This prospectus was approved by the Swedish Financial Supervision Authority on 9 June 2026. The validity of this prospectus will expire within twelve (12) months after the date of its approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid.

Kvika banki HF.

Prospectus for admission to trading of SEK 300,000,000 Floating Rate Additional Tier 1 Notes with ISIN NO0013741678

Important information

This prospectus (the "**Prospectus**") has been prepared by Kvika banki hf. with registration number 540502-2930 (the "**Issuer**" or "**Kvika banki**" and together with the entities forming part of the Issuer's prudential consolidated situation from time to time, the "**Group**", and each a "**Group Company**"), in relation to the application for admission to trading of the Issuer's SEK 300,000,000 Floating Rate Additional Tier 1 Notes with ISIN NO0013741678 issued on 29 April 2026 (the "**Notes**") on the corporate bond list of Nasdaq Stockholm AB ("**Nasdaq Stockholm**").

Words and expressions defined in the terms and conditions for the Notes (the "**Terms and Conditions**") have the same meanings when used in this Prospectus, unless expressly stated or otherwise follows from the context. "**DKK**" refers to Danish kroner**,** "**EUR**" refers to Euro, "**ISK**" refers to Icelandic króna, "**NOK**" refers to Norwegian kroner and "**SEK**" refers to Swedish kronor. "**M**" refers to million(s) and "**bn**" refers to billion(s).

Notice to investors

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (the "**SFSA**", Sw. *Finansinspektionen*) pursuant to Chapter II and Article 20 in the 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 (the "**Prospectus Regulation**"). Furthermore, Annexes 7 and 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. The publication of this Prospectus does not imply that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there have notbeen any changes in the Issuer's or the Group's business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Prospectus Regulation.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Notes in any jurisdiction. It has been prepared solely for the purpose of admitting the Notes to trading on Nasdaq Stockholm. This Prospectus may not be distributed in the US, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Notes are therefore required to inform themselves about, and to observe, such restrictions. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act).

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer's auditor. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents that are incorporated by reference and possible supplements to this Prospectus. This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

Forward-looking statements and market data

This Prospectus may contain certain forward-looking statements that reflect the Issuer's current views or expectations with respect tofuture events and financial and operational performance. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer's and the Group's actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the section "*Risk factors*". The forward-looking statements included in this Prospectus apply only to the date of the Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequentforward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer's behalf is subject to the reservations in or referred to in this section.

The Prospectus may contain market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Prospectus is also derived from estimates made by the Issuer.

TABLE OF CONTENTS

RISK FACTORS

The risk factors below are limited to risks which are specific to the Issuer, the Group and/or the Notes and which are assessed to be material in order for an investor to make an informed investment decision. The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

RISKS RELATING TO THE ISSUER'S BUSINESS ACTIVITIES AND INDUSTRY

The Issuer is subject to credit risk and may be unable to sufficiently assess credit risk of potential borrowers and may provide advances to customers that increase credit risk exposure. Should one or more of the Issuer's counterparties fail to meet obligations it could result in an adverse effect on the Issuer's business, operations, and stability

Granting of credit is one of the Issuer's main sources of income; consequently, one of the Issuer's primary sources of risk is counterparty credit risk, which can significantly affect the financial stability of the Issuer. Credit risk is defined as the risk that the Issuer will incur losses due to a counterparty defaulting on debt, or debt equivalent instruments, granted by the Issuer. Credit risk includes loans to customers, guarantees, loan commitments and derivative transactions. Additional assets such as deposits in bank accounts and accounts receivables qualify, among others, as credit risk. However, the largest part of the Issuer's credit risk involves lending to individuals and legal entities. Despite having credit quality assessment procedures and policies in place, the Issuer may be unable to accurately determine the financial condition of each prospective borrower and the credit risk associated with lending to each prospective borrower. Failure to accurately assess credit risk could increase credit risk exposure, which could increase the amount of credit losses accrued by the Issuer and have a material adverse effect on the Issuer's financial condition.

A sectorial, single-name and/or geographical concentration of the loan portfolio could affect the Issuer's business, financial condition and operations

The Issuer's loan portfolio is concentrated in key sectors, which include real estate, construction, service activities, financial entities and holding companies. As of 31 December 2025, the three largest sectors consisted of retail loans (30.9 per cent.) real estate (24.5 per cent.) and construction (10.6 per cent.). Downturns in these sectors that influence customers' ability to meet their obligations may ultimately have an adverse effect on the quality of the Issuer's loan portfolio and increase the amount of credit losses.

Economic downturns could affect the Issuer's loan portfolio such as increased loan impairments granted by the Issuer

The Issuer's loan portfolio is mainly composed of loans to Icelandic businesses and a mortgage offering through online brand Auður. Increased corporate insolvency and reduced disposable income may reduce the customers' ability to repay loans granted by the Issuer. This may lead to a higher impairment of loans in the Issuer's loan portfolio. While the Group maintains internal procedures to ensure quality in the Group's loan portfolio, failings during the lending process might lead to negative evaluations of the quality of the borrower and therefore affect the credit quality of the loan portfolio.

As of 31 December 2025, 7.4 per cent of the Group's loan portfolio is secured by collateral. The Group applies the same valuation methods to collateral held as other comparable assets held by the Group. For other types of assets, the Group uses third party valuation where possible. Haircuts are applied to account for liquidity and other factors which may affect the collateral value of the asset, or other credit enhancement. The loan-to-value ratio (**LTV**) is the ratio of the gross amount of the loan to the value of the collateral, if any. The general creditworthiness of a customer is viewed as the most reliable indicator of the credit quality of a loan. Valuation of collateral held against loans is updated as deemed necessary based on price volatility and liquidity. An

incorrect valuation of collateral can lead to increased credit losses due to a lower than anticipated collectable value of the pledged collateral and therefore can have an effect on the Issuer's financial position.

The Issuer is exposed to the risk of counterparties repaying loans earlier than expected

Prepayment risk is the risk that the Issuer will incur a financial loss because its counterparties request repayment of loans earlier than expected. Changes in interest rates could influence the customer's willingness and ability to make unscheduled early payments on loans granted by the Issuer. This could lead to decreased interest income for the Issuer and therefore have an effect on the Issuer's financial position. In particular, the prepayment of fixed interest rate loans with a fixed term of over one month (which, as of 31 December 2025, constitute 6.7 per cent. of the Group's loan portfolio) could have a negative impact on the Issuer's net interest income due to the fact that the interest rate environment might be lower at the time of repayment, which would lead to the Issuer re-lending at a lower fixed interest rate on a new fixed interest rate loan, or due to increased competition in fixed rate lending.

The Issuer is exposed to several market risks and may fail to adequately address such risks

Market risk constitutes risk due to changes in the market prices of financial instruments and comprises interest rate risk, currency risk and other price risk. The Issuer is mainly exposed to market risk caused by changes in equity prices, bond yields and currency exchange rates that can adversely affect the Issuer's financial position. The Issuer has both direct and indirect exposure to market risk. The Issuer is directly exposed to market risk through its activities and holdings in the following departments: Corporate Banking, Proprietary Trading, Capital Markets and Treasury departments. These direct exposures arise from the holding of financial instruments, in addition to the operation of market making services for domestic issuers of securities. Furthermore, indirect market risk arises through the activities of Asset Management and Corporate Finance, as the main source of income for these departments is performance fees, in addition to total amount of assets under management.

Changes in market variables directly impact the assets of the Issuer's trading portfolios, which are marked-to-market daily, recognising gains and losses immediately in the income statement. The Issuer's trading portfolios consist of market making portfolios for both stocks and bonds, as well as a trading portfolio for proprietary trading. Furthermore, there is market risk exposure in the treasury portfolio and the investment portfolio. The treasury portfolio contains securities positions, which are considered part of the Issuer's active financial management, such as liquid assets. Investment securities that are not actively traded are valued either at amortised cost or at fair value. Further market risk due to assets and liabilities on- and off-balance sheet can arise, due to currency mismatches, interest rate imbalances and indexation.

The Asset and Liability Committee addresses the Issuer's market risk in accordance with the defined rules of the committee and may, in cooperation with Risk Management, set more detailed criteria for positions and define limits and targets. Exceeding of limits are immediately reported to the Asset and Liability Committee and the CEO and decisions on appropriate actions are made in accordance with the severity of the violation.

Risk Management measures the direct risk of trading portfolios daily, using statistical value at risk (**VaR**) methods. VaR is a measure of the financial risk in the investment portfolio using a 99 per cent. confidence level and one-day holding period. Limits are set by Risk Management for risk arising from both equity and debt securities in market making portfolios, and the limits are monitored by Risk Management daily. Failure to correctly estimate VaR could cause unexpected losses in the trading portfolio, which would affect the Issuer's financial position.

Price fluctuations of financial investments in the Issuer's portfolio could materially affect the Issuer's results of operations and financial condition. Increased uncertainty in the financial markets contributes towards increased volatility in equity markets, which will affect the Issuer's business. Equity risk arises from the change in value of individual equity exposures. The Issuer has equity risk exposure towards positions held in the trading book and positions in the non-trading portfolio. Increased volatility and fluctuations in the equity markets could indirectly affect the Issuer's accrued performance fees related to equity markets and cause severe direct losses in the Issuer's trading portfolios.

Despite having internal procedures in place, there can be no assurance that the Group will at all times identify material market risks and failure to accurately assess and manage market risk, including to set appropriate criteria for positions and define limits and targets could have a material adverse effect on the Issuer's financial condition.

Interest rate risks

Changes in interest rates may impact the Issuer's results. Interest rate risk refers to the risk of loss due to general interest rate changes. The Issuer's interest rate risk is twofold. On the one hand, the Issuer has a portfolio of bonds, where market rates affect prices, and any fluctuations are recognised through the income statement. On the other hand, the Issuer has a mismatch in assets and liabilities with fixed interest terms. These include loans and swap contracts for securities on the asset side and borrowings and deposits on the liability side. The impact of interest rate changes on the Issuer's performance is determined by the characteristics of the Issuer's assets and liabilities, particularly interest rate revision provisions. Thus, interest rate hikes can reduce the value of loans with fixed interest rates, while raising the cost of funding. The interest rate change has a lasting effect if interest rates are fixed over the contract period, while the effect is limited to the next interest rate revision date, if the interest rates are variable.

The Group performs monthly sensitivity analysis on financial assets and liabilities in trading and non-trading portfolios that are subject to interest rate risk. The sensitivity analysis assumes a shift in the yield curves for all currencies. Failure to accurately assess and manage interest rate risk could increase the Issuer's trading and non-trading portfolio losses and could affect the Issuer's loan portfolio through reduced interest rate income, which would have a material adverse effect on the Issuer's financial condition.

Currency Risk

Currency risk arises from fluctuations in the currency rate of financial instruments that are not denominated in the functional currency of the Issuer, the króna. A part of the Issuer's financial assets and financial liabilities is denominated in foreign currencies.

Treasury manages the Issuer's position in foreign currencies by buying and selling currency and derivatives. Currency positions are monitored daily by Risk Management and Treasury and reported monthly to the Asset and Liability Committee and the Central Bank of Iceland. Any mismatch between assets and liabilities in each currency is monitored closely and maintained within limits.

The Issuer is subject to restrictions set by the Central Bank of Iceland (see Rules no. 784/2018 on Foreign Exchange Balance), regarding the maximum size of open currency positions; these must not exceed 15 per cent. of the capital base.

The Foreign Exchange Act No. 70/2021 (the **Foreign Exchange Act**) entered into force on 25 June 2021. The Foreign Exchange Act replaced Act No. 87/1992 with subsequent amendments, which in the period from 2008 provided for a general prohibition on outflow of foreign currency from Iceland unless the transaction in question was expressly exempted from the prohibition in the Foreign Exchange Act or by decision of the Central Bank of Iceland. The Foreign Exchange Act now provides for the free movement of capital as a general principle. However, the Central Bank of Iceland is afforded the mandate to enact rules restricting the inflow of foreign currency, prohibiting unhedged loans in foreign currency and providing for other restrictions on capital movements in the interest of financial stability, subject to approval by the Minister of Finance and Economic Affairs. Direct foreign investment in Iceland may be affected by the potential scenario that capital restrictions are re-imposed in the future. This would severely limit the growth of the Icelandic economy and therefore have a severe effect on the business growth potential of the Issuer.

Changes in the inflation rate may negatively affect the profit and loss of the Issuer. Exposure to changes in the Icelandic Consumer Price Index (**CPI**) bears the risk that fluctuations in the CPI will affect the balance and cash flow of indexed financial instruments. The Issuer is exposed to Icelandic inflation caused by the imbalance of

CPI indexed assets and CPI indexed liabilities. Indexed assets and liabilities of the Issuer consist of securities and interest rate swap agreements, as well as indexed deposits and loans to customers.

The Issuer is exposed to liquidity risk. Unexpected changes in the underlying mechanisms of funding sources could have an adverse effect on the Issuer's ability to meet its obligations when they reach maturity

Liquidity risk is the risk that the Issuer will encounter difficulty in meeting contractual payment obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. This risk mainly arises from mismatches in the timing of maturing cash flows from assets and liabilities. The Issuer's largest funding source is deposits from individuals, corporations and financial institutions. A sudden outflow of deposits from customers might have an adverse effect on the liquidity position of the Issuer and therefore, its financial position.

Furthermore, the Issuer is subject to the Central Bank of Iceland's Rules on Credit Institutions' Liquidity Ratios. In 2017, the Central Bank adopted rules no. 266/2017 (the **2017 Liquidity Ratio Rules**). The 2017 Liquidity Ratio Rules included requirements for the coverage ratio between cash flows of assets and liabilities (**LCR**) as well as the required stable funding in foreign currencies (**NSFR**). The minimum 30-day LCR for all currencies has been 100 per cent. from 2020. The Central Bank of Iceland amended the 2017 Liquidity Ratio Rules in 2019 where a requirement was set on the minimum 30-day LCR ratio for ISK. The Rules on Credit Institutions' Liquidity Ratios no. 1520/2022 (the **2022 Liquidity Ratio Rules**), took effect on 1 January 2023 and superseded the 2017 Liquidity Ratio Rules. The 2022 Liquidity Ratio Rules implement the European regulatory framework, in particular, Commission Delegated Regulation (EU) 2015/61 and subsequent amendments to it. The minimum NSFR for all currencies has been 100 per cent. from 2020. The 2022 Liquidity Ratio Rules provide that credit institutions must submit reports and maintain at all times a liquidity ratio of at least 100 per cent. in all currencies combined. Moreover, credit institutions must submit reports and monitor the ratios in significant currencies (i.e., currencies in which liabilities equal or exceed 5 per cent. of the credit institution's total liabilities). The minimum liquidity ratio for ISK is currently set at 50 per cent. If euro-denominated liabilities constitute 10 per cent. or more of the total liabilities at 80 per cent. liquidity ratio in euros is required. The Group has followed internal and external liquidity requirements since 2020. The Issuer's aim is to keep a steady 30-day LCR above 130 per cent. and a foreign NSFR above 150 per cent., in compliance with the Issuer's internal risk limits set by Risk Management and the Asset and Liability Committee.

Maturity analysis of financial assets and financial liabilities is based on contractual cash flows or, in the case of held for trading securities, expected cash flows. If an amount receivable or payable is not fixed, for example, for inflation indexed assets and liabilities, the maturity analysis uses estimates based on current conditions.

The Issuer has established guidelines regarding the matching of maturities of assets and liabilities. Furthermore, to ensure the ability to meet liquidity needs, the Issuer maintains a stock of highly liquid unencumbered assets, such as cash, treasury bills and bonds.

Failure to accurately assess and manage liquidity risk or conduct a thorough maturity analysis could have a material adverse effect on the Issuer's funding ability and liquidity position, therefore causing a severe effect on the Issuer's financial position.

The Group has continuously grown its business over the last years which has led to new implementations of systems and diversification in the Group's business activities. Operational risk is relevant to all of the Issuer's activities

Operational risk is the risk of financial losses resulting from the failure or inadequacy of internal processes or systems, due to employee error, fraud or other external events.

The Issuer will at all times attempt to properly and actively manage risks. The Issuer's risk management may not at all times be able to protect the Issuer against certain risks, especially risks that have not been identified or cannot be anticipated. The risk management methods may not take all risks into account, and it is possible

that the methods are incorrect or based on incorrect information. Unanticipated or incorrectly quantified risk exposures could materially affect the Issuer's business, financial condition and results of operations. Multiple mergers and acquisitions, as well as organic growth over the past years as the Issuer has diversified its operations, has resulted in increased income across different business segments. Despite the benefits of diversification, diversification also presents added operational risk due to the different nature of businesses and their operational systems and processes. Further, integration of merged entities can create short-term operational risk as new entities and/or operations are integrated into the Issuer's systems and processes.

The Issuer is exposed to the risk of security breaches, failure of IT systems and unauthorized access of confidential information. The failure in functionality of the Issuer's information systems could have an adverse effect on the Issuer's business

The rapid development of technology has led to greater attention and importance of acknowledging information and communication technology risk, as most of the Issuer's operations rely entirely on information, information processing and automated information systems. Therefore, any incidents that compromise the information and communication solutions used by the Issuer can have a serious impact on the Issuer's business processes. These incidents can be various and either random, malicious or accidental, such as, destruction of data or data theft (for example, from cyber-attacks), errors and omissions, or system disruptions. These incidents could have a material effect on the Issuer's operations and business.

Due to the nature of providing banking services, the safe handling and processing of customer's personal data and other confidential information is an important part of the Issuer's daily operations. The same applies to the Issuer's subsidiaries, including, but not exclusive to, Kvika eignastýring hf. (**Kvika Asset Management**) and Kvika Limited (**Kvika UK**). The Issuer and the subsidiaries are legally responsible for safeguarding personal data and confidential information, and must comply with strict data protection and privacy laws, including rules on bank secrecy and Act no. 90/2018, on Data Protection and the Processing of Personal Data (**Data Protection Act**), which implements the European General Data Protection Regulation, when handling and processing such data. Additionally, pursuant to Act no. 161/2002 on Financial Undertakings (**Act on Financial Undertakings**), the Issuer's Board of Directors (the **Board**), managing directors, auditors, employees and any persons undertaking tasks on behalf of the Issuer, are bound by an obligation of confidentiality concerning any information of which they may become aware in the course of their duties regarding business or private concerns of the Issuer's customers. They may not disclose any such information unless they are obliged to do so by law. This obligation is commonly referred to as bank secrecy.

To protect confidential information, and to ensure compliance with rules on bank secrecy, the Issuer has implemented appropriate security measures, such as internal rules on information concerning the Issuer's customers, which apply to the work of all the Issuer's employees, board members, auditors, contractors and any other parties who undertake work on behalf of the Issuer. Further, all data access is controlled through dedicated access control systems to ensure data security and an overview of who is permitted to access which data. Access reviews are performed annually to maintain the quality of access control. Moreover, contracts with third-party service providers generally include confidentiality obligations which restrict the providers from using or disclosing any confidential information they receive from the Issuer. However, the Issuer cannot guarantee the existing or any future security measures will fully prevent security breaches, including break-ins, viruses or disruptions in the Group's IT infrastructure. Additionally, a performance failure or operational error by third-party service providers could have a material effect on the Issuer's business and operations.

However, security measures, such as confidentiality agreements, may not fully prevent the unauthorised use or disclosure of confidential information, or allow the Issuer to seek reimbursement from a third-party in the case of a breach of confidentiality obligations towards the Issuer. The Data Protection Act came into force in July 2018. The Data Protection Act included significant changes to the previous data protection legislation. To protect personal data, the Issuer has implemented appropriate security measures in accordance with the requirements of the new legal regime, including a data protection policy. The Issuer's data protection policy specifies the personal data that the Issuer can process, for what purposes, for how long the data can be stored, which third parties may obtain access to the personal data and how the security of personal data is guaranteed.

The Board has appointed a data protection officer in accordance with the Data Protection Act, who shall be appointed based on professional competence. There can be no assurance that the Group maintains compliance with applicable data privacy laws at all times, And penalties for non-compliance with the Data Protection Act can be monetary fines, damages and, in severe cases, criminal liability. Cyber security breaches, human error and other factors which cause erroneous disclosure of confidential information, infringement of rules on bank secrecy or non-compliance with the Data Protection Act can lead to significant reputational damage and costs, fines, legal proceedings or regulatory actions being brought against the Issuer by governmental authorities, customers or other third parties. This can have an adverse effect on the Issuer's business, financial condition and ability to make payments in respect of the Notes.

Reputational risk

The Issuer defines reputational risk as the risk of financial losses due to negative impressions towards the Issuer from stakeholders, such as customers, shareholders, employees, and investors. Consequences of negative impressions can lead to a lack of trustworthiness in the market, leading to a loss of customers and opportunities and, consequently, income. The Issuer has a well-established image and positive reputation that has contributed towards attracting new customers, as well as strengthening its business relations with core customers. The Issuer's image is also reflected in the image of its key subsidiaries, Kvika Asset Management and Kvika UK, and in brands such as Auður, Aur and Netgíró. If the Issuer's, or any of its connected parties' or brands', reputation suffered significant damage, there is a risk that a substantial number of customers will terminate their business relationship and other counterparties will be reluctant to engage in further transactions with the Issuer or the Group. A loss of customers and/or business relationships would negatively impact the Issuer's revenues and its potential to obtain funding, create new business relationships and maintain existing ones.

However, any failure to adequately communicate with customers could also pose a reputational risk to the Issuer and have a negative effect on the Issuer's credibility and trustworthiness.

The Issuer's future business growth relies on retaining qualified and experienced employees and management

The Issuer's operations are based on the knowledge, experience and future vision of the Issuer's essential employees. There is no guarantee that these individuals will continue to work for the Issuer. The loss of such essential employees may significantly delay the attainment of the Issuer's business objectives and could negatively affect the Issuer's business, financial condition and results of operations.

Furthermore, when the labour market experiences wage inflation, a prominent issue in Iceland's labour market in recent years, the Issuer may come under pressure to increase the salaries of its employees, which also raises competition among the Group's competitors. Salary increases can lead to increases in the Issuer's expenditure, which could have an adverse effect on the Issuer's business, financial condition and ability to make payments in respect of the Notes.

The Issuer's consolidated financial statements are partly based on future estimates and assumptions. Large deviations from those measures could result in future losses and adversely affect the Issuer's business

The consolidated financial statements of the Issuer have been prepared in accordance with International Financial Reporting Standards (**IFRS**), as adopted by the EU and additional requirements in the Icelandic Financial Statement Act. The Issuer has diverse operations with four key operating segments, which increase the level of complication in preparing consolidated financial statements.

Furthermore, in the process of applying the Issuer's accounting policies, the management makes judgements and estimates which are based on various assumptions. These judgements and estimates can affect the reported amounts of assets and liabilities and income and expenses. Assumptions and estimates are based on historical experience and other factors, including reasonable expectations of future events, and are reviewed

on an on-going basis. The estimates form the basis for judgements on the carrying value of assets and liabilities, which are not readily available from other sources, and actual results may differ. Judgements may also be required in circumstances not involving estimates, for example, when determining the substance of a particular transaction, contract or relationship.

The areas where the use of judgements and estimates has the most significant effect on the amounts recognised in the statement of financial position or the income statement are the following:

Fair value of financial instruments: the fair value of financial instruments that are not quoted in active markets is determined using valuation techniques which are reviewed regularly. The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices. For other financial instruments, the Issuer determines fair value using various valuation techniques. IFRS 13 specifies a fair value hierarchy based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, whereas unobservable inputs reflect the Issuer's market assumptions.

Impairment of financial assets: the use of estimates and judgements are an important component of the calculation of impairment losses. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual losses. Unforeseen events could, however, cause further impairment losses, which would have a material effect on the income statement and statement of financial position.

Impairment of intangible assets: the carrying amount of intangible assets are reviewed annually to determine whether there are indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Deferred tax assets: judgement is required to determine the extent to which deferred tax assets are recognised in the statement of financial position, based on the likely timing and level of future taxable profits.

Any changes to the accounting principles or large deviations from the estimates and/or assumptions made in the preparation of the Issuer's financial statements could result in an adverse effect on the amounts recognised in the statement of financial position or the income statement and create future losses and adversely affect the Issuer's business.

Poor decisions and execution of projects have a negative impact on the Issuer's business and financial position

Business risk is defined as the risk of financial loss caused by changes in the Issuer's economic environment or caused by certain events that may reduce the expected earnings of the Issuer. Strategy risk is defined as the risk of the Issuer's expected earnings and capital ratio deteriorating due to changes in the Issuer's business environment or due to unfavourable business decisions, late and unwise decision making or lack of response time. The Issuer's organisational structure is flat and its management body emphasises short channels of communication, clear allocation of responsibilities and de-centralised decision making. Furthermore, two of the Issuer's key business lines are operated through subsidiaries, whose own boards of directors are independent to the Group and operate each entity according to a shareholder policy set by the Issuer. Failure to manage business risk and strategy risk could have a negative impact on the Issuer's business or financial position. Failure to act on opportunities, unwise decision-making, or otherwise failing to set and/or implement a successful business strategy could have an adverse effect on the Issuer's business, prospects, financial position and its ability to make payments in respect of the Notes and to the Issuer's creditors, including holders of Notes.

The Issuer's insurance coverage might not cover all losses

The Issuer has insurance policies in place which are considered appropriate and relevant with respect to the Issuer's operations. More specifically, the Issuer has a combined comprehensive crime and professional

indemnity insurance policy, as well as a directors' and officers' liability insurance policy. Despite these insurance policies which the Issuer has in place and due to the nature of the Issuer's operations, there is no guarantee that all claims that might be lodged against the Issuer at any time would be covered, which could have a material effect on the Issuer's operations and financial conditions and therefore its ability to make payments in respect of the Notes and to the Issuer's creditors.

RISKS RELATED TO ECONOMIC DEVELOPMENTS AND OTHER BUSINESS CONDITIONS

The Issuer's results are affected by general economic and other business conditions

As the Issuer conducts most of its business in Iceland, its operations are therefore significantly influenced by the development of the Icelandic economy, including the real estate sector. However, the overall strength of Iceland's economy has been, and will continue to be, shaped by both domestic developments and global economic conditions. Economic cycles play a crucial role in influencing the demand for investment and banking products, which in turn have material effect on the Issuer's results. These cycles are affected by global political events such as terrorism, war, and geopolitical hostilities, as well as shifts in consumer confidence, employment rates, industrial output, and overall economic stability. Additionally, local factors such as the value of the króna, inflation rates, and fiscal policies significantly impact economic performance.

Iceland's economy slowed markedly in 2024, and although forecasters expect a modest recovery in 2025 – 2026 material uncertainty remains around the paths of domestic demand, exports (including tourism, marine products and aluminium-related activity), inflation and monetary policy. Monetary policy remains an important source of risk as while inflation has eased from post-pandemic highs and the policy stance began to loosen in late 2024 – 2025, inflation is projected to converge only gradually toward target, and renewed external shocks or domestic cost pressures could delay that adjustment or necessitate tighter-than-expected policy.

Heightened global trade policy uncertainty, including recent U.S. tariff actions, could negatively affect growth, trade flows and prices

Since 2025, U.S. tariff actions under the International Emergency Economic Powers Act (**IEEPA**) and other authorities have materially increased global tariff uncertainty, with significantly higher effective U.S. tariff rates and continued litigation over the legality of such measures. Although limited tariff easing occurred in late 2025, experts consider the reprieve temporary, with structural tensions unresolved. Trade fragmentation, shifting supply chains, and changes to customs or maritime rules may adversely affect Icelandic exports and the broader economy. Proposed tariff increases and trade adjustments may escalate tensions, influencing global markets and economic stability. To date, Iceland has been placed in the 10 per cent. tariff category by the United States. However, it cannot be ruled out that this might change in the near future. As Kvika conducts most of its business in Iceland and also has operations in the United Kingdom, its results are affected by economic conditions in those markets. A deterioration in trade conditions, weaker growth, higher inflation, renewed volatility in financial markets or other adverse effects caused by tariff escalation or broader trade fragmentation could reduce demand for the Issuer’s banking, investment banking and asset management services, weaken the repayment capacity of borrowers and adversely affect asset values and credit quality. Any such developments could increase credit losses and otherwise have a material adverse effect on the Issuer’s business, results of operations and financial position.

Growing geopolitical tensions, particularly involving the United States, Denmark, and Greenland, may indirectly affect security conditions and, by extension, Iceland's operating environment

In early 2026, the U.S. administration reiterated its interest in exerting greater control over Greenland, a strategically important Arctic territory, prompting strong objections from Denmark and Greenland's government. Analysts warn that such tensions place NATO cohesion under strain and could weaken the security framework upon which Northern European stability relies. Although no direct impact on Iceland has materialised, deterioration in regional security, increased Arctic militarisation, or diplomatic rifts among NATO partners could adversely affect Iceland's economic outlook, investor sentiment, and geopolitical risk profile.

Increased geopolitical tension has been particularly evident since the Russian invasions into Ukraine in 2022, followed by a sustained escalation in hostilities, expanded offensive operations, and the absence of any meaningful diplomatic progress throughout 2025 – 2026. With reports that Russia continues to intensify military pressure across multiple Ukrainian fronts, including large-scale winter strikes on civilian and energy infrastructure, assessments indicate that neither Russia nor Ukraine appears capable of securing a decisive military victory in the near term, and the conflict is widely expected to continue beyond 2026.

Parallel to the European domain, the conflict in Gaza has further exacerbated regional instability and global economic risk. Since late 2023, fighting between Israel and Hamas has resulted in severe humanitarian, political and economic repercussions across the Middle East, with spillover effects involving the Houthis in Yemen, Hezbollah in Lebanon and Iranian strikes targeting Israel. These dynamics have heightened geopolitical uncertainty, contributed to disruptions in maritime transport routes and added to volatility in global energy and commodity markets.

Furthermore, escalating tensions and direct hostilities between Iran the United States and Israel in early 2026 have further increased geopolitical risk and contributed to heightened volatility in global energy and financial markets. Military activity in and around the Persian Gulf, including disruptions to shipping in the Strait of Hormuz, a key transit route for global oil and gas supplies, has raised concerns over supply security and trade flows. The situation remains uncertain, with a continued risk of escalation or broader regional involvement.

While the direct impact on Iceland has thus far been limited, persistent geopolitical instability could materially influence Iceland's external environment. Although Iceland experienced strong GDP growth in 2022 and 2023, followed by slower but still positive growth in 2024, future performance remains sensitive to shifts in global demand, export conditions and capital-market sentiment. Any renewed deterioration in European or global conditions, including higher energy prices, supply chain disruptions and increased market volatility, or adverse developments in Iceland's key trading partners, could reverse some of the resilience observed to date and adversely affect the Issuer's operating environment.

A significant slowdown or decline in housing prices could adversely affect Iceland's real estate sector and, by extension, financial institutions exposed to property-related lending

Iceland's housing market has experienced substantial price growth in recent years, with residential property prices in Reykjavík rising by 74 per cent. between January 2020 and October 2025 as measured by the residential property market price index of house prices in the Reykjavík. Annual increases of 6.4 per cent. in 2020, 12.5 per cent. in 2021, 21.0 per cent. in 2022 and 7.8 per cent. in 2023 reflected strong demand supported by historically low interest rates.

Since 2022, market conditions have shifted markedly as monetary tightening in response to elevated inflation has pushed mortgage rates higher, reducing household affordability and tempering price dynamics. By early 2025, nationwide prices were rising at approximately 7.94 per cent. year-on-year, down from the 11.89 per cent. peak reached in late 2024. Additional market indicators, such as slower transaction velocity and lengthening sales times for new builds, further point to a cooling, though still elevated, market environment.

The earlier surge in prices was partly driven by the series of volcanic eruptions and evacuations in the Reykjanes Peninsula, particularly the town of Grindavík, which displaced 1 per cent. of the population. In response to the displacement, the Icelandic government enacted legislation to acquire residential properties in Grindavík, enabling residents to access funds for purchasing new homes elsewhere, a measure that temporarily boosted demand and prices in the capital area.

While underlying demand remains supported by population growth and limited housing supply, imbalances between property prices and their determinants have grown more pronounced, including household income levels, borrowing costs and supply responsiveness. Consequently, the risk of stagnation or a price correction has increased, which could have a material adverse effect on the real estate industry sector in Iceland, particularly if the value of real estate held as collateral for lending stagnates or declines. Kvika entered the residential mortgage market in Iceland in 2025 through Auður Heima and had grown that mortgage portfolio to

ISK 23 billion by year-end 2025. A decline in Icelandic housing prices could therefore reduce the value of collateral securing the Issuer's residential mortgage loans, increase loan-to-value ratios and weaken borrowers' repayment capacity, which could have a material adverse effect on the Issuer's results of operations and financial position.

RISKS RELATING TO CAPITAL AND OTHER REGULATORY REQUIREMENTS OF THE ISSUER

Changes regarding required capital may have an adverse effect on the Issuer

In 2013, the European Parliament and the European Council adopted a legislative package (**CRD IV**) for the implementation of the Basel III framework in the EU. The CRD IV package has been incorporated into the Agreement on the European Economic Area (the **EEA Agreement**) and implementation in Iceland has now been completed. The Issuer's capital ratios are calculated in accordance with the Act on Financial Undertakings which implements the CRD IV package. Accordingly, the Issuer uses the standardised approach to calculate capital requirements for credit risk, market risk and operational risk. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations, and its ability to make payments in respect of the Notes, and could have other effects on the Issuer's financial performance, both with or without the intervention by regulators or the imposition of sanctions, and could also require raising additional capital.

Directive 2019/878/EU (**CRD V**) partially amending CRD IV was implemented in Iceland by Act No. 38/2022, which amended, inter alia, the Act on Financial Undertakings, Directive 2024/1619/EU (CRD VI) has incorporated into the EEA Agreement by EEA Joint Committee Decision No 90/2026 which entry into force is pending the fulfilment of constitutional requirements. Following entry into force of the Joint Committee Decision the Directive is to be implemented into national law.

Regulation (EU) 2024/1623 (**CRR III**), amending Regulation (EU) 575/2013, has been incorporated into the EEA Agreement by EEA Joint Committee Decision No 291/2024 which entered into force on 1 April 2025. The CRR III was implemented into national law by Act no. 102/2025 which entered into force 24 December 2025. This regulation is intended to make capital requirements more sensitive to better reflect the risks faced by financial institutions. The implementation of the CRR III has an impact on the capital requirements of the issuer.

LEGAL AND REGULATORY RISK

Frequent changes in tax legislation pose a general risk to entities operating in Iceland and any changes in tax legislation can affect the financial results of the Issuer

In addition to the general risk, there is an additional tax risk regarding financial institutions, as there are taxes levied specifically on financial undertakings in Iceland in accordance with Act no. 90/2003 on Income Tax and Act no. 155/2010 on Special Tax on Financial Institutions.

Pursuant to the Value Added Tax Act no. 50/1988, with subsequent amendments (**Value Added Tax Act**), the services of banks, saving banks and other credit institutions, as well as stock-brokerage firms, are exempt from value added tax (**VAT**). However, in the VAT environment of financial undertakings, there has been some uncertainty regarding the handling of VAT on the sale of goods and services, as under the interpretation of the Icelandic tax authorities, according to the Act on Financial Undertakings, the exemption only applies to services banks or credit institutions. Services provided by banks and credit institutions could be deemed, by the tax authorities, not to fall under the Act on Financial Undertakings as there is room for interpretation.

Although the Issuer believes its collection and handling of VAT for services provided is within the scope of the Value Added Tax Act, there is no guarantee that the Icelandic tax authorities will not conclude otherwise. If that were to happen, the Issuer could be retroactively liable for six years' unpaid tax, plus penalties and interest.

There is an additional risk regarding the competitive effects of banks or credit institutions starting to claim VAT on any services provided, resulting in a competitive advantage or disadvantage with different treatment of VAT and possible material adverse effects for those claiming such VAT.

Regulatory, compliance and legal risks are inherent in the Issuer's business

As a financial institution, the Issuer must comply with a comprehensive set of laws and regulations which are extensive and complex. The legal and regulatory environment of the Issuer is constantly subject to change and changes often with a short period of notice and consultation. The Issuer puts substantial resources and man-power into monitoring and implementing these changes to ensure full compliance. The regulatory and compliance risk faced by the Issuer and its subsidiaries arise not only from regulation within Iceland or specific to financial services firms, but also from other, more broadly applicable regulations and from risks relating to the ability of regulatory agencies and Icelandic authorities to adopt, implement and administer applicable regulations and to supervise Icelandic banks, including the Issuer. Regulatory agencies have broad administrative powers over many aspects of the Issuer's business which may include liquidity, capital adequacy and permitted investments, investor protection, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices. Banking and financial services laws, regulations and policies currently governing the Issuer and its subsidiaries may change at any time in ways which have a material effect on the Issuer's business. This includes any changes in interpretation of such laws and regulations by regulatory agencies.

Furthermore, the Issuer cannot predict the timing or form of any future regulatory initiatives. Changes in existing banking and financial services laws and regulations may materially affect the way in which the Issuer conducts its business, the products or services it may offer and the value of its assets. If it fails to address, or appears to fail to address, despite its best efforts, and whether intentionally or unintentionally, appropriately these changes or initiatives, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against it, or subject it to enforcement actions, fines and penalties. In addition, existing laws could change, and new laws or regulations could be adopted in ways unfavourable to the Issuer's operations, which could adversely affect the way the Issuer operates its business and its market reputation. Regulatory agencies have the power to bring administrative or judicial proceedings against the Issuer, which could result, among other things, in suspension or revocation of its licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm its results of operations and financial condition.

Regulatory risks relate not only to regulation within Iceland, but also from the ability of Iceland, as a contracting party to the EEA Agreement, to adopt, implement and administer new European directives and regulations into national Icelandic rules and regulations. See further the section entitled "*Iceland's national implementation of EEA rules may be inadequate in certain circumstances*". This may include late implementation into national Icelandic rules and regulations, and the imposition of more stringent requirements, if applicable, for example with respect to capital requirements.

There can be no assurance that the Icelandic government will not enact new regulations which could have an adverse effect on the Issuer's business, prospects, financial positions, its ability to make payments in respect of the Notes and the Issuer's creditors.

Legal uncertainty concerning variable-rate mortgage terms in the domestic market only partially resolved, ongoing possibility that comparable terms could be subject to judicial revision in future disputes

In October 2025, the Supreme Court of Iceland issued a ruling concerning the validity of certain variable-interest clauses in residential mortgage agreements. The ruling held that specific wording used in some loan contracts, specifically clauses permitting discretionary interest-rate changes based on factors other than Central Bank of Iceland policy rates, did not provide borrowers with sufficient clarity regarding future interest-rate adjustments and therefore rendered the affected clauses partially invalid. Although the decision applies directly only to the contracts reviewed, it has led to broader reinterpretation of variable-rate loan provisions across the market.

The decision triggered immediate market consequences. Several lenders, including all major commercial banks, suspended, modified, or withdrew mortgage products containing similar variable-rate provisions while reviewing contract templates, legal risks and pricing methodologies. This contributed to an abrupt tightening of borrowing conditions, as fewer variable-rate options were available and lenders adopted more conservative interest-rate structures pending regulatory clarity. The Central Bank of Iceland noted explicitly that the ruling had caused turbulence in the mortgage market and led to tighter household borrowing conditions.

In response to the market disruption, the Central Bank of Iceland lowered its key interest rate to 7.25 per cent. in November 2025, citing the need to offset tightening mortgage conditions created by the Supreme Court ruling. The Central Bank of Iceland has since introduced an updated index-linked reference rate structure for mortgage pricing (the seven-day term-deposit rate remaining the benchmark for policy) as part of its efforts to stabilise the lending environment and improve transparency in interest-rate setting.

Although the Issuer has assessed that the recent developments do not have a material adverse effect on its current operations, a recurrence of similar judicial outcomes or further adverse clarification of mortgage terms could present a future risk. Any requirement to amend existing contracts, compensate borrowers, or modify product documentation could increase operational and legal costs, reduce interest income, and temporarily disrupt mortgage origination or securitisation activity, including the issuance of Notes backed by such assets. Furthermore, there remains a risk that regulatory or legislative follow-up measures—whether prompted by these rulings or by future comparable decisions—could negatively affect the Issuer's profitability, asset quality, or compliance obligations

The Issuer must comply with anti-money laundering and anti-bribery regulations, and the violation of such regulations may have severe consequences

The Issuer is subject to laws regarding money laundering and the financing of terrorism, as well as laws that prohibit the Issuer or its employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business.

Compliance with anti-money laundering and anti-bribery regulations can place a significant financial burden on banks and other financial institutions and requires significant technical capabilities and resources. The Fourth Money Laundering Directive (2015/849/EU) has been implemented into Icelandic law by Act No. 140/2018. However, the Issuer cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject, or the manner in which existing laws might be administered or interpreted. Although the Issuer believes that its current policies and procedures are sufficient to comply with applicable anti-money laundering, anti-bribery and sanctions rules and regulations, it cannot guarantee that such policies completely prevent situations of money laundering or bribery, including actions by the Issuer's employees, for which the Issuer might be held responsible. Any such events may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations, and its ability to make payments in respect of the Notes.

Iceland's national implementation of EEA rules may be inadequate in certain circumstances

Iceland is a contracting party to the EEA Agreement and is therefore obligated to implement into national law the EU instruments which have been incorporated into the EEA Agreement, including legislation relating to financial markets. Where implementation of such instruments into Icelandic law is inadequate, (for example, where Iceland fails to adapt national law to conform to EEA rules) citizens may be unable to rely on these instruments and the Icelandic courts may be barred from applying them, unless Icelandic legislation is able to be interpreted in accordance with the EEA rules. Moreover, delays in incorporation of EU instruments into the EEA Agreement may create regulatory divergence in the EEA. As an Icelandic regulated bank, the Issuer is directly affected by such legislation and by the way in which it is incorporated into the EEA Agreement and implemented under Icelandic law.

As a result, holders of Notes ("**Noteholders**") may in some circumstances experience different legal protections than they would expect as holders of securities issued by banks in EU member states where EU instruments

are directly applicable, or where the EU instruments have been adequately implemented into national legislation. Such divergence or delay may also create uncertainty as to which rules apply to the Issuer and increase the resources required to ensure compliance. Complying with regulation that is in continual change can be resource-intensive and exposes the Issuer to risks of non-compliance, potentially leading to supervisory action, fines or other sanctions, which could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations and its ability to make payments in respect of the Notes.

RISKS RELATING TO RELIANCE ON COUNTERPARTIES

The Issuer relies on third party service providers

The Issuer relies on the services, products and knowledge of third party service providers in the operation of its business. Accordingly, the Issuer faces the risk that such third party service providers become insolvent, enter into default or fail to perform their contractual obligations in a timely manner or at all or fail to perform at an adequate and acceptable level. Any such failure could lead to interruptions in the Issuer's operations or result in vulnerability of its IT systems, exposing the Issuer to operational failures, additional costs or cyber-attacks. The Issuer may need to replace a third party service provider on short notice to resolve any potential problems, and the search for and payment to a new third party service provider on short notice or any other measures to remedy such potential problems could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations, and its ability to make payments in respect of the Notes.

In addition, no assurance can be given that the third party service providers selected by the Issuer will be able to provide the products and services for which they have been contracted, for example, as a result of failing to have the relevant capabilities, products or services or due to changed regulatory requirements. Any failure of third party service providers to deliver the contracted products and services in a timely manner or at all or to deliver products and services in compliance with applicable laws and regulations and at an adequate and acceptable level could result in reputational damage, claims, losses and damages and have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations, and its ability to make payments in respect of the Notes.

Reliance on Swap Providers

Reliance on Currency Swaps

Subject to currency restrictions in place at each time, the Issuer may rely on the currency swap providers under the Currency Swaps (the "**Swap Providers**") to provide payments on Notes denominated in currencies other than ISK. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under a Currency Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Currency Swap. If the Issuer defaults under a Currency Swap due to non-payment or otherwise, the relevant Currency Swap Provider will not be obliged to make further payments under that Currency Swap and may terminate that Currency Swap. If a Currency Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Currency Swap Agreement, or if it defaults in its obligations to make payments under a Currency Swap, the Issuer will be exposed to changes in currency exchange rates and in the associated interest rates on the currencies. Unless a replacement swap is entered into, the Issuer may, have insufficient funds to make payments due on the Notes.

Reliance on Interest Rate Swaps

Subject to currency restrictions in place at each time, in order to hedge the Issuer's interest rate risks in ISK and/or other currencies to the extent that these have not already been hedged by a Currency Swap, the Issuer may enter into Interest Rate Swaps. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under an Interest Rate Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Interest Rate Swap. If the substitute assets available to the Issuer on a payment date are insufficient to make the payment ordinarily required in full, the payment obligations of both the Issuer and the swap counterparty on that payment date may be reduced accordingly and may be

deferred, should the Issuer introduce deferral of payment mechanics into the interest rate swaps. If the Issuer defaults under an Interest Rate Swap due to non-payment or otherwise, the relevant Interest Rate Swap Provider will not be obliged to make further payments under that Interest Rate Swap and may terminate that Interest Rate Swap. If an Interest Rate Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Interest Rate Swap Agreement, or if it defaults in its obligations to make payments under an Interest Rate Swap, the Issuer will be exposed to changes in interest rates. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Notes.

Reliance on Indexed Currency Swaps

Subject to currency restrictions in place at each time, the Issuer may rely on the Indexed Currency Swap Providers under the Currency Swaps to provide payments on Notes denominated in currencies other than ISK and not indexed linked. If the Issuer fails to make timely payments of amounts due or certain other events occur in relation to the Issuer under an Indexed Currency Swap and any applicable grace period has expired, then the Issuer will have defaulted under that Indexed Currency Swap. If the Issuer defaults under an Indexed Currency Swap due to non-payment or otherwise, the relevant Indexed Currency Swap Provider will not be obliged to make further payments under that Indexed Currency Swap and may terminate that Indexed Currency Swap. If an Indexed Currency Swap Provider is not obliged to make payments, or if it exercises any right of termination it may have under the relevant Indexed Currency Swap Agreement, or if it defaults in its obligations to make payments under an Indexed Currency Swap, the Issuer will be exposed to changes in currency exchange rates, the associated interest rates on the currencies and inflation. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Notes.

Termination payments for Swaps

If any of the Interest Rate Swaps or Currency Swaps are terminated, the Issuer may as a result be obliged to make a termination payment to the relevant Swap Provider. The amount of the termination payment will be based on the cost of entering into a replacement Interest Rate Swap or Currency Swap, as the case may be. Any termination payment to be made by the Issuer to a Swap Provider will rank *pari passu* with payments due to the Noteholders.

Potential amendments to the swap agreements

If and when the Issuer enters into a swap agreement in the context of an issue of Notes, the terms of the swap agreement will be negotiated with the relevant swap provider. As a result of such negotiations, the terms of a swap agreement may contain terms that adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Notes.

RISKS RELATED TO THE MARKET GENERALLY

Competition

The banking sector in Iceland is largely dominated by the Issuer, Íslandsbanki, Arion Banki and Landsbankinn. In addition, there are other players in the industry, such as pension funds, savings banks and the Housing and Construction Authority (formerly the Housing Financing Fund), whose role in the market as a lender has been reduced and is now responsible for implementation of government housing policies and acting as an intermediary for social housing funding, all of which the Issuer competes with and which can impose a degree of pressure on the Issuer's net interest margin. Moreover, as additional channels arise for new lending and other banking products, particularly in the online space, the Issuer faces increasing competition from these market participants.

While the Issuer believes it is positioned to compete effectively with these competitors, there can be no assurance that existing or increased competition will not adversely affect the Issuer. The demand for the

Issuer's products is also dependant on levels of customer confidence, prevailing market rates and other factors that have an influence on the customers' economic situation.

RISKS RELATING TO THE NOTES

The Issuer's obligations under the Notes are deeply subordinated

The Notes constitute unsecured and deeply subordinated obligations of the Issuer and the Issuer Consolidated Situation. In the event of a winding up of the Issuer, the rights of the Noteholder to payments on or in respect of (including any damages awarded for breach of any obligations under) the Notes (which in the case of any payment of principal shall be to payment of the then nominal amount of the Notes only) shall at all times rank:

(a) pari passu without any preference among themselves;

(b) pari passu with:

(i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital; and

(ii) any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a winding up of the Issuer and the right to receive repayment of capital on a winding up of the Issuer;

(c) senior to the claims of holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a winding up of the Issuer and the right to receive repayment of capital on a winding up of the Issuer; and

(d) junior to any present and future claims of

(i) depositors of the Issuer;

(ii) any other unsubordinated creditors of the Issuer; and

(iii) except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including, for the avoidance of doubt, holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

In the event of the voluntary or involuntary winding up of the Issuer, there is a risk that the Issuer does not have enough assets remaining after payments to senior ranking creditors to pay amounts due under the Notes. No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.

As a result of the above, there is a risk that the Noteholders will lose some or all of their investment in the Notes. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in the Notes will lose all

or some of its investment in the event of a voluntary or involuntary winding up of the Issuer. Accordingly, in a worst-case scenario, the value of the Notes may be reduced to zero.

As noted in the risk factor "*Loss absorption at the point of non-viability of the Issuer"* below, there is a risk of the Notes being written down or converted into other securities in a resolution scenario or at the point of non-viability of the Issuer.

Interest payments on the Notes may be cancelled by the Issuer

Any payment of Interest in respect of the Notes is subject to the Issuer still being solvent and in compliance with Applicable Capital Regulations immediately thereafter such payment, and shall be payable only out of the Issuer's Distributable Items and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; or (ii) will be mandatorily cancelled if and to the extent so required by the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

Any cancellation of Interest (in whole or in part thereof) shall in no way limit or restrict the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes, any CET1 capital of the Issuer or in respect of any other Additional Tier 1 Capital instruments. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

As a result of the above, there is a risk that the payment of Interest is cancelled, which would adversely affect the Noteholders. Following any cancellation of interest as described above, Noteholders shall have no right thereto or to receive additional interest or compensation. Furthermore, no cancellation of interest in accordance with the terms of the respective Notes shall constitute a default in payment or otherwise under the Notes or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer. Accordingly, in a worst-case scenario, the amount of any Interest may be reduced to zero.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes is likely to be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and also more sensitive generally to adverse changes in the Issuer's financial condition.

Loss absorption following a Trigger Event

If at any time the CET1 Ratio of (i) the Issuer or the Issuer Consolidated Situation is less than 5.125 per cent., this constitutes a Trigger Event and the total nominal amount of the Notes shall be written down by an amount sufficient to restore the CET1 ratio of the Issuer or the Issuer Consolidated Situation to at least 5.125 per cent., as applicable, provided that the nominal amount of each Note may not be written down below a Nominal Amount per Note of SEK 1. The write-down of the Notes is likely to result in a Noteholder losing some or all of its investment.

Following any such reduction of the Total Nominal Amount, the Issuer may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met. The Issuer will not in any circumstances be obliged to reinstate in whole or in part the principal amount of the Notes (and any such reinstatement is likely to require unanimous approval at a shareholders' meeting of the Issuer).

The Issuer and/or the IFSA may determine that a Trigger Event has occurred on more than one occasion and the reduced nominal amount of each Note may be written down on more than one occasion. Further, during

any period when the then nominal amount of a Note is less than the initial nominal amount, interest will accrue on, and the Notes will be redeemed at, the reduced nominal amount of the Notes.

The Issuer's and/or the IFSA's calculation of the CET1 ratio of the Issuer and/or the Issuer Consolidated Situation, and therefore its determination of whether a Trigger Event has occurred, shall be binding for the Noteholders, who shall have no right to challenge the published figures detailing the CET1 ratio of the Issuer and/or the Issuer Consolidated Situation.

Loss absorption at the point of non-viability of the Issuer

The Noteholders are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Iceland (the IFSA). The powers provided to resolution and competent authorities in the Bank Recovery and Resolution Directive (as amended by Directive EU (2019/879) ("**BRRD II**")) (the "**BRRD**") include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring and without entering into resolution. As a result, the BRRD contemplates that resolution authorities have the power to require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability and before any other bail-in or resolution tool can be used. Accordingly, in a worst-case scenario, the capital instruments may be written down and the value of the Notes may be reduced to zero. The BRRD was fully implemented in Iceland on 24 May 2020 by legislation which entered into force on 1 September 2020. BRRD II was implemented in Iceland by Act no. 63/2023.

There is a risk that the application of any non-viability loss absorption measure results in the Noteholders losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and any affected holder of Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power is inherently unpredictable and depends on a number of factors which are outside the Issuer's control. Any such exercise, or any suggestion that the Notes could be subject to such exercise, would, therefore, materially adversely affect the value of Notes.

The Issuer may redeem the Notes on the occurrence of a Capital Disqualification Event or Tax Event

The Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the IFSA (if and to the extent then required by the Applicable Capital Regulations) redeem the Notes upon the occurrence of a Capital Disqualification Event or Tax Event at par together with accrued Interest on any Interest Payment Date.

It should also be noted that the Issuer may redeem the Notes as described above even if (i) the Total Nominal Amount of the Notes has been reduced by means of a write-down in accordance with the Terms and Conditions and (ii) the principal amount of the Notes has not been fully reinstated to the initial Nominal Amount of the Notes.

There is a risk that the Noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes.

The Notes have no maturity and call options are subject to the prior consent of the IFSA

The Notes have no fixed final redemption date and the Noteholders have no rights to call for the redemption of the Notes. The Issuer has the option to, at its own discretion, redeem the Notes at any Business Day falling within the Initial Call Period or any Interest Payment Date falling after the Initial Call Period, but the Noteholders should not invest in the Notes with the expectation that such a call will be exercised by the Issuer.

If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the IFSA. The IFSA may agree to permit such a call, based upon its evaluation of the regulatory capital position

of the Issuer and certain other factors at the relevant time. There is therefore a risk that the Issuer will not exercise such a call or that the IFSA will not permit such a call. The Noteholders may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and there can be no assurance that the Issuer will or may exercise the call option.

The market value of the Notes may be adversely affected by changes in market interest rates

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. If market interest rates rise, the market value of the Notes is likely to decline. Because the Notes are deeply subordinated Additional Tier 1 instruments with no fixed maturity and may only be redeemed at the Issuer's option subject to regulatory consent, Noteholders may be exposed to such market value fluctuations for an indefinite period and may be unable to sell the Notes at a price equal to or above the amount invested.

Admission to trading, liquidity and the secondary market

The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on the corporate bond list of Nasdaq Stockholm within sixty (60) days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market. However, the Issuer is dependent upon the prior approval of the listing from Nasdaq Stockholm as well as the Swedish FSA approving the prospectus required for the purpose of listing the Notes on Nasdaq Stockholm. There is a risk that the Notes will not be admitted to trading in time, or at all. If the Issuer fails to ensure that the Notes are admitted to trading on Nasdaq Stockholm within sixty (60) days from the Issue Date or at all, the Noteholders would not be able to accelerate the Notes or otherwise request a prepayment or redemption of the nominal amount of the Notes.

Even if the Notes are admitted to trading on the aforementioned market, active trading in the Notes does not always occur and a liquid market for trading in the Notes might not occur even if the Notes are listed. This may result in the Noteholders not being able to sell their Notes when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Notes. Further, the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted to trading on Nasdaq Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Notes on the secondary market on reasonable terms, or at all, due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

Substitution or variation of the Notes

Subject to Clause 12.6 (Early Voluntary Redemption or Substitution or Variation due to Capital Disqualification Event, Tax Event or Alignment Event (Call Option)) of the Terms and Conditions and the prior written permission of the IFSA (if and to the extent then required by the Applicable Capital Regulations), the Issuer may, at its option and without the permission or approval of the relevant Noteholders, elect to substitute or vary the terms of all (but not some only) outstanding Notes for, provided that they become or remain, as applicable, Qualifying Capital Notes if a Capital Event, a Tax Event or an Alignment Event occurs.

There is a risk that, due to the particular circumstances of each Noteholder, any Qualifying Capital Notes will be less favourable to each Noteholder in all respects or that a particular Noteholder would not make the same determination as the Issuer as to whether the terms of the relevant Qualifying Capital Notes are not materially less favourable to Noteholders than the terms of the relevant Notes. The substitution or variation of the Notes may thus lead to changes in the Notes that have effects that are less favourable to the Noteholders. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequence suffered by any Noteholder). The

degree to which the Notes may be substituted or varied is uncertain and presents a highly significant risk to the return of the Notes.

The Issuer is not (and nor is any other Group Company) prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

There is no restriction on the amount or type of debt that the Issuer, or another company within the Group, may issue or incur that ranks senior to, or pari passu with, the Notes. There is a risk that the incurrence of any such debt reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary winding up or resolution proceeding of the Issuer, limits the ability of the Issuer to meet its obligations in respect of the Notes and results in Noteholders losing all or some of their investment in the Notes. The degree to which other debt that ranks senior to, or pari passu with, the Notes may be issued is uncertain and presents a significant risk to the amount recoverable by Noteholders.

The Issuer is not (and nor is any other Group Company) prohibited from pledging assets for other debt

There is no restriction on the amount or type of assets that the Issuer or any other Group Company can pledge, or otherwise use as security, for other debt. If the Issuer chooses to do so, there is a risk that this reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary winding up or resolution proceeding of the Issuer and results in Noteholders losing all or some of their investment in the Notes.

The degree to which any other asset pledged may affect the Noteholders is uncertain and presents a significant risk to the amount recoverable by Noteholders.

The Terms and Conditions do not contain any right for the Noteholders or the Agent to accelerate the Notes

The Notes are intended to constitute Additional Tier 1 Capital of the Issuer. As such, the Terms and Conditions do not include any obligations or undertakings on the Issuer, the breach of which would entitle the Noteholders or the Agent to accelerate the Notes. Accordingly, if the Issuer fails to meet any obligations under the Notes, including any payment of principal, interest and/or other amounts due under the Notes, Noteholders will not have any right to request repurchase of their Notes or any other remedy for such breach. As a result, there is a risk that the Noteholders will not receive any prepayment unless in the case of the Issuer being placed into bankruptcy or is subject to liquidation proceedings (which prepayment would be deeply subordinated, see "*The Issuer's obligations under the Notes are deeply subordinated*" above.)

European Benchmarks Regulation

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) was added and entered into force on 1 January 2018. The Benchmarks Regulation and the Commission Implementing Regulation (EU) 2021/1847 have been implemented into Icelandic law by Act no. 7/2021 on financial benchmarks and Act no. 55/2021 on indexation and information to investors. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published.

The Terms and Conditions provide that the interest rate benchmark STIBOR, which apply for the Notes (as applicable), can be replaced as set out therein, upon the occurrence of a Base Rate Event which includes if STIBOR ceases to be calculated or administered. Such replacement shall be made in good faith and in a

commercially reasonable manner and is always subject to the Applicable Capital Regulations and the prior written consent of the IFSA. However, there is a risk that such replacement is not made in an effective manner and consequently, if STIBOR ceases to be calculated or administered, an investor in the Notes would be adversely affected. The degree to which amendments to and application of the European Benchmarks Regulation may affect the Noteholders is uncertain and presents a significant risk to the return on the Noteholder's investment.

RESPONSIBILITY FOR THE INFORMATION IN THE PROSPECTUS

The Issuer issued the Notes on 29 April 2026. This Prospectus has been prepared in relation to the Issuer applying for admission to trading on the corporate bond list of Nasdaq Stockholm of the SEK 300,000,000 Floating Rate Additional Tier 1 Notes with ISIN NO0013741678 (the Notes).

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Notes and the performance of its obligations relating thereto. The issuance of the Notes has been authorised by resolution by the board of directors of the Issuer on 18 April 2026.

The Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus.

Any information in this Prospectus which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no factshave been omitted which would render the reproduced information inaccurate or misleading.

Reykjavik on 9 June 2026

Kvika banki hf.

The board of directors

THE NOTES IN BRIEF

This section contains a general and broad description of the Notes. It does not claim to be comprehensive or cover all details of the Notes. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference (see the section "*Supplementary information*") and the full Terms and Conditions for the Notes, which can be found in section "*Terms and Conditions for the Notes*", before a decision is made to invest in the Notes.

Concepts and terms defined in section "*Terms and Conditions for the Notes*" are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

General

Issuer.....	Kvika banki hf., reg. no. 540502-2930.
Resolutions, authorisations and approvals.....	The Issuer's board of directors resolved to issue the Notes on 18 April 2026.
The Notes offered.....	SEK 300,000,000 Floating Rate Additional Tier 1 Notes.
Number of Notes.....	240 Notes.
ISIN.....	NO0013741678.
Issue Date.....	29 April 2026.
Nature of the Notes.....	The Notes constitute additional tier 1 capital (Sw. *primärkapitaltillskott*) as defined in Part Two, Title I of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time, as amended by Regulation (EU) 2019/876.
Supervisory authority.....	The Financial Supervisory Authority of the Central Bank of Iceland (Icel. *Fjármálaeftirlit Seðlabanka Íslands*) (IFSA) has the primary banking supervisory authority with respect to the Issuer.
No maturity.....	The Notes constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described in the Terms and Conditions. The Notes are not redeemable at the option of the Noteholders at any time.
Price.....	All Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
Interest Rate.....	Interest on the Notes is paid at a rate equal to the sum of three (3) months STIBOR plus 4.25 per cent. *per annum*. Interest will accrue from (and including) the Issue Date.

Use of benchmark and Benchmark Regulation.....	Amounts payable under the Notes (as defined herein) are calculated by reference to STIBOR, which is provided by the Swedish Financial Benchmark Facility AB (SFBF). As of the date of this Prospectus, the Swedish Financial Benchmark Facility AB (SFBF) appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority and is authorised to operate as benchmark administrator pursuant to Article 34 of the Benchmark Regulation (Regulation (EU) 2016/1011).
Interest Payment Date.....	29 January, 29 April, 29 July, and 29 October of each year, or, to the extent such day is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 29 July 2026 and the last Interest Payment Date shall be the relevant Redemption Date.
Nominal Amount.....	Each Note has a nominal amount of SEK 1,250,000 and the minimum permissible investment in connection with the Note Issue was SEK 1,250,000.
Status and ranking of the Notes.....	The Notes are denominated in SEK. The Notes constitute direct, unsecured and subordinated debt liabilities of the Issuer and shall, as regards the right to receive periodic payments (to the extent not cancelled) or repayment of capital for Noteholders in the event of the insolvency, winding up or resolution process of the Issuer, rank: (a) *pari passu* without any preference among themselves; (b) *pari passu* with (i) any present or future liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation and (ii) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Notes; (c) senior to holders of all classes of the Issuer's shares in their capacity as such holders; and (d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, and (iii) any subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the Notes, including, for the avoidance of doubt, holders of notes which constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation.
Interest cancellation.....	Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and: (a) are subject to the Solvency Condition; (b) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; and (c) will be mandatorily cancelled to the extent so required by, or in accordance with, the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments. Following any cancellation of Interest as described above, the right

of the Noteholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.

Write-down upon a Trigger Event……...

If at any time a Trigger Event occurs the Issuer will irrevocably cancel any accrued and unpaid interest in respect of the Notes to (but excluding) the Write-Down Date (as defined below) in accordance with Clause 10 (*Interest and Interest Cancellation*) of the Terms and Conditions (including if payable on the Write-Down Date); and on the Write-Down Date (without any requirement for the consent or approval of the Noteholders), reduce the then Total Nominal Amount or the Issuer's payment obligation under the Notes in accordance with Clause 11.1 of the Terms and Conditions (such reduction a "**Write-Down**").

A Write-Down shall take place without delay on a date selected by the Issuer in consultation with the IFSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event. The IFSA may require that the period of one month referred to above is reduced in cases where it assesses that sufficient certainty on the required amount of the write-down is established or in cases where it assesses that an immediate write-down is needed.

A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Note shall be reduced to a certain percentage of the Nominal Amount and such Write-Down shall be made in accordance with the rules of the CSD and shall, under the Accounting Principles, generate items that qualify as CET1 Capital.

The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall equal the amount of a Write-Down that would restore the CET1 Ratio of the Issuer to at least 5.125 per cent., and the CET1 Ratio of the Issuer Consolidated Situation to at least 5.125 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Note corresponding to SEK 1.

A Write-Down in accordance with Clause 11.1 of the Terms and Conditions shall be made taking into account any preceding or imminent Write-Down or conversion of corresponding or similar loss absorbing instruments (if any) issued by the Issuer or any other member of the Issuer Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Notes). To the extent the Write-Down or conversion of any corresponding or similar loss absorbing instruments is not possible for any reason, this shall not in any event prevent a Write-Down of the Notes.

For the avoidance of doubt, the Nominal Amount of each Note shall, upon the Write-Down of the Total Nominal Amount described above, be written down on a pro rata basis.

A Write-Down may occur on more than one occasion and the Notes may be written down on more than one occasion. Any Write-Down shall not constitute an Acceleration Event.

For the purposes of determining whether a Trigger Event has

	occurred, the CET1 Ratio of the Issuer or the Issuer Consolidated Situation (as applicable) will be calculated based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the CET1 Ratios of the Issuer or the Issuer Consolidated Situation. The determination as to whether a Trigger Event has occurred shall be made by the Issuer, the IFSA or any agent appointed for such purposes by the IFSA and any such determination shall be binding on the Issuer and the Noteholders. "**Trigger Event**" means if, at any time, the CET1 Ratio of the Issuer or the Issuer Consolidated Situation, as calculated in accordance with the Applicable Capital Regulations, is less than 5.125 per cent., in each case as calculated in accordance with the Applicable Capital Regulations and as determined by the Issuer or the IFSA (or any agent appointed for such purpose by the IFSA).
Reinstatement of the Notes.....	Following a Write-Down, the Issuer may, at its absolute discretion, reinstate any portion of the principal of the Notes, subject to compliance with any maximum distribution limits set out in, and otherwise in accordance with, the Applicable Capital Regulations. Unless a reinstatement of the Nominal Amount of the Notes is permitted and possible in accordance with the rules of the CSD, reinstatement shall be made by way of issuing new Notes that qualify as Additional Tier 1 Capital to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the rules of the CSD.
Use of Proceeds.....	The proceeds from the issue of the Notes shall be used towards general corporate purposes of the Issuer.
Call Option	
Early redemption at the option of the Issuer	Subject to Clause 3.4 and Clause 12.8 (*Consent from the IFSA*) and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), the Issuer may redeem all (but not only some) of the Notes on: (a) any Business Day falling within the Initial Call Period; or (b) any Interest Payment Date falling after the Initial Call Period; in each case, at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest thereon.
Early Redemption due to a Clean-Up Event.....	If a Clean-Up Event has occurred and subject to Clause 12.8 (*Consent from the IFSA*), and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), the Issuer may redeem all (but not only some) of the Notes on any Interest Payment Date at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest thereon. "**Clean-Up Event**" means a situation where, at any time, seventy-five (75) per cent. or more of the aggregate Nominal Amount (determined, solely for these purposes, as though all outstanding Notes remain at their initial Nominal Amount) of the Notes have been purchased by the Issuer or any of its Subsidiaries and cancelled pursuant to these Terms and Conditions.

Redemption or purchase prior to fifth anniversary……	Subject to Clause 3.4 and Clause 12.8 (*Consent from the IFSA*) and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), the Issuer may redeem all (but not only some) of the Notes or may purchase any Notes outstanding at any time prior to the fifth anniversary of the Issue Date, provided that: (a) the Issuer has, before or at the same time as such redemption or repurchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the IFSA has permitted such action on the basis that it is beneficial from a prudential point of view and justified by exceptional circumstances; or (b) in the case of a purchase only, if the Notes are being repurchased solely for market-making purposes in accordance with Applicable Capital Regulations.
Call option.....	Subject to Clause 3.4 and Clause 12.8 *(Consent from the IFSA)* of the Term and Conditions and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), if a Capital Disqualification Event, a Tax Event or an Alignment Event has occurred, the Issuer may: (a) in the case of a Capital Disqualification Event (as defined below) or a Tax Event, redeem all, but not some only, of the outstanding Notes on any Interest Payment Date at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest thereon to (but excluding) the date fixed for redemption; or (b) substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, subject to them becoming or remaining, as applicable, Qualifying Capital Notes provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with this Clause 12.6 in relation to the Qualifying Capital Notes so substituted or varied.
Capital Disqualification Event ……..	The occurrence of, at any time on or after the Issue Date, a change (which has occurred or which the IFSA considers to be sufficiently certain) in the regulatory classification of the Notes that results or would be likely to result in the exclusion, wholly or partially, of Notes from the Additional Tier 1 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital, provided that: (a) the Issuer demonstrates to the satisfaction of the IFSA that such change was not reasonably foreseeable at the Issue Date; and (b) such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Capital Regulations.

Tax Event.....	The occurrence of or as a result of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, resulting in that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes, provided that the Issuer satisfies the IFSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date.
Miscellaneous	
Transfer restrictions.....	The Notes are freely transferable. Notwithstanding the foregoing, the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes under local laws to which a Noteholder may be subject. The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.
Admission to trading.....	Application for admission to trading of the Notes on the corporate bond list of Nasdaq Stockholm will be filed in connection with the SFSA's approval ofthis Prospectus. The earliest date for admitting the Notes to trading on Nasdaq Stockholm is on or about 10 June 2026. The total expenses of the admission to trading of the Notes are estimated to amount to approximately SEK 150,000.
Rating…….	The Notes have not been assigned any credit rating.
Agent.....	CSC (Sweden) AB, reg. no. 556625-5476, Sveavägen 9, 10th floor SE-111 57 Stockholm, Sweden, is acting as Agent for the Noteholders in relation to the Notes, and if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. An Agency Agreement was entered into between the Agent and the Issuer prior to the Issue Date regarding, among others, the remuneration payable to the Agent. The Agent Agreement is available at the Agent's office address (Sveavägen 9, 10th floor SE-111 57 Stockholm, Sweden). The rights and obligations of the Agent are set forth in the Terms and Conditions. The Terms and Conditions are available at the Agent's office address, Sveavägen 9, 10th floor SE-111 57 Stockholm, Sweden, during normal business hours as well as at the Agent's website, https://www.cscglobal.com/service/about/csc-office-locations/sweden/.
Clearing and settlement.....	The Notes are connected to the account-based system of Verdipapirsentralen ASA, Norwegian reg. no. 985 140 421, Postboks 1174 Sentrum, 0107, Oslo, Norway. This means that the Notes are registered on behalf of the Noteholders on their respective Securities Accounts. No physical Notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Verdipapirsentralen ASA's book-entrysystem.
Governing law of the Notes.....	Swedish law, save that Section 2 of the Terms and Conditions insofar relating to the subordination of the Notes, Section 3 of the Terms and Conditions insofar relating to the Solvency Condition and Section 15 of the Terms and Conditions insofar relating to set-off, shall be governed by, and construed in accordance with, the laws of Iceland.

Time-bar……..	The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.
Risk factors.....	Investing in the Notes involves substantial risks and prospective investors should refer to section "*Risk Factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.

THE GROUP AND ITS OPERATIONS

General information about Kvika banki

The Issuer

Under its Articles of Association, the Issuer's registered share capital amounts to ISK 4,330,000,000 and the number of shares 4,330,000,000. The shares are denominated in ISK and have a quota value of ISK 1.0. The Issuer has only one class of shares.

The Issuer's legal and commercial name is Kvika banki hf. The Issuer is a public limited company incorporated in Iceland on 7 May 2002. It is registered with the Register of Enterprises (*Fyrirtækjaskrá Skattsins*) in Iceland and bears the registration number 540502-2930 and Legal Entity Identifier Code 254900WR3I1Z9NPC7D84. The registered office of the Issuer is at Katrínartún 2, 105 Reykjavík, Iceland, and its telephone number is +354 540 3200.

The Issuer's website is www.kvika.is. The information on the website is not a part of this Prospectus, unless that information is incorporated by reference into this Prospectus.

History and development of the Issuer

The Issuer traces its roots back to 1999 when MP Verðbréf hf. was established. MP Verðbréf hf. was granted an investment banking license in Iceland in 2003 and a commercial banking license in Iceland. Following a period of investment banking consolidation, the entity was renamed Kvika banki hf. in 2015. In the last decade, the Issuer has continued to grow its operations through mergers, acquisitions and organic growth, establishing itself as a competitive challenger bank in the domestic market.

2017-2019: Asset management consolidation

Beginning in 2017, the Issuer led a consolidation of smaller domestic asset management operations through the acquisition of Virðing hf., Alda sjóðir hf. and GAMMA Capital Management hf. Each entity had limited assets under management while all maintaining the required infrastructure for asset and fund management operations, creating an opportunity for meaningful cost synergies and economies of scale. The consolidation concluded with a merger of the acquired entities with the Issuer's own asset management and private banking operations, together forming the new entity Kvika Asset Management which then became one of the largest asset and fund management companies in Iceland.

In March 2019, the Issuer's shares were admitted to trading on the Nasdaq Iceland Main Market.

2020-2022: Strengthening of lending operations

In 2019, the Issuer launched an online deposit platform, Auður, offering materially higher deposit rates for individuals. The platform quickly gained popularity and by its 12-month anniversary had significantly increased competition in the domestic deposit market and amassed a material amount of retail deposits. The deposit base marked a turning point in the Issuer's funding, which up to that point had mainly consisted of market funding such as bond and bill issuance and money market deposits, and enabled the Issuer to grow and expand its lending operations. In 2021, the Issuer, TM hf. and TM hf.'s subsidiary (Lykill fjármögnun hf. (Lykill)) merged under the name, legal identification number and registration number of the Issuer. As a result of the merger, the Issuer's balance sheet expanded significantly, with the Issuer taking over Lykill's vehicle financing operations and acquiring all subsidiaries of TM hf. (including TM tryggingar hf. (TM Insurance) which continued to operate as an insurance company post-merger but was sold by the Issuer to Landsbankinn hf. in February 2025). A key driving force and one of the largest successes of the tripartite merger was the operational and financial synergies gained through more efficient funding and management of the Lykill loan portfolio. In February 2022, the Group acquired a majority shareholding in Ortus Secured Finance Ltd (Ortus), a British alternative credit provider specialising in property backed lending to borrowers in the United Kingdom. The transaction is a good strategic fit and allows for significant diversification of the Group´s loan portfolio, as well as opportunities to generate synergies in terms of improved funding costs.

2023 onwards: Streamlining, rationalisation and internal growth

Following a period of significant external growth, the Issuer has in recent years placed increased significance on focusing its operations and streamlining through optimisation of banking infrastructure, stabilising and rationalising the cost base and increasing core banking product offerings. A key element of streamlining was represented by the decision to divest insurance subsidiary, TM Insurance, in order to focus fully on building up the banking business. The Issuer announced the divestment in October 2023, signed a sales agreement with Landsbankinn hf. in March 2024 and received final regulatory approval for the sale in February 2025 (at which point all conditions of the sales agreement were in place). Proceeds from the sale will be partially paid to

shareholders and partially used for loan book growth as the Issuer increases focus on banking-only activities through remaining business segments, deploying its increased banking capital towards increased lending to both corporates and retail clients.

2024: Divestment of TM Insurance

In March 2024, the Issuer signed a purchase agreement in which Landsbankinn hf. purchases 100 per cent. of TM Insurance's shares. The purchase price according to the purchase agreement was ISK 28.6 billion, to be adjusted for changes in TM Insurance's tangible equity from the beginning of the year 2024 to the completion date. The completion date of the transaction was 28 February 2025. The handover of the insurance company took place simultaneously, with Landsbankinn hf. paying the Issuer the agreed purchase price upon completion. The adjusted purchase price amounted to approximately ISK 32.3 billion.

Recent developments

In 2024, the Issuer announced the development of retail mortgages which were launched under the Auður brand in late Q2 2025, a core banking product that has not been a part of the Issuer's general product offering. The offering of mortgages, enabled by the increased capital retained from the divestment of TM Insurance, was well received in the market and should support further growth of the Issuer's balance sheet while decreasing its risk profile. In July 2025, the Issuer and Arion announced that their boards had signed a letter of intent to explore a merger between the two institutions. The proposed combination aimed to create a larger, more diversified financial group with complementary strengths across retail, corporate, and investment banking.

On 15 April 2026, the Issuer announced that the preliminary discussions with the Icelandic Competition Authority regarding the proposed merger with Arion banki hf. had concluded and that, in light of the position expressed by the Icelandic Competition Authority, the boards of directors of the Issuer and Arion banki hf. had concluded that the proposed merger could not proceed. The boards of directors of the Issuer and Arion banki hf. therefore decided to discontinue the merger plans announced on 6 July 2025.

Main activities of the Issuer

The Issuer, which is an Icelandic bank headquartered in Iceland, is licensed by the FSA to operate as a commercial bank under the Act on Financial Undertakings. Its primary market is Iceland though the Issuer has also established operations in the United Kingdom. The Issuer is listed on the Regulated Market of Nasdaq Iceland and as at 31 December 2025, it employs 250 full-time employees. The Issuer is a challenger bank, offering a wide but focused selection of financial products under a range of brands through a multi-brand strategy, targeting distinct customer needs through specialised brands. Each brand has a clear and unique identity corresponding to its product offering and target audience, which helps build brand loyalty and delivering more precise messaging. Each brand focuses on enhancing the customer journey specific to that product and target group with simple and clear value proposition and an emphasis on digital solutions (there is no branch network). Additionally, multiple brands can challenge competitors in different spaces. Each brand can compete against specific market players, boosting overall competitiveness. The Issuer's business lines are Asset Management, Commercial Banking, Investment Banking and UK.

Principal Activites

The Issuer defines four operating segments in its business, based on the same principles and structure as internal reporting to executive management and the Board, which comprise the Issuer's principal activities as performed by the Issuer or its subsidiaries.

Asset Management

The Issuer's asset management operations are mainly undertaken by its subsidiary, Kvika Asset Management. The segment offers the following services to clients:

Fund Management – Kvika Asset Management manages a broad range of funds including equity funds, bond funds and mixed funds, which are open for general investors. Furthermore, it offers various alternative investment funds for professional investors.

Private Banking – Private banking provides comprehensive financial and wealth management services to individuals and medium-sized companies. Within private banking, customers can choose between active management or investment advice, depending on their willingness to engage actively in investment decisions.

Institutional Investors – Kvika Asset Management offers comprehensive asset management and portfolio management services for institutional investors.

Private Equity – Kvika Asset Management is one of the most experienced managers of private equity funds in Iceland, having launched the first fund in February 2008. KES currently manages four equity funds, Auður I slf., Edda slhf., Freyja slhf. and Iðunn framtakssjóður slhf.

Commercial Banking

Commercial Banking can be divided into three main areas of operations: banking services, deposit and fintech operations, and vehicle and equipment lending under the brand Lykill.

Banking services – Commercial Banking offers a range of private banking services to companies, high net worth individuals and other market participants. The unit supports all business units with onboarding new customers, servicing existing customers with the relevant banking service or connecting customers to the suitable units or specialist within the Issuer.

Deposit and fintech operations – The Issuer accepts deposits and offers competitive interest rates, mainly through the online deposit platform Auður. Auður offers competitive deposit rates by automating processes and offering limited services and began offering retail mortgages in late Q2 2025. As Auður's online platform is based on self-service, nearly no contact with staff or physical offices is required. Similarly, the Issuer operates the online platform Framtíðin, which offers bridge and second lien mortgages to individual home buyers, as well as the "buy now-pay later" service Netgíró, and mobile payment platform Aur.

Lykill – Commercial Banking offers lease contracts and loans to individuals and companies to finance cars, heavy machinery and other equipment through its brand Lykill. Main products are car loans, hire purchase agreements and operating lease agreements.

Investment Banking

Investment Banking consists of three main areas of operation: Capital Markets, Corporate Finance and Corporate Lending.

Capital Markets – Capital Markets offers full-service brokerage in the Icelandic equity, fixed income and foreign exchange markets. Capital Markets offers professional advice and personal service designed to meet the needs of both retail and institutional customers, and seeks to deliver leading market insight and execution. Capital Markets trades in equity and fixed income in all products, securities, ETFs, swaps, options and other derivatives, equities, bonds and currency on all principal international markets.

Corporate Finance – Corporate Finance offers a wide range of value-adding investment banking services focused on acquisitions, divestments and mergers, valuation and transaction structuring, refinancing and restructuring, advisory, debt and capital raises, listings equities and initial public offerings, as well as various other balance sheet related advisory services, such as strategic reviews of securities and businesses.

Corporate Lending – Corporate Lending offers bespoke financing solutions, including project financing, portfolio financing, bridge lending and mezzanine lending. Emphasis is placed on short-term financing, where the maturity of loans generally does not exceed 24 months.

UK

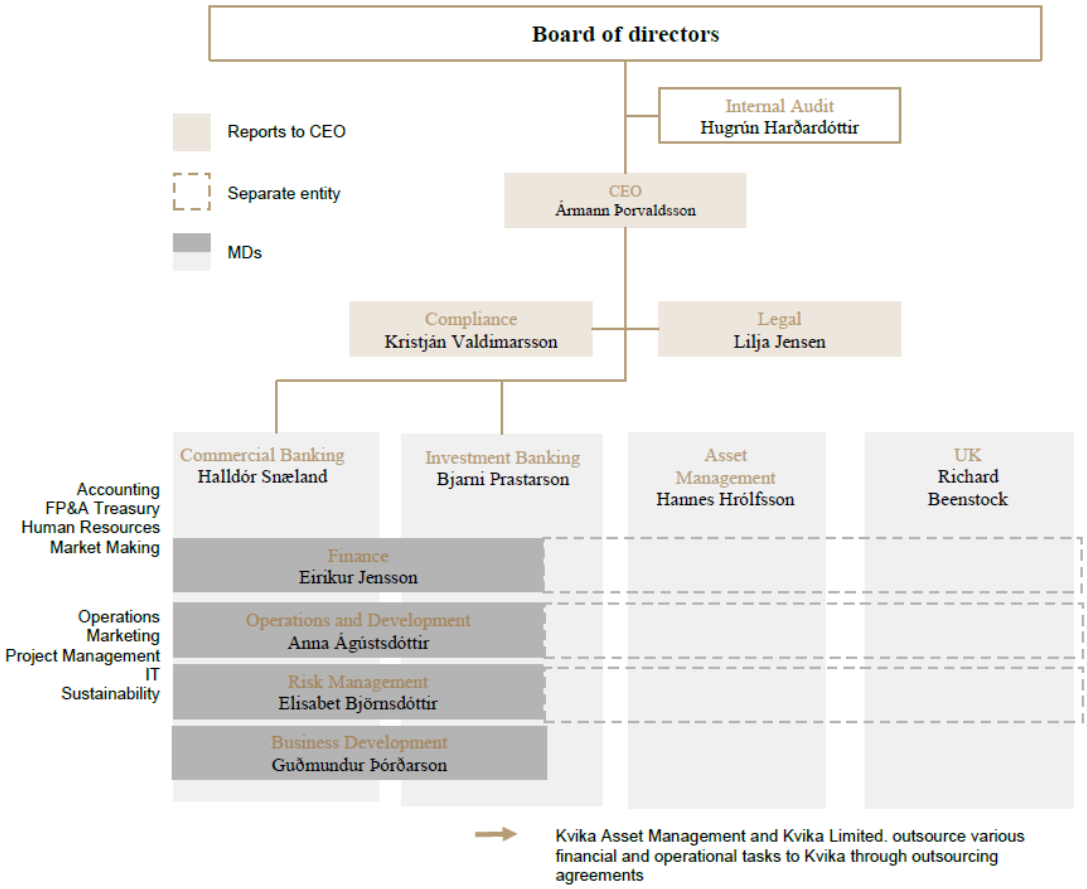
The Issuer’s UK operations are conducted through its subsidiary, Kvika Limited. The UK segment focuses primarily on short-term asset-backed lending, leveraging the Issuer’s expertise in structured lending and capital markets.

Lending - The segment’s activities are centred on asset-backed lending, with a particular focus on real estate-backed lending. The Issuer seeks to originate attractive risk-adjusted returns by combining local market expertise with disciplined underwriting standards and active portfolio management.

Private equity - In addition to lending activities, the UK segment is active in private equity investment and asset management. Kvika UK manages and advises on private equity investments on behalf of both the Issuer and third-party clients, including through its involvement in the Harpa fund and other investment mandates. Activities include sourcing, structuring and managing private equity investments, with an emphasis on disciplined investment selection and active oversight.

Legal structure of the Group

The Issuer's organisational chart can be seen below and includes two main business segments, Commercial Banking and Investment Banking. However, the Group in total comprises four reportable segments. The remaining two segments are operated through subsidiaries Kvika UK and Kvika Asset Management, as shown below.



The Issuer is the parent company of the Group and owns several subsidiaries. The main subsidiaries held directly or indirectly by the Group are listed in the table below as of the date of the Prospectus.

Company	Corporate registration number	Country of registration	Shares and votes (%)
Kvika banki hf.	**540502-2930**	**Iceland**	**Parent company**
GAMMA Capital Management hf.	530608-0690	Iceland	100%
Kvika eignastýring hf.	520506-1010	Iceland	100%
Skilum ehf.	460918-0730	Iceland	100%
Straumur greiðslumiðlun hf.	620922-1020	Iceland	100%
AC GP 3 ehf.	571212-3820	Iceland	85%
Kvika Limited	06801718	United Kingdom	100%
Ortus Secured Finance ltd.	08302793	United Kingdom	100%

The following subsidiaries have been classified by the Issuer as significant subsidiaries. Although their financial contributions to the Issuer vary, any reputational or other difficulties in their operations can also negatively affect the Issuer. The Issuer is therefore partially dependent on the successful operations of these subsidiaries.

Kvika Limited

Kvika UK is a UK subsidiary. The subsidiary is regulated in the United Kingdom by the FCA and is authorised to manage alternative investment funds and provide asset management and corporate finance services. Ortus Secured Finance Ltd., a non-regulated alternative credit provider specialising in property backed lending to UK based customers, is majority owned by Kvika UK.

Kvika eignastýring hf. (Kvika Asset Management)

Kvika Asset Management is an asset and fund management company. Kvika Asset Management is a UCITS

management company, licensed under the Act on Financial Undertakings and the Act on UCITS and holds a license to operate as manager of alternative investment funds in accordance with the provisions of Act No. 45/2020, on Alternative Investment Fund Managers. Additionally, Kvika Asset Management has an operating license under Act No. 161/2002, on Financial Undertakings, which also covers asset management, investment advice, custody and administration of unit shares of funds for collective investment, as well as the receipt and brokering of orders regarding financial instruments.

Major shareholders

The Issuer's shares are listed and publicly traded on Nasdaq Iceland. The Issuer's share capital consists of one class of shares and each issued share carries equal rights, in accordance with the Issuer's Articles of Association. The ISIN number of the Shares is IS0000020469. The shares' ticker symbol in the trading system of Nasdaq Iceland is KVIKA.

The Issuer had 2,690 shareholders as of 31 May 2026, none of whom hold more than 10 per cent. of total shares in the Issuer. Pursuant to the Act on Financial Undertakings, the Issuer is obliged to specify on its website the names and proportional holdings of all parties, and beneficial owners, owning more than 1 per cent. of total share capital in the Issuer at any given time. The Issuer is not aware of any individual shareholder or group of connected shareholders who directly or indirectly control the Issuer.

In the table below, all shareholders holding five percent or more of the shares and votes in the Issuer is presented.

Shareholder	Number of shares and votes	Percentage of shares and votes	Verified
The Pension Fund of Commerce	390,083,679	9.01%	2026-05-31
Gildi Pension Fund	363,879,756	8.40%	2026-05-31
Birta Pension Fund	357,945,922	8.27%	2026-05-31
The Pension Fund for State Employees – Division A	338,012,313	7.81%	2026-05-31
Almenni-Lífsverk Pension Fund	238,896,173	5.52%	2026-05-31
Stoðir hf.	235,000,000	5.43%	2026-05-31

Relevant legislation

Kvika banki is a financial company and operates in accordance with relevant regulations in the field of financial markets, which frame its governance. The main laws that apply to the Issuer's operations are the Act on Financial Undertakings no. 161/2002 ("**Act on Financial Undertakings**"), the Act on Recovery and Resolution of Credit Institutions and Investment Firms no. 70/2020 ("**Resolution Act**"), the Act on Markets for Financial Instruments no. 115/2021, the Act on Payment Services no. 120/2011, the Act on Measures against Money Laundering and the Financing of Terrorist Activities no. 140/2018, the Act on Mortgage Credit to Consumers no. 118/2016, the Act on Consumer Credit no. 33/2013, the Act on Competition no. 44/2005 and the Act on Public Limited Companies no. 2/1995, which along with the Kvika banki's Articles of Association lay the foundation for the Issuer's existence and activities. The Issuer is authorised to provide all financial services stipulated in the Financial Undertakings Act. Its activities are under the supervision of the Icelandic FSA.

The Issuer's capital management framework is based on CRD IV, which is an EU legislative package consisting of Directive 2013/36/EU of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time and Regulation 575/2013/EU ("**CRR**"). The implementation of the CRD IV framework into Icelandic law has involved numerous amendments of the Act of Financial Undertakings.

The CRR was implemented into Icelandic law by the entry into force of Regulation No. 233/2017 on 6 March 2017, although Articles 500 and 501 of CRR, the latter one stipulating capital requirements deduction for credit risk on exposures to SMEs, came into effect on 1 January 2020 following the incorporation of CRR into the EEA Agreement.

On 11 May 2021, the Parliament enacted an amendment to the Act on Financial Undertakings. The most notable amendments enable the Minister to implement Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 ("**CRR II**") and EU Regulation 2019/630 amending CRR. Moreover, the amendments enabled the Central Bank of Iceland to implement related secondary EU legislation based on technical standards, which have already been incorporated into the EEA Agreement. Those amendments entered into force on 28 June 2021.

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force. The purpose of the BRRD is to equip the relevant regulatory authorities with a range of powers so that they may intervene in an ailing or distressed entity so as to ensure its continuity and minimise any potential impact on the economy and financial system.

BRRD has been implemented into Icelandic law by means of a combination of legislative acts. First, the passage of Act No. 54/2018, amending the Act on Financial Undertakings, implemented the BRRD provisions focusing on recovery plans and timely intervention to prevent an economic shock to financial institutions operating in Iceland.

Second, the enactment of the Resolution Act further amended the Act on Financial Undertakings and implemented the parts of the BRRD that provide for the resolution process, from preventive measures and preparation, to decision-making and the implementation of each resolution. Under the Resolution Act, the Central Bank of Iceland possesses powers of resolution and can take action and prepare and execute resolution procedures on behalf of credit institutions and investment firms.

On 4 May 2021, the Parliament passed a bill that implements Directive 2017/2399/EU with regard to the position of unsecured debt instruments in the insolvency hierarchy and amends the Resolution Act accordingly. The Act further implemented conformation amendments to the Act on Financial Undertakings and the Deposit Insurance Act.

In addition, following the publication on 7 June 2019 in the Official Journal of the EU of (i) the Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 amending the BRRD (the "**BRRD II**") as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC and (ii) the Regulation (EU) 2019/877, of the European Parliament and of the Council dated 20 May 2019, amending the Single Resolution Mechanism Regulation, as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, a comprehensive legislative package has been produced which intends to reduce risks in the banking sector and the financial system, reinforce the ability of banks to withstand potential shocks and strengthen the banking union from 28 December 2020. On 28 June 2022, the Parliament passed a bill, amending the Act on Financial Undertakings implementing the remaining features of CRD IV, Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU ("**CRD V**") and CRR II into Icelandic legislation. Moreover, the bill implemented some provisions of the BRRD II in order to enable full implementation of the CRR II. BRRD II was incorporated into the EEA Agreement by EEA Joint Committee Decision No 145/2022 and implemented into Icelandic law with Act No. 63/2023, amending the Resolution Act. However, some technical provisions of the BRRD II were not brought into effect with Act No. 63/2023. On 13 June 2024, Regulation on the Minimum Requirements for Own Funds and Eligible Liabilities No. 700/2024 was published in the Official Journal of Iceland. With the entry into force, the implementation of the BRRD II has been finalised in Iceland.

In addition to laws and official regulations, the Issuer has a number of internal governing documents that govern the day-to-day management of the Issuer. These are adopted by the board of directors or the CEO and include, *inter alia*, rules of procedures for the board of directors, instructions for the CEO, complaints management policy, remuneration policy and governance and risk-related policies.

Material adverse changes, significant changes and recent events particular to the Issuer

There has been no material adverse change in the prospects of the Issuer since 31 December 2025, being the date of the latest audited financial information of the Group.

There has been no significant change in the financial performance or financial position of the Group since 31 March 2026, being the end of the last financial period for which financial information has been published to the date of the Prospectus, nor have any events occurred that could have a material adverse effect on the Issuer's solvency.

On 26 March 2026, the Issuer announced that the reduction of its share capital by cancellation of 301,000,000 treasury shares approved at the annual general meeting held on 18 March 2026 had been registered, reducing the Issuer's share capital from ISK 4,631,000,000 to ISK 4,330,000,000.

In July 2025, the Issuer and Arion announced that their boards had signed a letter of intent to explore a merger between the two institutions. The proposed combination aimed to create a larger, more diversified financial group with complementary strengths across retail, corporate, and investment banking.

On 15 April 2026, the Issuer announced that the preliminary discussions with the Icelandic Competition Authority regarding the proposed merger with Arion banki hf. had concluded and that, in light of the position expressed by the Icelandic Competition Authority, the boards of directors of the Issuer and Arion banki hf. had concluded that the proposed merger could not proceed. The boards of directors of the Issuer and Arion banki

hf. therefore decided to discontinue the merger plans announced on 6 July 2025.

On 8 May 2026, the Issuer announced that its board of directors had proposed a special dividend of ISK 2.35 per share, corresponding to just over ISK 10 billion, which was approved at the shareholders' meeting held on 4 June 2026. The Issuer also stated that, if conditions permit, it aims to repurchase own shares for up to ISK 4 billion later in the year.

Current disputes

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Material agreements

The Issuer has not concluded any material agreement outside of its ordinary course of business which may materially affect the Issuer's ability to fulfil its obligations under issued Notes.

Credit rating

As of the date of this Prospectus, the Issuer has been assigned a long-term issuer rating of Baa2 by Moody's Investors Service Limited ("Moody's"). The rating Moody's has given in relation to the Issuer is endorsed by Moody's Deutschland GmbH. Moody's Deutschland GmbH is established in the EU and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the **CRA Regulation**).

Shareholders' Agreements

As far as the Issuer is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Issuer.

Board of directors

The board of directors of the Issuer consists of five non-executive directors, and two alternates, all of whom are elected by the Annual General Meeting for a term up until the next Annual General Meeting. The table below sets out the name and current position of each board member.

Name	Position	Appointed
Sigurður Hannesson	Chairman	2020
Helga Kristín Auðunsdóttir	Deputy Chairperson	2021
Guðjón Reynisson	Member	2018
Ingunn Svala Leifsdóttir	Member	2021
Páll Harðarson	Member	2025
Kolbrún Jónsdóttir	Alternate	2025
Thomas Skov Jensen	Alternate	2025

Sigurður Hannesson
Board member and Chairman of the board since March 2020.
Other relevant ongoing assignments outside the Group: Director General of the Federation of Icelandic Industries and member of the Board of Directors of Iceland Symphony Orchestra, University of Reykjavik, Sundaboginn slhf., Seapool ehf., BBL 39 ehf. and the Icelandic Cancer Society.

Helga Kristín Auðunsdóttir
Board member and deputy Chairperson since April 2021.
Other relevant ongoing assignments outside the Group: Director of Legal Education at the Department of Law at Reykjavík University.

Guðjón Reynisson
Board member since March 2018
Other relevant ongoing assignments outside the Group: Member of the Board of Directors of Festi hf. since 2014, of Securitas hf. since 2018 and of Dropp ehf. since 2020. In 2024 Guðjón also took seat on the board of the private equity fund Harpa Capital Partners II.

Ingunn Svala Leifsdóttir
Board member since September 2021.
Other relevant ongoing assignments outside the Group: Chief Executive Officer at Olís.

Páll Harðarson
Board member since March 2025.
Other relevant ongoing assignments outside the Group: None.

Kolbrún Jónsdóttir
Alternate board member since March 2025.
Other relevant ongoing assignments outside the Group: None.

Thomas Skov Jensen
Alternate board member since March 2025.
Other relevant ongoing assignments outside the Group: Managing Director of Construction Services and board member of the company's Executive Board at Ístak**.** He has served on the Audit Committee of Birta Pension Fund since 2024.

CEO and the Executive Committee

Name	Position
Ármann Þorvaldsson	Chief Executive Officer
Eiríkur Jensson	Chief Financial Officer
Guðmundur Þórðarson	Managing Director of Business Development
Anna Rut Ágústsdóttir	Managing Director of Operations and Development and Deputy Chief Executive Officer
Lilja Jensen	General Counsel
Elísabet Björnsdóttir	Managing Director of Risk Management
Bjarni Eyvinds Þrastarson	Managing Director of Investment Banking
Halldór Snæland	Managing Director of Commercial Banking
Hannes Frímann Hrólfsson	CEO of Kvika Asset Management

Ármann Þorvaldsson
Chief Executive Officer since August 2023.
Other relevant ongoing assignments outside the Group: None.

Eiríkur Jensson
Chief Financial Officer since December 2022.
Other relevant ongoing assignments outside the Group: None.

Guðmundur Þórðarson
Managing Director of Business Development since September 2024.
Other relevant ongoing assignments outside the Group: None.

Anna Rut Ágústsdóttir
Managing Director of Operations and Development since April 2022 and Deputy Chief Executive Officer since January 2026.
Other relevant ongoing assignments outside the Group: None.

Lilja Jensen
General Counsel since 2015.
Other relevant ongoing assignments outside the Group: None.

Elísabet Björnsdóttir
Managing Director of Risk Management since October 2023.
Other relevant ongoing assignments outside the Group: None.

Bjarni Eyvinds Þrastarson
Managing Director of Investment Banking since 2010.
Other relevant ongoing assignments outside the Group: None.

Halldór Snæland
Managing Director of Commercial Banking since February 2024.
Other relevant ongoing assignments outside the Group: None.

Hannes Frímann Hrólfsson
CEO of Kvika Asset Management since September 2019.
Other relevant ongoing assignments outside the Group: None.

Additional information on the board and the Executive Committee

Business address

The office address of the board of directors and the Executive Committee is the registered office of the Issuer.

Conflicts of interest

As far as the Issuer is aware, there are no conflicts of interest, or potential conflicts of interest, between the duties of the members of the board of directors and the Executive Committee toward Kvika banki and their private interests and/or other duties. However, several members of the board of directors and the Executive Committee have financial interests in the Issuer as a consequence of their current or future direct or indirect holdings of shares in the Issuer.

Auditors

The consolidated financial statements as of and for the year ended 31 December 2025 were audited by Deloitte ehf., Dalvegur 30, 201 Kópavogur, Iceland. Guðmundur Ingólfsson was the Issuer's auditor on behalf of Deloitte ehf. She is a member of the Institute of State Authorized Public Accountants in Iceland. The consolidated financial statements as of and for the year ended 31 December 2024 were audited by Deloitte ehf., Dalvegur 30, 201 Kópavogur, Iceland. Guðmundur Ingólfsson was the Issuer's auditor on behalf of Deloitte ehf. Deloitte ehf. has been the Issuer's audit firm since it was elected at the Issuer's annual general meeting in March 2016.

SUPPLEMENTARY INFORMATION

Incorporation by reference

The following information has been incorporated into this Prospectus by reference and should be read as part of this Prospectus:

The Issuer's annual report for 2024 ***(https://kvika.cdn.prismic.io/kvika/Z6yzMpbqstJ9-h3f_Kvika-ConsolidatedFinancialStatements31.12.2024.pdf)***	as regards the audited consolidated financial information and the audit report page 10 for consolidated income statement, page 12 for consolidated statement of financial position, page 15 for consolidated statement of cash flows, page 13 for consolidated statement of changes in equity, pages 16-76 for notes and pages 7-9 for the audit report.
The Issuer's annual report for 2025 ***(https://kvika.cdn.prismic.io/kvika/aYy0td0YXLCxVsk8_kvika-consolidated-financial-statements-31-12-2025.pdf)***	as regards the audited consolidated financial information and the audit report page 10 for consolidated income statement, page 12 for consolidated statement of financial position, page 15 for consolidated statement of cash flows, page 13-14 for consolidated statement of changes in equity, pages 16-74 for notes and pages 7-9 for the audit report.
The Issuer's interim report for the period 1 January – 31 March 2026 ***(https://kvika.cdn.prismic.io/kvika/agNIUaYofJOwHlrT_Kvika-CondensedInterimConsolidatedFinancialStatements31.03.2026.pdf)***	as regards the unaudited condensed interim consolidated financial information page 4 for condensed interim consolidated income statement, page 6 for condensed interim consolidated statement of financial position, pages 7-8 for condensed interim consolidated statement of changes in equity, page 9 for condensed interim consolidated statement of cash flows and pages 10-46 for notes.

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in the Notes or is covered elsewhere in the Prospectus.

The consolidated financial statements included in the Issuer's annual reports for 2024 and 2025 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The condensed interim consolidated financial statements for the period 1 January – 31 March 2026 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. In addition, the Group applies additional requirements in the Icelandic Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002 and rules on accounting for credit institutions no. 834/2003, where applicable.

Documents available

Copies of the following documents can be obtained from the Issuer in paper format upon request during the validity period of this Prospectus at Kvika banki's head office, and are also available in electronic format at the Issuer's website https://kvika.is/en/investor-information/.

- The Issuer's Certificate of Registration and Articles of Association
- The Group's consolidated audited annual report for the financial year ended 31 December 2024, including the applicable audit report
- The Group's consolidated audited annual report for the financial year ended 31 December 2025, including the applicable audit report
- The Group's condensed interim consolidated financial statements for the period 1 January – 31 March 2026

- This Prospectus
- The Terms and Conditions for the Notes

Certain material interests

Nordea Bank Abp and Swedbank AB (publ) (the "**Joint Lead Managers**") have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Joint Lead Managers having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

TERMS AND CONDITIONS

Kvika banki hf.

SEK 300,000,000

Floating Rate Additional Tier 1 Notes

ISIN: NO0013741678

LEI: 254900WR3I1Z9NPC7D84

Issue Date: 29 April 2026

SELLING RESTRICTIONS

No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.

PRIVACY NOTICE

The Issuer, the Agent and the Paying Agent may collect and process personal data relating to the Noteholders, the Noteholders' representatives or agents, and other persons nominated to act on behalf of the Noteholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Notes). The personal data relating to the Noteholders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.

The personal data collected will be processed by the Issuer, the Agent and the Paying Agent for the following purposes

(a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;

(b) to manage the administration of the Notes and payments under the Notes;

(c) to enable the Noteholders to exercise their rights under the Finance Documents; and

(d) to comply with their obligations under applicable laws and regulations;

The processing of personal data by the Issuer, the Agent and the Paying Agent in relation to items (a) to (c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Agent or the Paying Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have the right to get access to their personal data and may request the same in writing at the address of the Issuer, the Agent and the Paying Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format.

Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Agent's and the Paying Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites www.kvika.is, www.cscglobal.com/service/privacy/ and www.nordea.se.

TABLE OF CONTENTS

TERMS AND CONDITIONS

1 DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Acceleration Event**" has the meaning ascribed to it in Clause 15 (*Acceleration of the Notes*).

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator (No. *Kontofører)* with Verdipapirsentralen ASA, and through which a Noteholder has opened a Securities Account in respect of its Notes.

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC as implemented into Icelandic law by Act No 3/2006 on annual accounts (or as otherwise adopted or amended from time to time) as applied by the Issuer.

"**Additional Tier 1 Capital**" means additional tier 1 capital as defined in Chapter 3 of Title I of Part Two of the CRR and/or any other Applicable Capital Regulations.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Notes owned by a Group Company or an Affiliate, in each case irrespective of whether such Person is directly registered as owner of such Notes.

"**Affiliate**" means:

(a) an entity controlling or under common control with the Issuer, other than a Group Company; and/or

(b) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in paragraph (a) above to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in paragraph (a) above.

For the purposes of this definition, "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

"**Agency Agreement**" means any agency agreement entered into on or prior to the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

"**Agent**" means the Noteholders' agent under these Terms and Conditions from time to time; initially CSC (Sweden) AB, reg. no. 556625-5476.

"**Alignment Event**" means at any time after the Issue Date, a change in the Applicable Capital Regulations which permit instruments of the Issuer with New Terms to be treated as Additional Tier 1 Capital.

"**Applicable Capital Regulations**" means at any time the laws, regulations, directives, requirements, guidelines and policies relating to capital adequacy (including resolution) which from time to time are applicable to the Issuer or the Issuer Consolidated Situation, including, without limiting the generality of the foregoing, the CRD and any delegated act adopted by the European Commission thereunder, as well as the legal acts, regulations, requirements, guidelines, regulatory technical standards and policies relating to capital adequacy as then applied in Iceland by the IFSA and/or any successor (whether or not such requirements, guidelines, regulatory technical standards or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Issuer Consolidated Situation).

"**Base Rate**" means STIBOR or any reference rate replacing STIBOR in accordance with Clause 20 (*Replacement of Base Rate*).

"**Base Rate Administrator**" means the Swedish Financial Benchmark Facility AB (SFBF) or any person replacing SFBF as administrator of the relevant Base Rate.

"**Business Day**" means a day in Sweden or Iceland other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business.

"**Business Day Convention**" means the first following day that is a CSD Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a CSD Business Day.

"**Capital Disqualification Event**" means, at any time on or after the Issue Date, there is a change (which has occurred or which the IFSA considers to be sufficiently certain) in the regulatory classification of the Notes that results or would be likely to result in the exclusion, wholly or partially, of Notes from the Additional Tier 1 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital, provided that:

(a) the Issuer demonstrates to the satisfaction of the IFSA that such change was not reasonably foreseeable at the Issue Date; and

(b) such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Capital Regulations.

"**CET1 Capital**" means common equity tier 1 capital of the Issuer or the Issuer Consolidated Situation, respectively, as calculated by the Issuer in accordance with Chapter 2 of Title II of Part Two of the CRR and/or any other Applicable Capital Regulations at such time.

"**CET1 Ratio**" means, at any time:

(a) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer at such time divided by the Risk Exposure Amount of the Issuer at such time; and

(b) in relation to the Issuer Consolidated Situation, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer

Consolidated Situation at such time divided by the Risk Exposure Amount of the Issuer Consolidated Situation at such time,

in each case as calculated by the Issuer in accordance with the CRD requirements and any applicable transitional arrangements under the Applicable Capital Regulations.

"**Clean-Up Event**" means a situation where, at any time, seventy-five (75) per cent. or more of the aggregate Nominal Amount (determined, solely for these purposes, as though all outstanding Notes remain at their initial Nominal Amount) of the Notes have been purchased by the Issuer or any of its Subsidiaries and cancelled pursuant to these Terms and Conditions.

"**CRD**" means the legislative package consisting of:

(a) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended by Directive 2019/878/EU of the European Parliament and of the Council of 20 May 2019 as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;

(b) the CRR; and

(c) any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the foregoing which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the IFSA and guidelines issued by the IFSA, the European Banking Authority (EBA) or any other relevant authority, which are applicable to the Issuer or the Group, as applicable,

in each case as the same may be amended or replaced from time to time.

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Notes, initially Verdipapirsentralen ASA, Norwegian reg. no. 985 140 421, Postboks 1174 Sentrum, 0107, Oslo, Norway, or another party replacing it, as CSD, in accordance with these Terms and Conditions.

"**CSD Business Day**" means a day on which the relevant CSD settlement system is open and the relevant currency's clearing and settlement system is open.

"**CSD Regulations**" means the CSD's rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

"**Debt Register**" means the debt register kept by the CSD in respect of the Notes in which a Noteholder is registered.

"**Distributable Item**" shall have the meaning given to such term in CRD interpreted and applied in accordance with the Applicable Capital Regulations.

"**Finance Documents**" means the Terms and Conditions and any other document designated to be a Finance Document by the Issuer and the Agent acting on behalf of the Noteholders.

"**Financial Instruments Accounts Act**" means the Norwegian Financial Instruments Accounts Act (lov (2019:6) om verdipapirsentraler og verdipapiroppgjør mv.).

"**First Call Date**" means the Interest Payment Date falling on or immediately after the fifth (5^{th}) anniversary of the Issue Date, being 29 April 2031.

"**Force Majeure Event**" has the meaning set forth in Clause 27.1.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Group Company**" means each of the Issuer and any of its Subsidiaries.

"**IFSA**" means the Financial Supervisory Authority of the Central Bank of Iceland (Icel. *Fjármálaeftirlit Seðlabanka Íslands*) or such other governmental authority in Iceland having primary banking supervisory authority with respect to the Issuer or any relevant resolution authority or, if the Issuer becomes subject to primary bank supervision in a jurisdiction other than Iceland, the relevant governmental authority in such other jurisdiction having primary banking supervisory authority with respect to the Issuer.

"**Initial Call Period**" means the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months from the First Call Date.

"**Insolvent**" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 6-9 of the Swedish Bankruptcy Act (Sw. *konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Noteholders and creditors of secured debt) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (Sw. *lag (2022:964) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"**Interest**" means the interest on the Notes calculated in accordance with Clauses 10.1 to 10.1.3.

"**Interest Payment Date**" means 29 January, 29 April, 29 July, and 29 October of each year, or, to the extent such day is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 29 July 2026 and the last Interest Payment Date shall be the relevant Redemption Date.

"**Interest Period**" means (i) in respect of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and (ii) in respect

of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (or a longer or shorter period if relevant).

"**Interest Rate**" means the Base Rate *plus* 4.25 per cent. *per annum* as adjusted by any application of Clause 20 (*Replacement of Base Rate*).

"**Issue Date**" means 29 April 2026.

"**Issuer**" means Kvika banki hf., a limited liability financial undertaking established under the laws of the Republic of Iceland with reg. no. 540502-2930.

"**Issuer Consolidated Situation**" means the Issuer and those entities (if any) which from time to time are part of the Issuer's prudential consolidated situation, as such term is used in the Applicable Capital Regulations, from time to time.

"**Manager**" means Nordea Bank Abp, incorporated in Finland with reg. no. 858394-9.

"**Nasdaq Stockholm**" means the Regulated Market of Nasdaq Stockholm AB, reg. no. 556420-8394, SE-105 78 Stockholm, Sweden.

"**New Terms**" means, at any time, any terms and conditions of a capital instrument issued by the Issuer that are different in any respect from the terms and conditions of the Notes at such time.

"**Nominal Amount**" has the meaning set forth in Clause 3.4 (as adjusted by any Write-Down and reinstatement made pursuant to Clause 11 (*Loss Absorption and Discretionary Reinstatement)*).

"**Note**" means a debt instrument denominated in SEK and which is governed by and issued under these Terms and Conditions.

"**Note Issue**" has the meaning set forth in Clause 3.5.

"**Noteholder**" means the person who is registered on a Securities Account as direct registered owner (Sw. *direktregistrerad ägare*) or nominee (Sw. *förvaltare*) with respect to a Note.

"**Noteholders' Meeting**" means a meeting among the Noteholders held in accordance with Clauses 18.1 (*Request for a decision*), 18.2 (*Convening of Noteholders' Meeting*) and 18.4 (*Majority, quorum and other provisions*).

"**Paying Agent**" means the paying agent under these Terms and Conditions from time to time; initially Nordea Bank Abp, filial i Norge, reg. no. 920 058 817, Essendrops gate 7, N-0368 Oslo, Norway.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

"**Qualifying Capital Notes**" means securities issued directly by the Issuer following a substitution or variation of the Notes in accordance with Clause 12.6(b) that have terms not materially less favourable to investors, certified by the Issuer acting reasonably (having consulted with an independent investment bank or independent financial adviser of

international standing), than the terms of the Notes (immediately prior to the relevant substitution or variation), provided that they:

(a) include a ranking at least equal to that of the Notes;

(b) have at least the same Interest Rate and the same Interest Payment Dates as those applying to the Notes;

(c) have the same redemption rights as the Notes (including the same call dates as the Notes);

(d) preserve any existing rights under the Notes to any accrued interest which has not been paid but which has not been cancelled in respect of the period from (and including) the Interest Payment Date last preceding the date of the relevant substitution or variation of the Notes;

(e) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes (if any) immediately prior to the relevant substitution or variation of the Notes;

(f) in respect of an Alignment Event only, do not include any higher trigger levels, additional interest cancellation events or additional write-down triggers; and

(g) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Capital Regulations.

If the Notes were admitted to trading and listed on a Regulated Market immediately prior to the relevant substitution or variation, the Issuer shall use reasonable efforts to ensure that the relevant Qualifying Capital Notes are admitted to trading and listed on a Regulated Market within thirty (30) days from their issuance (noting that no investor in the relevant Qualifying Capital Notes (or its representative) has the right to accelerate the relevant Qualifying Capital Notes or otherwise request a prepayment or redemption of the relevant Qualifying Capital Notes upon a failure to admit the relevant Qualifying Capital Notes to trading).

"**Quotation Day**" means:

(a) in relation to an Interest Period for which an Interest Rate is to be determined, two (2) CSD Business Days before the immediately preceding Interest Payment Date (or, in respect of the first Interest Period, two (2) CSD Business Days before the Issue Date); or

(b) in relation to any other period for which an Interest Rate is to be determined, two (2) CSD Business Days before the first day of that period.

"**Record Date**" means in relation to any payments pursuant to these Terms and Conditions, the date designated as the Record Date in accordance with the CSD Regulations from time to time.

"**Redemption Date**" means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Notes*).

"**Reference Banks**" means leading banks in the Stockholm interbank market reasonably selected by the Agent.

"**Regulated Market**" means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments).

"**Relevant Jurisdiction**" means Iceland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof having power to tax which the Issuer becomes subject to in respect of payments made by it of principal and/or interest on the Notes.

"**Risk Exposure Amount**" means, at any time, with respect to the Issuer or the Issuer Consolidated Situation (as the case may be), the aggregate amount of the risk weighted assets (or any equivalent or successor term) of the Issuer or the Issuer Consolidated Situation, respectively, calculated in accordance with the Applicable Capital Regulations at such time. For the purposes of this definition, the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as calculated, in accordance with the Applicable Capital Regulations applicable to the Issuer and the Issuer Consolidated Situation.

"**Securities Account**" means the account for dematerialised securities maintained by the CSD in which (i) an owner of such securities is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

"**Security**" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"**SEK**" means the lawful currency of Sweden.

"**Solvency Condition**" has the meaning given to it in Clause 3.4.

"**STIBOR**" means:

(a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for SEK and for a period equal to the relevant Interest Period, as published by the Base Rate Administrator for SEK as of or around 11.00 a.m. on the Quotation Day;

(b) if no rate as described in paragraph (a) is available for the relevant Interest Period, the rate determined by the Agent by linear interpolation between the two closest rates for STIBOR fixing (rounded upwards to four decimal places), as published by the Base Rate Administrator as of or around 11.00 a.m. on the Quotation Day for SEK;

(c) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period, the arithmetic mean of the Stockholm interbank offered rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks for deposits of SEK 100,000,000 for the relevant period; or

(d) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Agent best reflects the

interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period.

"**Subsidiary**" means, in relation to any Person, any Swedish or foreign legal entity (whether incorporated or not), in respect of which such Person, directly or indirectly:

(a) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;

(b) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners;

(c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body; or

(d) exercises control as determined in accordance with the Accounting Principles.

"**Tax Event**" means, as a result of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, resulting in that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes, provided that the Issuer satisfies the IFSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date.

"**Tier 2 Capital**" means tier 2 capital as defined in Part Two, Title 1, Chapter 4 of the CRR and/or any other Applicable Capital Regulations.

"**Total Nominal Amount**" means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

"**Trigger Event**" means if, at any time, the CET1 Ratio of the Issuer or the Issuer Consolidated Situation, as calculated in accordance with the Applicable Capital Regulations, is less than 5.125 per cent., in each case as calculated in accordance with the Applicable Capital Regulations and as determined by the Issuer or the IFSA (or any agent appointed for such purpose by the IFSA).

"**Write-Down**" has the meaning set forth in Clause 11.1.1.

"**Written Procedure**" means the written or electronic procedure for decision making among the Noteholders in accordance with Clauses 18.1 (*Request for a decision*), 18.3 (*Instigation of Written Procedure*) and 18.4 (*Majority, quorum and other provisions*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

(a) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

(b) a time of day is a reference to Stockholm time;

(c) a "**regulation**" includes any law, regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department; and

(d) a provision of regulation is a reference to that provision as amended or re-enacted.

1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken on a specific day, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public promptly and in a non-discriminatory manner.

1.2.4 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

1.2.5 The selling and distribution restrictions, the privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Noteholders and the Agent.

2 STATUS AND RANKING OF THE NOTES

2.1 The Notes are intended to constitute Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation. The Notes will constitute direct, unsecured and subordinated debt liabilities of the Issuer and shall, as regards the right to receive periodic payments (to the extent not cancelled) or repayment of capital for Noteholders in the event of the insolvency, winding up or resolution process of the Issuer, rank:

(a) *pari passu* without any preference among themselves;

(b) *pari passu* with (i) any present or future liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation and (ii) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Notes;

(c) senior to holders of all classes of the Issuer's shares in their capacity as such holders; and

(d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, and (iii) any subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the Notes, including, for the avoidance of doubt, holders of notes which constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation.

2.2 The Issuer reserves the right to issue further Additional Tier 1 Capital and other subordinated notes and obligations in the future, which may rank *pari passu* with the Notes as well as any

capital instruments of the Issuer which may rank junior to the Notes, or any capital instruments which may rank senior to the Notes.

3 THE AMOUNT OF THE NOTES AND UNDERTAKING TO MAKE PAYMENTS

3.1 The Notes are denominated in SEK, and each Note is constituted by these Terms and Conditions. Subject to these Terms and Conditions, the Issuer undertakes to repay the Notes, to pay Interest and to otherwise act in accordance with and comply with these Terms and Conditions.

3.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes each subsequent Noteholder confirms such agreement.

3.3 Each Noteholder acknowledges and accepts that any liability of the Issuer towards a Noteholder under the Notes may be subject to bail-in action, including conversion or write-down, in accordance with Directive 2014/59/EU and/or Icelandic act no. 70/2020 establishing a framework for the recovery and resolution of credit institutions and investment firms as amended or replaced from time to time.

3.4 Except in a winding-up or resolution process, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Notes are, in addition to the right or obligation of the Issuer to cancel payments of interest under Clause 10.2, conditional upon the Issuer being solvent and not in breach of any Applicable Capital Regulations at the time of payment by the Issuer and no principal, interest or any other amount shall be due and payable in respect of, or arising from, the Notes except to the extent that the Issuer could make such payment and still be solvent and in compliance with Applicable Capital Regulations immediately thereafter (the "**Solvency Condition**"). For the purposes of this Clause 3.4, the Issuer shall be considered to be solvent if (i) it is able to pay its debts owed to its senior creditors as they fall due and (ii) its assets exceed its liabilities. Any payment of interest not due by reason of this Clause 3.4 shall not be or become payable at any time and shall be cancelled as provided in Clause 10.2.

3.5 The aggregate amount of the note loans will be an amount of SEK 300,000,000 (the "**Note Issue**") which will be represented by Notes, with each Note being in a nominal amount of SEK 1,250,000, or in each case full multiples thereof (the "**Nominal Amount**"). The Nominal Amount, and the Total Nominal Amount, may be subject to a write-down, and subsequent reinstatement, in each case on a pro rata basis, in accordance with Clause 11 (*Loss Absorption and Discretionary Reinstatement),* and "Nominal Amount" shall be construed accordingly.

3.6 All Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.

3.7 The minimum permissible investment in connection with the Note Issue is SEK 1,250,000.

3.8 The ISIN for the Notes is NO0013741678.

4 USE OF PROCEEDS

The proceeds from the issue of the Notes shall be used towards general corporate purposes of the Issuer.

5 CONDITIONS FOR DISBURSEMENT

5.1 The Issuer shall provide to the Agent, no later than 11.00 a.m. three (3) Business Days prior to the Issue Date, the following:

(a) a copy of the articles of association and certificate of registration of the Issuer;

(b) a copy of a resolution of the board of directors of the Issuer approving the Note Issue;

(c) evidence of the relevant authorisation for one or more persons to execute the Terms and Conditions and the Agency Agreement on the Issuer's behalf and to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Terms and Conditions and the Agency Agreement;

(d) a duly executed copy of the Terms and Conditions; and

(e) a duly executed copy of the Agency Agreement.

5.2 The Agent shall confirm to the Manager when the conditions in Clause 5.1 have been received (or amended or waived in accordance with Clause 19 (*Amendments and waivers*)).

5.3 Following receipt by the Manager of the confirmation in accordance with Clause 5.2, the Manager shall settle the issuance of the Notes and pay the proceeds of the Note Issue to the Issuer on the Issue Date.

6 THE NOTES AND TRANSFERABILITY

6.1 By virtue of being registered as a Noteholder (directly or indirectly) with the CSD, each Noteholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with by the Agent, the Noteholders or any other third party.

6.2 The Notes are freely transferable. All Note transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Note transferees upon completed transfer. Notwithstanding the foregoing, Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.

6.3 Upon a transfer of Notes, any rights and obligations under these Terms and Conditions relating to such Notes are automatically transferred to the transferee.

6.4 Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Noteholder must ensure compliance with such restrictions at its own cost and expense.

6.5 For the avoidance of doubt and notwithstanding the above, a Noteholder which allegedly has purchased Notes in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Noteholder hereunder in each case until such allegations have been resolved.

7 NOTES IN BOOK-ENTRY FORM

7.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical Notes will be issued. Accordingly, the Notes will be registered in accordance with the relevant Norwegian securities legislation and the CSD Regulations. Registration requests relating to the Notes shall be directed to an Account Operator. The Debt Register shall constitute conclusive evidence of the persons who are Noteholders and their holdings of Notes at the relevant point of time.

7.2 Subject to the CSD Regulations, the Issuer and the Agent shall at all times be entitled to obtain the relevant information from the Debt Register.

7.3 Subject to the CSD Regulations, for the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Paying Agent shall be entitled to obtain information from the Debt Register.

7.4 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.2 only in order to fulfil statutory information obligations towards supervisory authorities, and for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and the Agency Agreement and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

7.5 The Issuer will at all times ensure that the registration of the Notes in the CSD resulting from actions taken by the Issuer is correct and shall immediately upon any amendment or variation of these Terms and Conditions give notice to the CSD of any such amendment or variation. The Issuer shall not be responsible for ensuring the correctness of registration changes arising from actions by investors, intermediaries, or other third parties.

8 RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

8.1 If any person other than a Noteholder (including the owner of a Note, if such person is not the Noteholder) wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Noteholder or a successive, coherent chain of powers of attorney or authorisations starting with the Noteholder and authorising such person.

8.2 A Noteholder may issue one or several powers of attorney or other authorisations to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder.

8.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clause 8.1 and Clause 8.2 and may assume that such document has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

8.4 These Terms and Conditions shall not affect the relationship between a Noteholder who is the nominee (Sw. *förvaltare*) with respect to a Note and the owner of such Note, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

9 PAYMENTS IN RESPECT OF THE NOTES

9.1 The Issuer will, subject to the Solvency Condition, make available to or to the order of the Paying Agent all amounts due on each payment date pursuant to the terms of these Terms and Conditions at such times and to such accounts as specified by the Paying Agent in advance of each payment date or when other payments are due and payable pursuant to these Terms and Conditions.

9.2 Any payment or repayment under these Terms and Conditions shall be made to such Person who is registered as a Noteholder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.

9.3 If a Noteholder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effectuated by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to such Persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.

9.4 Any specific payment instructions, including foreign exchange bank account details, to be connected to the Noteholder's account in the CSD must be provided by the relevant Noteholder to the Paying Agent (either directly or through its Account Operator in the CSD) within five CSD Business Days prior to a payment date. Depending on any currency exchange settlement agreements between each Noteholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

9.5 Notwithstanding anything to the contrary in these Terms and Conditions, the Notes shall be subject to, and any payments made in relation thereto shall be made in accordance with, the CSD Regulations.

9.6 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or

the CSD (as applicable) was aware that the payment was being made to a Person not entitled to receive such amount.

9.7 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Note Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

10 INTEREST AND INTEREST CANCELLATION

10.1 Interest

10.1.1 Subject to Clause 10.2 and Clause 11, the Notes will carry Interest at the Interest Rate calculated on the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.

10.1.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.

10.1.3 Interest shall be calculated on the basis of the actual number of calendar days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.2 Interest Cancellation

10.2.1 Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

(a) are subject to the Solvency Condition;

(b) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; and

(c) will be mandatorily cancelled to the extent so required by, or in accordance with, the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

10.2.2 The Issuer shall give notice to the Noteholders in accordance with Clause 26 (*Notices*) of any such cancellation of a payment of Interest, on or prior to the Record Date for the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer and shall not constitute an event of default for any purpose.

10.2.3 Following any cancellation of Interest as described above, the right of the Noteholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not

payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.

10.2.4 Failure to pay such interest (or the cancelled part thereof) in accordance with Clause 10 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

10.2.5 If a Capital Disqualification Event occurs and the Notes are no longer eligible to comprise Additional Tier 1 Capital and the Issuer has delivered to the Agent a duly signed certificate certifying that a Capital Disqualification Event has occurred and the Notes are no longer eligible to comprise Additional Tier 1 Capital:

(a) the Issuer shall not, to the extent permitted under then prevailing Applicable Capital Regulations, exercise its discretion pursuant to this Clause 10.2 to cancel any Interest Payment, in whole or in part, which is scheduled to be paid on an Interest Payment Date following the occurrence of such Capital Disqualification Event; and

(b) the Issuer shall give notice to the Noteholders in accordance with these Terms and Conditions as soon as reasonably practicable after such occurrence stating that the Issuer may no longer exercise its discretion pursuant to this Clause 10.2 to cancel any Interest Payments as from the date of such notice.

10.3 Calculation of Interest in case of Write-Down or reinstatement

10.3.1 Subject to Clause 10.2 (*Interest cancellation*), in the event that a Write-Down occurs during an Interest Period, Interest will accrue on the Nominal Amount (as adjusted pursuant to such Write-Down).

10.3.2 Subject to Clause 10.2 (*Interest cancellation*), in the event that a reinstatement of the Notes occurs pursuant to Clause 11.3 (*Reinstatement of the Notes*), Interest shall begin to accrue on the reinstated Nominal Amount with effect from (but excluding) such date on which the reinstatements will become effective.

10.3.3 In connection with a Write-Down or reinstatement pursuant to Clause 11 (*Loss Absorption and Discretionary Reinstatement*), the Issuer shall inform the Paying Agent and the CSD of an adjusted interest rate that shall be applied on the next Interest Payment Date, in order for the Noteholders to receive an amount of Interest equivalent to the Interest Rate on the Notes so written down or written up (as applicable).

10.4 No Penalty Interest

Under no circumstances shall any penalty interest be payable by the Issuer in respect of the Notes.

11 LOSS ABSORPTION AND DISCRETIONARY REINSTATEMENT

11.1 Write-Down upon a Trigger Event

11.1.1 If at any time a Trigger Event occurs the Issuer will irrevocably cancel any accrued and unpaid interest in respect of the Notes to (but excluding) the Write-Down Date (as defined

below) in accordance with Clause 10 (*Interest and Interest Cancellation*) above (including if payable on the Write-Down Date); and on the Write-Down Date (without any requirement for the consent or approval of the Noteholders), reduce the then Total Nominal Amount or the Issuer's payment obligation under the Notes in accordance with Clause 11.1 (such reduction a "**Write-Down**").

11.1.2 A Write-Down shall take place without delay on a date selected by the Issuer in consultation with the IFSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event. The IFSA may require that the period of one month referred to above is reduced in cases where it assesses that sufficient certainty on the required amount of the write-down is established or in cases where it assesses that an immediate write-down is needed.

11.1.3 A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Note shall be reduced to a certain percentage of the Nominal Amount and such Write-Down shall be made in accordance with the rules of the CSD and shall, under the Accounting Principles, generate items that qualify as CET1 Capital.

11.1.4 The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall equal the amount of a Write-Down that would restore the CET1 Ratio of the Issuer to at least 5.125 per cent., and the CET1 Ratio of the Issuer Consolidated Situation to at least 5.125 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Note corresponding to SEK 1.

11.1.5 A Write-Down in accordance with Clause 11.1 shall be made taking into account any preceding or imminent Write-Down or conversion of corresponding or similar loss absorbing instruments (if any) issued by the Issuer or any other member of the Issuer Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Notes). To the extent the Write-Down or conversion of any corresponding or similar loss absorbing instruments is not possible for any reason, this shall not in any event prevent a Write-Down of the Notes.

11.1.6 For the avoidance of doubt, the Nominal Amount of each Note shall, upon the Write-Down of the Total Nominal Amount described above, be written down on a pro rata basis.

11.1.7 A Write-Down may occur on more than one occasion and the Notes may be written down on more than one occasion. Any Write-Down shall not constitute an Acceleration Event.

11.1.8 For the purposes of determining whether a Trigger Event has occurred, the CET1 Ratio of the Issuer or the Issuer Consolidated Situation (as applicable) will be calculated based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the CET1 Ratios of the Issuer or the Issuer Consolidated Situation. The determination as to whether a Trigger Event has occurred shall be made by the Issuer, the IFSA or any agent appointed for such purposes by the IFSA and any such determination shall be binding on the Issuer and the Noteholders.

11.2 Trigger Event Notice

11.2.1 Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the IFSA and shall as soon as practicable following the occurrence of a Trigger Event and in any event not later than five (5) Business Days following such occurrence give notice (a "**Trigger Event Notice**") to the Noteholders and the Agent in accordance with Clause 26 (*Notices*), which notice, in addition to specifying that a Trigger Event has occurred shall specify:

(a) the Write-Down Date; and

(b) if then determined, the amount to be written down in accordance with Clause 11.1 (*Write-Down upon a Trigger Event*) ("**Write-Down Amount**"). If the Write-Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify Noteholders and the Agent of the Write-Down Amount.

11.2.2 Notwithstanding paragraph 11.2.1 above, failure to give a Trigger Event Notice shall not prejudice any Write-Down of the Notes.

11.3 Reinstatement of the Notes

11.3.1 Following a Write-Down, the Issuer may, at its absolute discretion, reinstate any portion of the principal of the Notes, subject to compliance with any maximum distribution limits set out in, and otherwise in accordance with, the Applicable Capital Regulations.

11.3.2 Unless a reinstatement of the Nominal Amount of the Notes is permitted and possible in accordance with the rules of the CSD, reinstatement shall be made by way of issuing new Notes that qualify as Additional Tier 1 Capital to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the rules of the CSD.

11.3.3 A reinstatement in accordance with Clause 11.3 shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer or any other member of the Issuer Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Notes).

11.3.4 For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Notes (if issued in full), being SEK 300,000,000.

11.3.5 For the avoidance of doubt, any reinstatement of the Notes shall be made on a pro rata basis.

11.3.6 If the Issuer decides to reinstate any portion of the principal of the Notes, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 26 (*Notices*) prior to such reinstatements becoming effective and specifying the date on which the reinstatements will become effective. Such notice shall specify the Record Date and any technical or administrative actions that a Noteholder needs to undertake to receive its portion of the reinstatement. A reinstatement of the Notes shall take place on a Business Day as selected

by the Issuer, however, falling no earlier than twenty (20) Business Days following the effective date of the reinstatement notice.

12 REDEMPTION AND REPURCHASE OF THE NOTES

12.1 Perpetual Notes

The Notes constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described in Clause 12 (*Redemption and Repurchase of the Notes*). The Notes are not redeemable at the option of the Noteholders at any time.

12.2 Early redemption at the Option of the Issuer

Subject to Clause 3.4 and Clause 12.8 (*Consent from the IFSA*) and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), the Issuer may redeem all (but not only some) of the Notes on:

(a) any Business Day falling within the Initial Call Period; or

(b) any Interest Payment Date falling after the Initial Call Period;

in each case, at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest thereon.

12.3 Early Redemption due to a Clean-Up Event

If a Clean-Up Event has occurred and subject to Clause 12.8 (*Consent from the IFSA*), and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), the Issuer may redeem all (but not only some) of the Notes on any Interest Payment Date at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest thereon.

12.4 Redemption or purchase prior to fifth anniversary

Subject to Clause 3.4 and Clause 12.8 (*Consent from the IFSA*) and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), the Issuer may redeem all (but not only some) of the Notes or may purchase any Notes outstanding at any time prior to the fifth anniversary of the Issue Date, provided that:

(a) the Issuer has, before or at the same time as such redemption or repurchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the IFSA has permitted such action on the basis that it is beneficial from a prudential point of view and justified by exceptional circumstances; or

(b) in the case of a purchase only, if the Notes are being repurchased solely for market-making purposes in accordance with Applicable Capital Regulations.

12.5 Purchase of Notes by the Issuer

Subject to Clause 3.4 and Clause 12.8 (*Consent from the IFSA*), the Issuer or any Group Company, or any other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Notes on the market or in any other way. Any Notes repurchased by such company may be retained, sold or cancelled, provided that such action has been approved by the IFSA (if and to the extent then required by the Applicable Capital Regulations).

12.6 Early Voluntary Total Redemption or Substitution or Variation due to Capital Disqualification Event, Tax Event or Alignment Event (Call Option)

Subject to Clause 3.4 and Clause 12.8 (*Consent from the IFSA*) and giving notice in accordance with Clause 12.9 (*Notice of Early Redemption, Substitution or Variation*), if a Capital Disqualification Event, a Tax Event or an Alignment Event has occurred, the Issuer may:

(a) in the case of a Capital Disqualification Event or a Tax Event, redeem all, but not some only, of the outstanding Notes on any Interest Payment Date at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest thereon to (but excluding) the date fixed for redemption; or

(b) substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, subject to them becoming or remaining, as applicable, Qualifying Capital Notes provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with this Clause 12.6 in relation to the Qualifying Capital Notes so substituted or varied.

12.7 Early redemption amount

The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest (to the extent not cancelled).

12.8 Consent from the IFSA

The Issuer may not redeem, purchase, substitute or adjust, as contemplated by Clause 12 (*Redemption and Repurchase of the Notes*), any outstanding Notes without the prior written consent of the IFSA (if and to the extent then required under the Applicable Capital Regulations) and in accordance with the Applicable Capital Regulations. Any refusal by the IFSA to give its permission shall not constitute an event of default for any purpose.

12.9 Notice of early Redemption, Substitution or Variation

12.9.1 Redemption, substitution or variation in accordance with Clause 12.2 (*Early Redemption at the Option of the Issuer*), Clause 12.3 (Early Redemption due to a Clean-Up Event), Clause 12.4 (*Redemption or purchase prior to fifth anniversary*), and Clause 12.6 (*Early Voluntary Total Redemption or Substitution or Variation due to Capital Disqualification Event, Tax Event or Alignment Event (Call Option)*) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent. Any notice of redemption shall state the Redemption Date and the relevant Record Date. Such notice is

irrevocable but may, subject to the Applicable Capital Regulations and approval of the IFSA, at the Issuer's discretion contain one or more conditions precedent that shall be fulfilled prior to the Record Date. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer shall redeem the Notes in full at the applicable amount on the specified Redemption Date.

12.9.2 Notwithstanding Clause 12.9.1 above,

(a) if a Trigger Event is outstanding, no notice of redemption, substitution or variation may be given until the Trigger Event has been cured; and

(b) if a Trigger Event occurs following a notice being given in accordance with paragraph (a) above but prior to the relevant redemption, substitution or variation of the Notes, such notice shall be of no force and effect and Clause 11.1 (*Write-Down upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption, substitution or variation shall occur.

13 INFORMATION TO NOTEHOLDERS

13.1 Information from the Issuer

13.1.1 The Issuer shall make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:

(a) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited (consolidated, if relevant) financial statements for that financial year prepared in accordance with the Accounting Principles;

(b) as soon as the same become available, but in any event within three (3) months after the end of each quarter of its financial year, its (consolidated, if relevant) financial statements (as applicable) for such period prepared in accordance with the Accounting Principles;

(c) as soon as the same become available, but in any event within three (3) months after the end of each quarter of its financial year, a report on regulatory capital for the Issuer and the Issuer Consolidated Situation (if required to be prepared pursuant to the Applicable Capital Regulations); and

(d) from, and as long as the Notes are admitted to trading on any Regulated Market, any other information required by law and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.

13.1.2 The Issuer shall procure that the aggregate Nominal Amount held by the Issuer or any Group Company, including any amount of Notes cancelled by the Issuer, are reflected in each interim report published by the Issuer pursuant to Clause 13.1.1(b).

13.2 Information; Miscellaneous

The Issuer shall:

(a) prepare the Financial Statements in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and otherwise pursuant to law;

(b) procure that each of the financial statements includes a profit and loss account and a balance sheet and a cash flow statement; and

(c) keep the latest version of the Terms and Conditions (including documents amending the Terms and Conditions) available on its website.

14 ADMISSION TO TRADING

14.1 The Issuer:

(a) shall use reasonable efforts to ensure that the Notes are admitted to trading on the corporate bond list of Nasdaq Stockholm or another Regulated Market within thirty (30) days of the Issue Date; and

(b) once the Notes are admitted to trading on a Regulated Market, shall use reasonable efforts to maintain such admission as long as the Notes are outstanding (however, taking into account the rules and regulations (as amended from time to time) of Nasdaq Stockholm or any other relevant Regulated Market, as applicable, and the CSD preventing trading in the Notes in close connection to the redemption of the Notes).

14.2 For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes in case of a failure to (i) admit the Notes to trading or (ii) maintain admission to trading of the Notes, in accordance with Clause 14.

15 ACCELERATION OF THE NOTES

15.1 Neither a Noteholder nor the Agent has a right to accelerate the Notes or otherwise request prepayment or redemption of the Nominal Amount of the Notes, except in the event of winding up (Icel. *slit*) of the Issuer (an "**Acceleration Event**").

15.2 If an Acceleration Event has occurred, the Agent is, following the instruction of the Noteholders, authorised to:

(a) by notice to the Issuer, declare all, but not only some, of the Notes due for payment together with any other amounts payable under the Finance Documents (except any Interest cancelled in accordance with Clause 10.2 (*Interest Cancellation*)), immediately or at such later date as the Agent determines; and

(b) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

15.3 The Issuer shall as soon as possible notify the Agent of the occurrence of an Acceleration Event and the Agent shall notify the Noteholders of an Acceleration Event as soon as possible when the Agent receives actual knowledge of the Acceleration Event.

15.4 In the event of an acceleration of the Notes upon an Acceleration Event, the Issuer shall redeem all Notes at an amount equal to the Nominal Amount of the Notes together with accrued and unpaid interest (except any Interest cancelled in accordance with Clause 10.2 (*Interest Cancellation*)).

15.5 No payments will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders as described in Clause 2 (*Status and Ranking of the Notes*) have been paid by the Issuer, as ascertained by the winding up committee (Icel. *slitastjórn*).

15.6 No Noteholder shall be entitled to exercise any right of set-off against monies owed by the Issuer in respect of the Notes held by such Noteholder.

16 DISTRIBUTION OF PROCEEDS

16.1 All payments by the Issuer relating to the Notes and the Terms and Conditions following an acceleration of the Notes in accordance with Clause 15 (*Acceleration of the Notes*), shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

(a) *firstly*, in or towards payment *pro rata* of:

(i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders);

(ii) other costs, expenses and indemnities relating to the acceleration of the Notes or the protection of the Noteholders' rights as may have been incurred by the Agent;

(iii) any non-reimbursed costs incurred by the Agent for external experts that have not been reimbursed by the Issuer based on other Clauses under these Terms and Conditions; and

(iv) if applicable, any non-reimbursed costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure;

(b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes not cancelled in accordance with Clause 10.2 (*Interest Cancellation*) (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);

(c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Notes; and

(d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Terms and Conditions.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs

(a) to (d) above shall, however, not restrict a Noteholders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

16.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.

16.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with Clause 16 as soon as reasonably practicable.

16.4 If the Issuer or the Agent shall make any payment under Clause 16, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

17 TAXATION

17.1 All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will (to the extent that such payment can be made out of Distributable Items which are available and in accordance with these Conditions) pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders of such amounts as would have been received by them in respect of payment of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Notes:

(a) presented for payment in a Relevant Jurisdiction;

(b) held by or on behalf of a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Notes by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of such Notes; or

(c) presented for payment more than 30 days after the Record Date except to the extent that the Noteholder would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Record Date.

