



Exemption Document

Merger of Kvika hf., TM hf. and Lykill
fjármögnun hf.

31 March 2021





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Published for a prospectus exemption in connection with a takeover by means of a merger.

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1. IMPORTANT INFORMATION

This document (hereafter referred to as the “**Exemption Document**“) is published for a prospectus exemption in connection with a takeover by means of a merger cf. point f) of paragraph 5 of article 1 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 4 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereafter referred to as the “**Prospectus Regulation**“). The Prospectus Regulation has been implemented into Icelandic law through the Act on Prospectus for Public Offering or Admission to Trading on a Regulated Market No. 14/2020. More specifically, this document is published in connection with the proposed admittance of trading of Kvikabanki hf. ‘s, reg. no. 540502-2930, Katrínartúni 2, 105 Reykjavík (hereafter also referred to as “**Kvika**“, the “**Bank**“ and the “**Issuer**“) share capital increase, issued in relation to Kvikabanki hf. ‘s, TM hf. ‘s, reg. no. 660269-2079, Síðumúla 24, 108 Reykjavík (hereafter also referred to as “**TM**“) and Lykill fjármögnun hf. ‘s, reg. no. 621101-2420, Síðumúla 24, 108 Reykjavík (hereafter also referred to as “**Lykill**“) tripartite merger under the name and reg. no. of Kvikabanki hf. on the Regulated Market of Nasdaq Iceland hf. (hereafter referred to as “**Nasdaq Iceland**“). A final decision on the merger was made on 30 March 2021, when the respective shareholders’ meetings of the three companies approved the merger. Prior to the merger TM transferred its insurance operations to its subsidiary TM tryggingar hf., reg. no. 660269-3399 (hereafter also referred to as “**TMT**“). TMT therefore becomes a subsidiary of the merged company. Further information on the transaction and its impact on the Issuer are to be found in chapter 5. *The Transaction* of the Exemption Document.

The Exemption Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129.

The Exemption Document has not been subject to the scrutiny and approval by the Financial Supervisory Authority of the Central Bank of Iceland (hereafter referred to as the “**FSA**“) in accordance with Article 20 of Regulation (EU) 2017/1129.

The information appearing in this Exemption Document should not be construed as an offer, a recommendation or solicitation to buy, hold or sell shares in Kvikabanki hf. or to take any other investment decisions. Kvikabanki hf. assumes no liability for distribution of the Exemption Document by any third parties in any jurisdiction. This Exemption Document should not be distributed or sent to the USA, Australia, Canada or Japan. This Exemption Document, or other documents which are a part of the Exemption Document, should by no means be viewed or construed as a promise by the Bank of future success in operations or as a return on investments. Investors are reminded that equities are risky investments that are based on expectations, not promises. Investors must, first and foremost, trust their own judgment when it comes to investing in the Bank's shares, and are advised to seek advice from external experts before making investment decisions. Investors are furthermore advised to consider their legal status, including taxation issues that may concern the purchase or sale of the Bank's securities, and seek external and independent advice in that respect.

This Exemption Document has been published for electronic viewing on the Bank’s corporate website:

<https://www.kvika.is/en/investor-relations/prospectuses/>

1.1. Persons responsible and Issuer's Statement

Kvika banki hf., reg. no. 540502-2930, Katrínartúni 2, 105 Reykjavík is responsible for drawing up the Exemption Document.

Kvika declares that, having taken all reasonable care to ensure that such is the case, the information in this Exemption Document is, to the best of Kvika's knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 31 March 2021

For and on behalf of Kvika banki hf.



Sigurður Hannesson,

Chairman of the Board of Directors



Marinó Örn Tryggvason,

CEO of Kvika

1.2. Expert's Statement or Report

The Issuer has, with Ernst & Young ehf.'s, an accounting advisory services, located at Borgartún 30, 105 Reykjavík (hereafter referred to as “**Ernst&Young**”) consent, published a report prepared by Ernst&Young at the request of the Board of Directors of Kvika, in connection with plans to merge Kvika, TM and Lykill, on the basis of article 122 of the Act on Public Limited Companies No. 2/1995.

