála.