

Supplement dated 25 November 2020
To the Base Prospectus dated 8 October 2020

Kvika Banki hf.

(incorporated with limited liability in Iceland)

ISK 30,000,000,000

Debt Issuance Programme

This supplement (the “Supplement”) to the base prospectus dated 8 October 2020 (the “Base Prospectus”) constitutes a supplement for the purposes of Article 23 of Prospectus Regulation EU 2017/1129 (the “Prospectus Regulation”), which has been implemented into Icelandic law with Act No. 14/2020 (the “Act on Prospectus for Public Offering or Admission to Trading on a Regulated Market”) and the Supplement is prepared in accordance with Article 23 of the Prospectus Regulation. This Supplement is supplemental to, forms part of and must be read and construed in conjunction with, the Base Prospectus dated 8 October 2020.

The Base Prospectus has been issued by Kvika banki hf. (the “Issuer”) in respect of an ISK 30,000,000,000 Debt Issuance Programme (the “Programme”) and is dated 8 October 2020.

The Supplement and the Base Prospectus are available on the Issuer’s website, <https://www.kvika.is/en/investor-relations/prospectuses/>. Investors can request printed copies of the Base Prospectus and any supplements free of charge at the Issuer’s registered office at Katrínartún 2, 105 Reykjavík, Iceland.

Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. To the extent that there is any inconsistency between a) any statement in this Supplement or any statements incorporated by reference into the Base Prospectus by this Supplement and b) any other statement in or incorporated by reference into the Base Prospectus, the statements referred to in a) above shall prevail.

This Supplement has been approved by The Financial Supervisory Authority of the Central Bank of Iceland (the “FSA”), as competent authority under the Prospectus Regulation. The FSA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Securities that are the subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Securities. The Supplement is published in English only.



Kvika banki hf.

This Supplement is dated 25 November 2020

The chapter Terms and Conditions of the Securities is updated with the addition of chapter 17. Other Terms and Conditions:

17. Other Terms and Conditions

Where this Condition 17 is specified in the applicable Final Terms as being applicable, the following terms shall apply. To the extent that there is any conflict with other conditions in the Base Prospectus, this Condition 17. Other Terms and Conditions shall prevail.

17.1 General provisions

Terms of the Securities, as described in the Base Prospectus, Final Terms and the issue description of the Securities dated 16 December 2019, are binding for the owners of the Securities in each case, irrespective of whether their holdings stem from subscriptions when the Securities were initially sold or whether they are due to subsequent transfers, the satisfaction of claims or other transfers of ownership rights of the Securities.

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

17.2 Events of default and call provisions

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

If the debt is called due, it shall be permissible to resort to enforceable action against the Issuer to satisfy the debt without a previous judgement or court settlement, cf. sub-paragraph 7 of paragraph 1 of Article 1 of Act no. 90/1989. In addition to applying to the principal amount of the debt, the enforceable action also applies to interest, penalty interest, mandatory default premium, all costs related to claims, legal fees and collection measures and statutory arrears, as well as the anticipated costs of further measures to satisfy the debt, cf. Article 1, paragraph 2 of Act no. 90/1989.

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

17.3 Special call provision conditions

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

- a) Notification of non-performance: The Issuer undertakes to immediately notify Security holders in writing if it becomes aware that any kind of breach, as defined under these terms, has occurred.

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

The following circumstances grant Security holders the right to unilaterally call a Security without special prior notice:

- f) Levy of execution, bankruptcies etc.: There is a levy of execution on the Issuer, a bankruptcy auction is requested on its assets, the Issuer seeks composition, the Issuer submits a request to the District Court seeking a composition agreement with its creditors or there is an agreement to send the claim on the estate of the Issuer into receivership. The assets of the Issuer are placed on a bankruptcy auction or frozen as part of the satisfaction of creditors' debts. The Financial Supervisory Authority take action on the basis of Act no.161/2002 on Financial Undertakings, due to the financial position of the Issuer. However, the foregoing does not apply if there is a justifiable objection from the Issuer and a reasonable defence is upheld by legal means.
- g) Decisions of the Financial Supervisory Authority: The Financial Supervisory Authority can revoke the operating licence of an issuer, in accordance with Act no. 161/2002 on Financial Undertakings.
- h) Delisting: After being registered, the securities shall be de-listed from the regulated securities market without convening a creditors meeting and the required approval of Security holders shall be obtained according to the terms of the series of securities.
- i) Amendments to laws and regulations: If any amendments are made to laws and regulations after the issue of the series of securities, which in some way restrict the rights of Security holders to enforce their default remedies and/or their rights to interest and/or principal.

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

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

17.3 Amendments to these terms

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

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

17.4 Delisting:

The Securities shall be delisted after the maturity date, unless the Issuer announces otherwise.

17.5 Disputes

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

Term 32 under the heading General Provisions Applicable to the Securities under Part A: Contractual Terms in the chapter Applicable Final Terms has been updated and is now as follows:

32. Other Final Terms:

[Not Applicable/ Condition 17 applies/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute significant new factors and consequently trigger the need for supplements to the Base Prospectus under Article 23 of the Prospectus Regulation)

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information

Reykjavík, 25 November 2020

For and on behalf of Kvika

Marinó Örn Tryggvason
CEO of Kvika

Undirritunarsíða

Marínó Örn Tryggvason