The Issuer has, with KPMG ehf.'s, an accounting advisory services, located at Borgartún 27, 105 Reykjavík (hereafter referred to as “**KPMG**”) consent, published a report prepared by KPMG at the request of the Boards of Directors of TM and Lykill, in connection with plans to merge Kvika, TM and Lykill, on the basis of article 122 of the Act on Public Limited Companies No. 2/1995.

For further information on the reports, see chapter 6.1.1 *Reports prepared by Independent Experts*.

1.3. Information sourced by a Third Party

Where third party information has been used in the Exemption Document, the information 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 facts have been omitted which would render the reproduced information inaccurate or misleading.

1.4. Information Incorporated by Reference

This Exemption Document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Exemption Document. The following information shall be incorporated by reference and form a part of this Exemption Document:

Merger balance sheet and auditors' endorsement on the basis of the second paragraph of Article 122 of Act No. 2/1995, on Public Limited Companies:

<https://www.kvika.is/asset/4153/samrunagogn-fullundirritad-23.02.2021-en-uppfaert.pdf>

The Bank's audited consolidated financial statements for the year ended 31.12.2020, together with the audit report thereon:

<https://newsclient.omxgroup.com/cds/DisclosureAttachmentServlet?showInline=true&messageAttachmentId=840761>

TM's audited consolidated financial statements for the year ended 31.12.2020, together with the audit report thereon:

<https://newsclient.omxgroup.com/cds/DisclosureAttachmentServlet?showInline=true&messageAttachmentId=840743>

Lykill's audited consolidated financial statements for the year ended 31.12.2020, together with the audit report thereon:

<https://newsclient.omxgroup.com/cds/DisclosureAttachmentServlet?showInline=true&messageAttachmentId=840769>

A report prepared by Ernst&Young ehf. on the basis of Article 122 of the Act on Public Limited Companies No. 2/1995, at the request of the Board of Directors of Kvika:

<https://www.kvika.is/asset/4153/samrunagogn-fullundirritad-23.02.2021-en-uppfaert.pdf>

A report prepared by KPMG ehf. on the basis of Article 122 of the Act on Public Limited Companies No. 2/1995, at the request of the Board of Directors of TM and Lykill:

<https://www.kvika.is/asset/4153/samrunagogn-fullundirritad-23.02.2021-en-uppfaert.pdf>

The Issuer's announcement, published on 30 March 2021, disclosing the decisions of the respective shareholders' meetings of Kvika, TM and Lykill, all held on 30 March 2021:

<https://csf.omxgroup.com/cns->

web/oam/viewOamDisclosure.action;jsessionid=iBUH1Go6NJ0kXnKCLNID3HyUDWsEqfdkiA38rB_n.csf.2001?disclosureId=393659

1.5.Potential Conflicts of Interest

It should be noted that the Issuer itself will manage the admission of its shares to trading on the Regulated Market of Nasdaq Iceland and has prepared the Exemption Document. It could be argued that conflicts of interest may arise in such situations, but in accordance with the statements made by Kvika in chapter *1.1 Persons Responsible and Issuer's Statement*, the information in this Exemption Document is, to the best of Kvika's knowledge, factual and contains no omission likely to affect its import.

As stated in chapters *7.1 Board of Directors* and *7.2 Executive Management* of this Exemption Document, on 30 March 2021, several members of the Board of Directors and all members of the Executive Management own shares in the Bank. Further, the members of the Executive Management own warrants issued by the Bank. The Board of Directors is not aware of any other potential conflicts of interest between the duties of the members of the Board of Directors or members of the Executive Management to the Bank and their private interests or other duties.

The Bank's rules on measures against conflicts of interests, which are considered to include the Banks' policy on conflicts of interests, have been incorporated in the Exemption Document by reference and may be accessed on the Issuer's website, under the following link:

<https://www.kvika.is/asset/2558/reglur-um-radstafanir-gegn-hagsmunaarekstrum.pdf>

1.6. Documents on Display

For 12 months from the date of the publication of this Exemption Document, the following documents are available for viewing at the registered office of the Issuer, and/or electronically on the Issuer's website, www.kvika.is:

- The Issuer's Articles of Association
- The Issuer's consolidated financial statements for the year ended 31 December 2020, together with the audit report thereon
- TM's consolidated financial statements for the year ended 31 December 2020, together with the audit report thereon
- Lykill's consolidated financial statements for the year ended 31 December 2020, together with the audit report thereon
- Merger balance sheet and auditors' endorsement
- The merger schedule
- Statement of the Board of Directors of Kvika
- Statement of the Board of Directors of TM
- Statement of the Board of Directors of Lykill
- A report prepared by Ernst&Young ehf. on the basis of Article 122 of the Act on Public Limited Companies No. 2/1995 at the request of the Board of Directors of Kvika
- A report prepared by KPMG ehf. on the basis of Article 122 of the Act on Public Limited Companies No. 2/1995 at the request of the Board of Directors of TM and Lykill

2. KVIKA BANKI

2.1. General Information

Legal name:	Kvika banki hf.
Commercial name:	Kvika
Address:	Katrínartún 2, 105 Reykjavík, Iceland
Reg. No.:	540502-2930
Legal form:	A public limited company established under the Act on Public Limited Companies no. 2/1995
Domicile:	Iceland
Date of incorporation:	7 May 2002
Ticker symbol with Nasdaq Iceland:	KVIKA
ISIN-number:	IS0000020469
LEI:	254900WR3I1Z9NPC7D84
Website:	www.kvika.is ¹
E-mail:	kvika@kvika.is
Phone number:	+ 354 540 3200

The Bank's audit firm is Deloitte ehf., reg. no. 521098-2449, Smáratorgi 3, 201 Kópavogi, Iceland. Kvika's auditors are Pálína Árnadóttir, State Authorised Public Accountant and member of the Institute of State Authorised Public Accountants in Iceland and Guðmundur Ingólfsson, State Authorised Public Accountant and member of the Institute of State Authorised Public Accountants in Iceland. Deloitte ehf. has been the Bank's audit firm since it was elected its audit firm, at the Bank's Annual General Meeting in March 2016.

2.2. Business Overview 2020

Kvika is a specialized bank focusing on asset management and investment services and places emphasis on developing long-term partnerships with customers through responsive and versatile services. Asset and fund management is carried out through Kvika's subsidiaries. Kvika focuses on providing high quality and tailor-made services to its varied client base through its operations in Iceland and the United Kingdom. The Bank's size allows it flexibility to utilise its infrastructure, balance sheet and relationships with other international financial services providers to deliver unique solutions.

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

Targeted range of services

The Group focuses on specific groups and customers, emphasising exceptional, tailor-made services. The Group's size enables it to adapt to its environment with the aim of maintaining profitability and customer service. The Group is prepared to make use of its infrastructure and balance sheet to generate income, e.g. by utilising its loan processes to loan in tandem with other lenders.

- Banking finances enterprises and the investments of the Bank's customers. Banking also makes use of the Bank's expertise and network to broker loans to other institutional investors.
- Capital Markets offers customers comprehensive securities brokerage and foreign exchange market services.
- Corporate Finance provides various types of advisory services in connection with investments and financing. The principal focus is on corporate acquisitions and divestments, as well as initial public offerings.

On 31 August 2020 the FSA approved that the Bank moved the operation of its asset management to its subsidiary Kvika Asset Management hf. (*Ice.* Kvika eignastýring hf.) (hereafter also referred to as “**KES**”). KES emphasises offering the Group's customers a broad range of services for investing in Iceland as well as in global markets. The aim is to provide the best asset and fund management services, guided by customers' long-term interests.

The Group employs a tight-knit team of experts who achieve success on the basis of their diverse educational backgrounds, in-depth knowledge, extensive experience, and dedication to meeting customers' needs. Kvika's CEO is Marinó Örn Tryggvason and the chairman of the Board is Sigurður Hannesson.

The Bank is listed on Nasdaq Iceland and has issued several bills and bonds that have been admitted to trading on Nasdaq Iceland.

The Issuer is the parent company of the Group and owns several subsidiaries. The main subsidiaries held directly or indirectly by the Group as of 31 December 2020 are listed in the Table below:

Entity	Nature of operations	Domicile	Share 31.12.2020
FÍ Fasteignafélag GP ehf.	Real estate fund management	Iceland	100%
GAMMA Capital Management hf.	Fund management	Iceland	100%
Kvika eignastýring hf.	Fund management	Iceland	100%
M-Investments ehf.	Holding company	Iceland	100%
Netgíró reikningar ehf.	Holding company	Iceland	100%
Netgíró lán ehf.	Holding company	Iceland	100%
Netgíró lán II ehf.	Holding company	Iceland	100%
Rafklettur ehf.	Holding company	Iceland	100%
AC GP 3 ehf.	Fund management	Iceland	80%
Kvika Securities Ltd.	Business consultancy services	UK	100%

The following subsidiaries have been classified by the Issuer as significant subsidiaries. Though varying in their financial contribution to the Issuer, 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.

GAMMA is a manager of alternative investment funds in accordance with the provisions of Act No. 45/2020, on Alternative Investment Fund Managers. Gamma emphasizes operating funds focused on real estate projects.

Kvika Securities Ltd. is a UK subsidiary. Kvika Securities Ltd. is regulated in the United Kingdom by the Financial Conduct Authority and is authorised to manage alternative investment funds and provide asset management and corporate finance services. Kvika Securities Ltd. owns two subsidiaries, Kvika Advisory Ltd. and KKV Investment Management Ltd. Kvika Advisory Ltd. was acquired through the Bank's acquisition of GAMMA in 2019 and is regulated in the United Kingdom by the Financial Conduct Authority and is authorised to provide corporate finance services. KKV Investment Management Ltd. is an appointed representative of Kvika Securities Ltd., founded in 2020. KKV is an alternative credit investment manager focusing on collateralised, non-correlated, income-producing investments.

Kvika eignastýring hf. (e. Kvika Asset Management) is an asset and fund management company (also referred to as "KES"). KES 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, KES's operating license under Act No. 161/2002, on Financial Undertakings, 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. KES operates mutual funds and investment funds which are open to everyone for investment. The company also operates other alternative investment funds. In cases where the above-mentioned funds invest in companies engaged in business operations in this country, their holdings are generally not such that they exercise control over the companies in question.

On 25 March 2021, the board of directors of Kvika decided that TM tryggingar hf., a subsidiary of TM, would be classified among significant subsidiaries of the Bank subject to the merger being approved by the shareholders' meeting of Kvika, TM and Lykill.

2.3. Principal Activities of the Issuer

2.3.1. Capital Markets

Kvika Capital Markets offer full-service brokerage in the Icelandic equity, fixed income and foreign exchange markets. It 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.

Kvika Capital Markets trades in equities, bonds and currency on all principal international markets. Moreover, capital markets trade in options and total return swaps, forward contracts on securities and foreign exchange contracts with its customers.

2.3.2. Corporate Finance

The Corporate Finance team offers a wide range of value-adding investment banking services focused on acquisitions, divestments and mergers, financing and financial restructuring, listings and delisting of equities and bonds, as well as various other balance sheet related advisory such as strategic reviews of securities and businesses.

Corporate Finance also offers diverse services to listed companies and companies seeking to list on a regulated stock exchange, such as managing initial public offerings, share capital increases and floating. Detailed preparation and grooming, as well as thorough planning, are essential for a successful listing. The approach of Kvika's Corporate Finance includes independent advice with the aim of ensuring the best possible strategy for its customers.

2.3.3. Banking

The Banking division finances enterprises and the investments of the Bank's customers. The division also makes use of the Bank's expertise and network to sell or syndicate loans to other institutional investors.

The Banking division can be divided into two main areas of operations: deposit and banking services and financing operations. In addition, the division also manages the Bank's unlisted assets. The focus is on creating returns on the Bank's capital and fees and commissions from servicing its customers, many of whom are also customers of other business units.

Deposit and Banking Services

The Banking's deposit and banking service arm offers a range of private banking services to high-net-worth individuals, businesses, and market participants. The Bank accepts deposits and offers competitive interest rates. The Bank's ambition is to create a long-lasting and personal relationship with its customers. Kvika's deposits from customers have been steadily growing for the last two years, largely due to new deposit product offerings such as the online deposit platform Auður. Deposits from customers amounted to 59.9 billion at year end 2020 (2019:51.5 billion). The vast majority of deposits are in ISK as FX deposits account for less than 15% of total deposits with USD and EUR accounts historically making up the majority of that.

Financing Operations

The Banking's financing arm provides financing to the Bank's customers. The Bank prides itself in offering bespoke financing solutions, including project financing, portfolio financing, bridge lending, mezzanine lending and wholesale funding for fintech solution providers. Further, Kvika acts as lead lender in syndicated loans to satisfy the need of larger corporates. Emphasis is placed on short-term financing, where the maturity of loans generally does not exceed 24 months. The Banking division has diversified its loan book over the last few years. This has mainly been done by providing wholesale funding to fintech service providers that supply individuals with short-term consumer credit. The end-borrowers that have been reached through these channels now exceed 12 thousand and represent the bulk of the Bank's unsecured loans. At the same time, the loan book duration has been gradually decreased to better match the Bank's funding profile and mitigate risk. In addition, shorter maturity has resulted in a higher proportion of fees from the lending activity.

The Bank's loan book has remained relatively stable in size over the last two years, with total loans amounting to approximately ISK 30 billion. The composition of the book has been fairly static, over the last few years it has consisted of mainly non-CPI-linked ISK loans (80-83%), with CPI-linked loans hovering around 10% and FX loans between 5-11%. EUR loans have accounted for a majority portion of the Bank's FX loans, though GBP was the leading currency at year-end 2020.

Innovation

Auður is the Bank's online financial service, offering savings accounts platform which offers favourable deposit rates. By automating processes and offering limited services it is possible to keep costs at a minimum and thus provide customers with better rates than are currently available in the market. Auður's online platform is based on self-service, thus no contact with staff or physical offices is required. In 2020 Auður launched new term deposits, offering higher interest than the on demand deposits, that have been well received by Auður's clients. Similarly, Kvika operates the online platform Framtíðin, which offers bridge- and additional lending to individuals purchasing real estate.

2.4. Breakdown of total Revenues by Operating Segment

The Group's operations have historically been centred in Iceland along with nearly all of the Groups' income and assets. In 2017, the Group acquired Kvika Securities Ltd., which is regulated in the United Kingdom by the Financial Conduct Authority and is authorised to manage alternative investment funds and provide asset management and corporate finance services in the UK. In 2020 the consolidated net income of KSL' and its subsidiaries amounted to ISK 577 million, about 6.7% of the Group's revenues.

The Group defines five reportable segments which reflect the reporting structure of the Bank, Asset Management, Capital Markets, Corporate Banking, Corporate Finance and Proprietary trading and Treasury. The segment reporting is based on the same principles and structure as internal reporting to Senior Management and the Board of Directors. Information about non-revenue generating divisions, is presented under the heading Support functions and eliminations.

Internal reporting does not take into account the effects of consolidation. As a result, elimination entries are needed to reconcile internal reporting with consolidated results. Elimination entries arise primarily from interest calculated on internal balances, share in the results of subsidiaries and fees charged for services the parent provides to subsidiaries.

The table below sets forth certain information with respect to the Group's operating segments for the periods indicated:

As of and for the year ended 31 December 2020

<i>ISK ('000)</i>	Corporate Banking	Corporate Finance	Capital Markets	Proprietary trading and Treasury	Asset Management	Support functions and eliminations	Total
Net interest income.....	1,638,335	65	204,827	50,599	(58,208)	(35,443)	1,800,174
Net fee and commission income.....	639,258	381,015	920,269	150,015	3,801,907	63,194	5,955,659
Net financial income.....	91,400	(0)	(885)	486,931	44,368	210,780	832,595
Share in profit of associates.....	(17,855)	0	0	0	10,428	0	(7,427)
Other operating income (expense).....	123,041	0	14	1,921	72,058	(111,986)	85,048
Net operating income.....	2,474,180	381,080	1,124,225	689,466	3,870,553	126,545	8,666,048
Salaries and related expenses....	(269,758)	(245,873)	(267,448)	(183,955)	(1,099,252)	(1,576,949)	(3,643,236)
Other operating expenses.....	(453,196)	(25,648)	(80,121)	(51,719)	(670,109)	(799,525)	(2,080,317)
Net impairment.....	(190,877)	(1,108)	0	0	(142,069)	16,587	(317,468)
Revaluation of contingent consideration.....	0	0	0	0	(286,058)	0	(286,058)
Profit (loss) before cost allocation and tax.....	1,560,348	108,450	776,656	453,792	1,673,065	(2,233,342)	2,338,969
Net segment revenue from external customers.....	2,466,427	281,940	1,551,502	291,575	3,870,559	204,045	8,666,048
Net segment revenue from other segments.....	7,753	99,140	(427,278)	397,890	(6)	(77,500)	0

2.5. Significant Changes having an impact on the Operations and Principal Activities since 31.12.2020

On 30 March 2021, the respective shareholders' meetings of Kviká, TM and Lykill approved the merger of the three companies. Further, on 22 January 2021, Kviká announced that it has completed the acquisition of close to 80% of all shares in Netgíró hf. from Alva Capital ehf., following the signing of a Letter of Intent for the acquisition, which was announced on 16 July 2020. Kviká, which previously owned a stake close to 20% in Netgíró hf., will now be sole owner of the company. The acquisition of Netgíró hf. is in line with Kviká's policy of utilising technological solutions to modernize financial services. Netgíró hf. has developed an advanced credit rating system and offered its customers "buy now pay later" services. The Issuer confirms that aside from the aforementioned, no other significant changes having an impact on the operations and principal activities of the Issuer have occurred since the end of the last financial period.

2.5.1. Investments made since the date of the last Published Financial Statements

On 19 March 2021, Kviká completed the acquisition of 100% share in Aur app ehf. (hereinafter referred to as "Aur"). Aur was established in 2015, offering simple and swift payment services and has in a short period of time built an extensive client base. At the end of February, Aur had 90 thousand active users. The company has been leading fintech player in Iceland with its mobile payments and innovative approach to consumer lending. The acquisition of Aur is an important step in Kviká's policy of utilising technological solutions to modernize financial services. The Bank expects that Aur, together with Netgíró hf., and the fintech service Auður will play a key role in the Bank's fintech services going forward. The acquisition is expected to have an insignificant effect on the year's results.

2.6. Corporate Governance

At year-end 2020, the Board of Directors of the Issuer consisted of the following members: Sigurður Hannesson, Chairman (business address: Borgartún 35, 105 Reykjavík, Iceland), Guðmundur Þórðarson (business address: Stekkjarflöt 22, 210 Garðabæ, Iceland), Hrönn Sveinsdóttir (business address: Borgartún 25, 105 Reykjavík, Iceland), Inga Björg Hjaltadóttir (business address at Suðurlandsbraut 4, 108 Reykjavík, Iceland), Guðjón Reynisson (business address: 94 Rusthall Avenue, W41BS, London, United Kingdom), and Albert Þór Jónsson (business address: Hlíðarhvamur 8, 200 Kópavogur, Iceland) is an alternate member of the Board.

At year-end 2020, the Executive Management comprised the CEO, deputy CEO and five managing directors. Marinó Örn Tryggvason is the CEO, Ármann Þorvaldsson the deputy CEO, Lilja Jensen General Counsel, Ragnar Páll Dyer, Managing Director, Finance & Operations, Bjarni Eyvinds, Managing Director, Capital Markets, Magnús Ingi Einarsson, Managing Director, Banking, Baldur Stefánsson, Managing Director, Corporate Finance. The business address of the members of the Executive Management is at Kviká's headquarters, at Katrínartún 2, 105 Reykjavík, Iceland.

The Group employed 160 full time employees at year-end 2020.

The Bank had 990 shareholders at year-end 2020 none of which held more than 10% of shares in the Bank. Pursuant to the Act on Financial Undertakings, the Bank is obliged to specify on its website the names and proportional holdings of all parties, and beneficial owners, owning more than 1% of share capital or initial capital in the Bank at any given time.

The table below shows the ten largest shareholders of the Bank's shares as of year-end 2020:

Shareholder	31.12.2020
Stoðir hf.	8.24%
Lífeyrissjóður verzlunarmanna	7.57%
SNV holding ehf.	6.24%
Lífeyrissjóður starfsmanna ríkisins A-deild	5.86%
Vátryggingafélag Íslands hf.	4.32%
Lífsverk lífeyrissjóður	2.89%
Sindrandi ehf.	2.88%
Almenni lífeyrissjóðurinn	2.64%
Gani ehf.	2.45%
Birta lífeyrissjóður	2.30%

2.7. Financial Information

The consolidated financial statements of Kviká for the year 2020 and all interim financial statements in the period have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The consolidated financial statements comprise Kviká and its subsidiaries. The latest consolidated financial statements of Kviká were approved by the Issuer's Board of Directors on 17 February 2021 and cover the financial period of 1.1.2020-31.12.2020.

Consolidated financial statements for the last financial year prior to the date of this Exemption Document have been incorporated in the Exemption Document by reference and may be accessed under the following link:

<https://newsclient.omxgroup.com/cds/DisclosureAttachmentServlet?showInline=true&messageAttachmentId=840761>

2.8. Legal and Arbitration Proceedings

The Issuer is not aware of any governmental, legal or arbitration proceedings, during the twelve months preceding the date of this Exemption Document, which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

2.9. Regulatory Disclosure

The Issuer's shares are traded on Nasdaq Iceland and the Issuer is therefore subject to disclosure under the Rules of the Exchange and applicable laws.

This summary has been prepared in accordance with the Commission Delegated Regulations (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or division section 2.7 of Annex 1 (minimum information content of the Exemption Document).

Inside information

Date	Title	Description	Cross references
19 April 2020	Kvika banki hf.: Kvika sells its shareholding in Korta hf.	Disclosure on Kvika selling all its shares in Korta hf. To the UK based fintech company Rapyd.	
28 September 2020	Kvika banki hf.: Discussion on the merger of Kvika banki hf. and TM hf.	Disclosure that the Board of Directors of Kvika banki and TM have agreed to commerce discussions on the merger of the two companies.	5
29 October 2020	Kvika banki hf.: Preliminary results for Q3 2020 and updated earnings estimate for the year	Publication of the Q3 2020 financial results.	
25 November 2020	Kvika banki hf.: Kvika banki, TM and Lykill Merge	Disclosure that the Board of Directors of Kvika banki, TM and Lykill fjármögnun agreed to merge the companies.	5
28 January 2021	Kvika banki hf. - Forecast for 2021	Disclosure that the budget anticipates a pre-tax profit in the range of ISK 2,600 to 3,000 million and according to preliminary results, Kvika's profit in 2020 is expected to be around ISK 2,340 million before tax	
23 February 2021	Kvika banki hf.: Boards of Directors of Kvika, TM and Lykill sign a Merger Plan	Disclosure that today, the Boards of the three companies completed and signed the proposed merger plan. The Boards expect this merger to prove beneficial to the companies and their shareholders.	5