17.2 References in these Terms and Conditions (including, without limitation, for the purposes of cancellation pursuant to Clause 10) to interest shall be deemed to include any Additional

Amounts which may be payable under this Clause 17 or any undertaking given in addition thereto or in substitution therefore.

17.3 Pursuant to point 8 of the first Paragraph of Article 3 of Icelandic Act No 90/2003 on Income Tax (the "**Icelandic Income Tax Act**"), non-Icelandic residents are not subject to tax on any interest income derived by them from the Notes provided the Notes are registered with a securities depository within the Organisation for Economic Co-operation and Development, the European Economic Area or a member of the European Free Trade Association or the Faroe Islands (any such securities depository, an "**Eligible Securities Depository**") and the Issuer registers the Notes with the Directorate of Internal Revenue in Iceland and receives confirmation of exemption of the Notes from such taxation. The Issuer undertakes to ensure that the Notes are registered and accepted for clearance with an Eligible Securities Depository (which would include Euroclear and Clearstream, Luxembourg) and to register the Notes with the Directorate of Internal Revenue in Iceland on the Issue Date and to obtain a certificate of exemption in respect thereof. In the event that such exemption to the Icelandic Income Tax Act is forfeited, suspended or revoked as a result of the Issuer failing to register the Notes as aforesaid or the Notes being in definitive form and held outside an Eligible Securities Depository or the Notes otherwise ceasing to be registered with an Eligible Securities Depository or for any other reason and any payment in respect of the Notes is accordingly subject to withholding or deduction pursuant to the Icelandic Income Tax Act, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders in respect of payments of interest (but not principal or any other amount) after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction (and the exceptions set out in paragraphs (a) to (c) above shall not be applicable).

17.4 Notwithstanding any other provisions of these Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to FATCA ("**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

18 DECISIONS BY NOTEHOLDERS

18.1 Request for a Decision

18.1.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.

18.1.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's

opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

18.1.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if the suggested decision must be approved by any Person in addition to the Noteholders and such Person has informed the Agent that an approval will not be given or the suggested decision is not in accordance with applicable regulations.

18.1.4 The Agent shall not be responsible for the content of a notice for a Noteholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.

18.1.5 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 18.1.3 being applicable, the Issuer or the Noteholder(s) requesting a decision by the Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Agent shall upon request provide the Issuer or the convening Noteholder(s) with the information available in the Debt Register in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be. The Issuer or Noteholder(s), as applicable, shall supply to the Agent a copy of the dispatched notice or communication.

18.1.6 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 18.2 (*Convening of Noteholders' Meeting*) or instigate a Written Procedure by sending communication in accordance with Clause 18.3 (*Instigation of Written Procedure*). After a request from the Noteholders pursuant to Clause 21.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 18.2. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication.

18.1.7 Should the Issuer or any Noteholder(s) convene a Noteholders' Meeting or instigate a Written Procedure pursuant to Clause 18.1.5 or 18.1.6, then the Agent shall no later than five (5) Business Days prior to dispatch of such notice or communication be provided with a draft thereof. The Agent may further append information from it together with the notice or communication, provided that the Agent supplies such information to the Issuer or the Noteholder(s), as the case may be, no later than one (1) Business Day prior to the dispatch of such notice or communication.

18.2 Convening Noteholders' Meeting

18.2.1 The Agent shall convene a Noteholders' Meeting by way of notice to the Noteholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a complete notice from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).

18.2.2 The notice pursuant to Clause 17.2.1 shall include:

(a) time for the meeting;

(b) place for the meeting;

(c) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(d) a form of power of attorney;

(e) the agenda for the meeting;

(f) any applicable conditions precedent and conditions subsequent;

(g) the reasons for, and contents of, each proposal;

(h) if the proposal concerns an amendment to any Finance Document, the details of such proposed amendment;

(i) if a notification by the Noteholders is required in order to attend the Noteholders' Meeting, information regarding such requirement; and

(j) information on where additional information (if any) will be published.

18.2.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.

18.2.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

18.3 Instigation of Written Procedure

18.3.1 The Agent shall instigate a Written Procedure by way of sending a notice to the Noteholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a complete notice from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).

18.3.2 A communication pursuant to Clause 18.3.1 shall include:

(a) a specification of the Record Date on which a Person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(b) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;

(c) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days but no more than twenty (20) Business Days from the communication pursuant to Clause 18.3.1);

(d) any applicable conditions precedent and conditions subsequent;

(e) the reasons for, and contents of, each proposal;

(f) if a proposal concerns an amendment to any Finance Document, the details of such proposed amendment;

(g) if the voting is to be made electronically, the instructions for such voting; and

(h) information on where additional information (if any) will be published.

18.3.3 If so elected by the person requesting the Written Procedure and provided that it is also disclosed in the communication pursuant to Clause 18.3.1, when consents from Noteholders representing the requisite majority of the aggregate Adjusted Nominal Amount pursuant to Clauses 18.4.2 and 18.4.3 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.4.2 or 17.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18.3.4 The Agent may, during the Written Procedure, provide information to the Issuer by way of updates whether or not quorum requirements have been met and about the eligible votes received by the Agent, including the portion consenting or not consenting to the proposal(s) or refraining from voting (as applicable).

18.4 Majority, Quorum and Other Provisions

18.4.1 Only a Noteholder or a person who is, or who has been provided with a power of attorney or other authorisation pursuant to Clause 8 (*Right to act on behalf of a Noteholder*) from a Noteholder:

(a) on the Record Date specified in the notice pursuant to Clause 18.2.2, in respect of a Noteholders' Meeting, or

(b) on the Record Date specified in the communication pursuant to Clause 18.3.2, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the definition of Adjusted Nominal Amount. Each whole Note entitles to one vote and any fraction of a Note voted for by a person shall be disregarded. Such Record Day specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the notice.

18.4.2 The following matters shall require consent of Noteholders representing at least sixty-six and two thirds (66 2/3) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3.2:

(a) a change of the terms of any of Clauses 2.1, 3.1, 15.1 or 16.1;

(b) a mandatory exchange of the Notes for other securities (other than as contemplated in Clause 11 (*Loss Absorption and Discretionary Reinstatement*) and Clause 12 (*Redemption and Repurchase of the Notes*));

(c) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer (other than as a result of an application of Clause 20 (*Replacement of Base Rate*));

(d) an early redemption, amortisation or repurchase of the Notes, other than as permitted by these Terms and Conditions (which for the avoidance of doubt shall always be subject to the Applicable Capital Regulations and the prior consent of the IFSA); or

(e) amend the provisions in Clause 18.4.2 or in Clause 18.4.3.

18.4.3 Any matter not covered by Clause 18.4.2 shall require the consent of Noteholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3.2. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to paragraphs (a) to (f) of Clause 19.1) or an acceleration of the Notes.

18.4.4 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 18.4.2 and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:

(a) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or

(b) if in respect of a Written Procedure, reply to the request.

18.4.5 If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in matters for which a quorum exists.

18.4.6 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 17.2.1) or initiate a second Written Procedure (in accordance with Clause 18.3.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in Clause 17.4.5 shall not apply to such second Noteholders' Meeting or Written Procedure.

18.4.7 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.

18.4.8 A Noteholder holding more than one (1) Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

18.4.9 If any matter decided in accordance with Clause 17 would require consent from the IFSA, such consent shall be sought by the Issuer.

18.4.10 The Noteholders may not resolve to make amendments to these Terms and Conditions if the Issuer, after consultation with the IFSA, considers that a change in the Terms and Conditions would be likely to result in the exclusion of the Notes from the Additional Tier 1 Capital of the Issuer or the Issuer Consolidated Situation (an "**Additional Tier 1 Exclusion**

Event"). A resolution by the Noteholders to amend these Terms and Conditions is not valid if the Issuer, after consultation with the IFSA, considers that such an amendment would be likely to result in an Additional Tier 1 Exclusion Event.

18.4.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that vote in respect of the proposal at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable (such time period to be no less than ten (10) Business Days).

18.4.12 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.

18.4.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

18.4.14 If a decision shall be taken by the Noteholders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates as per the Record Date for voting, irrespective of whether such Person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Note is owned by a Group Company or an Affiliate.

18.4.15 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

19 AMENDMENTS AND WAIVERS

19.1 The Issuer and the Agent (acting on behalf of the Noteholders) may agree in writing to amend the Finance Documents or waive any provision in the Finance Documents, provided that the Agent is satisfied that such amendment or waiver:

(a) is not detrimental to the interest of the Noteholders;

(b) is made solely for the purpose of rectifying obvious errors and mistakes;

(c) is made pursuant to Clause 20 (*Replacement of Base Rate*);

(d) is required by the IFSA for the Notes to satisfy the requirements for Additional Tier 1 Capital under the Applicable Capital Regulations as applied by the IFSA from time to time;

(e) is required by applicable regulation, a court ruling or a decision by a relevant authority;

(f) is necessary for the purpose of having the Notes admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), provided that such amendment or waiver does not materially adversely affect the rights of the Noteholders; or

(g) has been duly approved by the Noteholders in accordance with Clause 17 (*Decisions by Noteholders*) and it has received any conditions precedent specified for the effectiveness of the approval by the Noteholders.

19.2 The Issuer may substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Capital Notes, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with Clause 12.6 (*Early Voluntary Total Redemption, Substitution or Variation due to a Capital Disqualification Event, Tax Event or Alignment Event (Call Option)*) in relation to the Qualifying Capital Notes so substituted or varied.

19.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

19.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Noteholders' Meeting, in the Written Procedure or by the Agent, as the case may be.

20 REPLACEMENT OF BASE RATE

20.1 General

20.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Noteholders in accordance with the provisions of Clause 20 shall at all times be made by such Independent Adviser, the Issuer or the Noteholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

20.1.2 If a Base Rate Event has occurred, Clause 20 shall take precedence over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

20.2 Definitions

In Clause 20:

"**Adjustment Spread**" means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof, to be applied to a Successor Base Rate and that is:

(a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or

(b) if (a) is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

"**Base Rate Amendments**" has the meaning set forth in Clause 20.3.4.

"**Base Rate Event**" means one or several of the following circumstances:

(a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;

(b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;

(c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;

(d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer or the Agent to calculate any payments due to be made to any Noteholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period);

(e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*) containing the information referred to in (b) above; or

(f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in (b) to (e) above will occur within six (6) months.

"**Base Rate Event Announcement**" means a public statement or published information as set out in paragraph (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

"**Independent Adviser**" means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

"**Relevant Nominating Body**" means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (Sw. *Finansiella stabilitetsrådet*) or any part thereof.

"**Successor Base Rate**" means:

(a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of debt instruments with similar interest rate terms as the Notes, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or

(b) if there is no such rate as described in paragraph (a), such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply mutatis mutandis to such new Successor Base Rate.

20.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

20.3.1 Without prejudice to Clause 20.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point in time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to initiate the procedure to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating and finally deciding the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 20.3.2.

20.3.2 If a Base Rate Event has occurred, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to initiate the procedure to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating, and finally deciding the applicable Base Rate.

20.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 20.3.2, the Noteholders shall, if so decided at a Noteholders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Clause 20.3.2. If an Acceleration Event has occurred and is continuing, or if the Issuer fails to carry out any other actions set forth in Clause 20.3 to 20.6, the Agent (acting on the instructions of the Noteholders) may to the extent necessary effectuate any Base Rate Amendments without the Issuer's cooperation.

20.3.4 The Independent Adviser shall also initiate the procedure to determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").

20.3.5 Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been finally decided no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the CSD and any calculation methods applicable to such Successor Base Rate.

20.4 Interim Measures

20.4.1 If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided prior to the relevant Quotation Day in relation to the next succeeding Interest Period or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the CSD, cannot be applied in relation to the relevant Quotation Day, the Interest Rate applicable to the next succeeding Interest Period shall be:

(a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or

(b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

20.4.2 For the avoidance of doubt, Clause 20.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, Clause 20. This will however not limit the application of Clause 20.4.1 for any subsequent Interest Periods, should all relevant actions provided in Clause 20 have been taken, but without success.

20.5 Notices etc.

Prior to the Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments become effective, the Issuer shall promptly, following the final decision by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments, give notice thereof to the Agent, the Paying Agent and the Noteholders in accordance with these Terms and Conditions and the CSD Regulations. The notice shall also include information about the effective date of the amendments. If the Notes are admitted to trading on a stock exchange, the Issuer shall also give notice of the amendments to the relevant stock exchange.

20.6 Variation upon Replacement of Base Rate

20.6.1 No later than giving the Agent notice pursuant to Clause 20.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly

authorised signatory of the Issuer (subject to Clause 20.3.3) confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined and decided in accordance with the provisions of Clause 20. The Successor Base Rate, the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any decision, be binding on the Issuer, the Agent, the Paying Agent and the Noteholders.

20.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 20.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Noteholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to Clause 20.

20.6.3 The Agent and the Paying Agent shall always be entitled to consult with external experts prior to amendments being effected pursuant to Clause 20. Neither the Agent nor the Paying Agent shall be obliged to concur if, in the reasonable opinion of the Agent or the Paying Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Paying Agent in the Finance Documents.

20.7 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Clause 20.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

21 THE AGENT

21.1 Appointment of the Agent

21.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder, including the winding-up, dissolution, company reorganisation or resolution proceeding (or its equivalent in any other jurisdiction) of the Issuer and in relation to any mandatory exchange of the Notes for other securities (including, for the avoidance of doubt, a right for the Agent to subscribe for any such new securities on behalf of the relevant Noteholder). By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.

21.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.

21.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

21.1.4 The Agent is entitled to fees for all its work in such capacity and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

21.1.5 The Agent may act as agent or trustee for several issues of securities or other loans issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

21.2 Duties of the Agent

21.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents.

21.2.2 When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent is never acting as an advisor to the Noteholders or the Issuer. Any advice or opinion from the Agent does not bind the Noteholders or the Issuer.

21.2.3 When acting pursuant to the Finance Documents, the Agent shall carry out its duties with reasonable care and skill in a proficient and professional manner.

21.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders as a group and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.

21.2.5 The Agent is always entitled to delegate its duties to other professional parties and to engage external experts when carrying out its duties as agent, without having to first obtain any consent from the Noteholders or the Issuer. The Agent shall however remain liable for any actions of such parties if such parties are performing duties of the Agent under the Finance Documents.

21.2.6 The Issuer shall on demand by the Agent pay all costs for external experts engaged by it:

(a) after the occurrence of an Acceleration Event;

(b) for the purpose of investigating or considering:

(i) an event or circumstance which the Agent reasonably believes is or may lead to an Acceleration Event; or

(ii) a matter relating to the Issuer or the Finance Documents which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents;

(c) in connection with any Noteholders' Meeting or Written Procedure; or

(d) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents.

Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of proceeds*).

21.2.7 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreements and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.

21.2.8 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor:

(a) whether any Acceleration Event has occurred;

(b) the financial condition of the Issuer and the Group;

(c) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents; or

(d) whether any other event specified in any Finance Document has occurred or is expected to occur.

Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

21.2.9 The Agent shall ensure that it receives evidence satisfactory to it that Finance Documents which are required to be delivered to the Agent are duly authorised and executed (as applicable). The Issuer shall promptly upon request provide the Agent with such documents and evidence as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 21.2.9. Other than as set out above, the Agent shall neither be liable to the Issuer or the Noteholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.

21.2.10 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any regulation.

21.2.11 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.

21.2.12 The Agent shall give a notice to the Noteholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or

indemnity due to the Agent under the Finance Documents or the Agency Agreement or if it refrains from acting for any reason described in Clause 21.2.11.

21.2.13 Upon the reasonable request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes (at the discretion of the Agent). The Agent may require that the requesting Noteholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Noteholder disclose the identity of any other Noteholder who has consented to the Agent in doing so.

21.2.14 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in connection with these Terms and Conditions, the Agent shall be entitled to disclose to the Noteholders any document, information, event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information.

21.3 Liability for the Agent

21.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.

21.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts provided to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.

21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

21.3.4 The Agent shall have no liability to the Issuer or the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with the Finance Documents.

21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

21.4 Replacement of the Agent

21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a

Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

21.4.2 Subject to Clause 21.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.

21.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after:

(a) the earlier of the notice of resignation was given or the resignation otherwise took place; or

(b) the Agent was dismissed through a decision by the Noteholders,

the Issuer shall within thirty (30) days thereafter appoint a successor Agent which shall be an independent financial institution or other reputable company with the necessary resources to act as agent under debt issuances.

21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

21.4.6 The Agent's resignation or dismissal shall only take effect upon the earlier of:

(a) the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent; and

(b) the period pursuant to paragraph (b) of Clause 21.4.4 having lapsed.

21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

21.4.8 In the event that there is a change of the Agent in accordance with Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree

otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

22 THE PAYING AGENT

22.1 The Issuer appoints the Paying Agent to manage certain specified tasks relating to the Notes, under these Terms and Conditions, in accordance with the legislation, rules and regulations applicable to the Issuer, the Notes and/or under the CSD Regulations.

22.2 The Paying Agent may retire from its appointment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Paying Agent at the same time as the old Paying Agent retires or is dismissed. If the Paying Agent is Insolvent, the Issuer shall immediately appoint a new Paying Agent, which shall replace the old Paying Agent as paying agent in accordance with these Terms and Conditions.

22.3 The Paying Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct. The Paying Agent shall never be responsible for indirect or consequential loss.

23 THE CSD

23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.

23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or any admission to trading of the Notes. The replacing CSD must be authorised to professionally conduct clearing operations and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

24 NO DIRECT ACTIONS BY NOTEHOLDERS

24.1 A Noteholder may not take any action or legal steps whatsoever against any Group Company to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, company reorganisation or resolution proceeding (or their equivalents in any other jurisdiction) of any Group Company in relation to any of the obligations or liabilities of such Group Company under the Finance Documents. Such steps may only be taken by the Agent.

24.2 Clause 24.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions

is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 21.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.12 before a Noteholder may take any action referred to in Clause 24.1.

24.3 The provisions of Clause 24.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due by the Issuer to some but not all Noteholders.

25 TIME-BAR

25.1 The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.

25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to the right to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

26 NOTICES

26.1 Notices

26.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:

(a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or to such address as notified by the Agent to the Issuer from time to time or, if sent by e-mail by the Issuer, to such e-mail address as notified by the Agent to the Issuer from time to time;

(b) if to the Issuer, shall be given at the address registered with the Register of Enterprises at the Directorate of Internal Revenue (Icel. *Fyrirtækjaskrá*) on the Business Day prior to dispatch or to such address as notified by the Issuer to the Agent by not less than five (5) Business Days' notice from time to time, or, if sent by e-mail by the Agent, to such e-mail address as notified by the Issuer to the Agent from time to time; and

(c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication or if such date is not specified, on the Business Day prior to dispatch, and by either courier delivery (if practically possible) or letter for all

Noteholders. A notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.

26.1.2 Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (or, if between the Agent and the Issuer, by e-mail) and will only be effective:

(a) in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1;

(b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1.1; or

(c) in case of e-mail to the Agent or the Issuer, when received in legible form by the e-mail address specified in Clause 26.1.1,

and any such notice shall be made in English.

26.1.3 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

27 FORCE MAJEURE

27.1 Neither the Agent nor the Paying Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Paying Agent itself takes such measures, or is subject to such measures.

27.2 Should a Force Majeure Event arise which prevents the Agent or the Paying Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

27.3 The provisions in Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act, in which case the provisions of the Financial Instruments Accounts Act shall take precedence.

28 GOVERNING LAW AND JURISDICTION

28.1 These Terms and Conditions, the Agency Agreement and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden, save that Section 2 insofar relating to the subordination of the Notes, Section 3, insofar relating to the Solvency Condition and Section 15 insofar relating to set-off ("**Excluded Matters**"), shall be governed by, and construed in accordance with, the laws of Iceland.

28.2 The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (Sw. *Stockholms tingsrätt*), other than in relation to Excluded Matters in respect of which the courts of Iceland shall have jurisdiction.

ADDRESSES

The Issuer

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Swedbank AB (publ)

Address

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Deloitte ehf.

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As to Swedish law

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