Other information disclosed according to the rules of the exchange

Date	Title	Description	Cross references
30 April 2020	Kvika expands its asset management operations in the UK	Disclosure that KKV Investment Management Ltd., a subsidiary of Kvika Securities Ltd., Kvika banki hf.'s UK subsidiary, has reached an agreement to provide investment management services to a British secured loan fund SQN Asset Finance Income Fund. The British fund has net assets of £390 million, equivalent to ca. ISK 70 billion and is listed on the London Stock Exchange.	
02 June 2020	Kvika banki hf.: Announcement regarding market making agreements	Reference is made to Kvika's announcement published on 12 March 2020 where it was stated among other things that Arion banki hf., that provides market making services in relation to Kvika's shares, had decided to exercise its right in the market making agreement that allows for deviation from the terms of the agreement regarding the spread and amount in light of special circumstances.	
04 June 2020	Kvika banki hf.: Announcement regarding market making agreements	Reference is made to Kvika's announcement published on 12 March 2020 where it was stated among other things that Íslandsbanki hf., that provides market making services in relation to Kvika's shares, had decided to exercise its right in the market making agreement that allows for deviation from the terms of the agreement regarding the spread and amount in light of special circumstances.	

08 June 2020	Kvika banki hf.: Kvika's UK subsidiary appointed investment manager of two British secured loan funds	Disclosure that KKV Investment Management Ltd., a subsidiary of Kvika Securities Ltd, the UK operational subsidiary of Kvika Banki, has finalised Investment Management Agreements with two British secured loan funds. The two funds' Net Asset Value is in excess of £425 million, equivalent to c. 70 billion Icelandic krona.	
16 June 2020	Kvika banki hf.: Commercial paper auction 23 June 2020	Disclosure that Kvika banki hf. will hold a commercial paper offering Tuesday 23 June 2020.	
23 June 2020	Kvika banki hf.: Kvika banki hf. completes auction of bills	Disclosure that Kvika banki hf. has concluded an offering of three, six and nine months bills in new series.	
07 July 2020	Kvika banki hf.: Completion of Kvika's sale of shares in Korta hf.	Disclosure that the sale of shareholding in Korta hf. to the UK based fintech company Rapyd has been completed.	
16 July 2020	Kvika banki hf.: Letter of intent for the purchase of Netgíró hf.	Disclosure that Kvika has signed a letter of intent for the purchase of 80% share in Netgíró.	2.5
13 August 2020	Kvika banki hf.: Increase in issue of 5Y senior unsecured bonds in the series KVB 19 01	Disclosure that Kvika banki hf. has concluded sale of ISK 2,120m in the series KVB 19 01, a five year senior unsecured bond with monthly installments and interests payments.	
19 August 2020	Kvika banki hf.: Increase in issue of KVB 19 01 and KVB 20 01	Today Kvika banki hf. held closed auction for the bond series KVB 19 01 and KVB 20 01. Total accepted bids amounted to ISK 1.360 million.	
31 August 2020	Kvika banki hf.: Kvika's asset management operations merged to form a single company, Kvika Asset Management hf.	Disclosure that the Board of Directors at Kvika banki hf. has agreed to merge Kvika's asset and fund management operations in a single subsidiary, i.e. the fund management company Júpíter rekstrarfélag hf.	2.2
31 August 2020	Kvika banki hf.: Market making agreement	Disclosure that Kvika Banki hf. has signed a new agreement with Arion Banki hf. under which Arion will continue to act as a market maker for shares issued by Kvika on the Nasdaq Iceland Main Market under the market ticker symbol KVIKA.	6.4.1
02 September 2020	Kvika banki hf.: Market making agreement	Disclosure that Kvika Banki hf. has signed a new agreement with Íslandsbanki hf. under which Íslandsbanki will continue to act as a market maker for shares issued by Kvika on the Nasdaq Iceland Main Market under the market ticker symbol KVIKA.	6.4.1
22 October 2020	Kvika banki hf. issues 3Y senior unsecured bond	Kvika banki hf. has today concluded the sale of KVB 20 01, a new series of senior unsecured bonds.	
16 December 2020	Kvika banki hf. Completes auction of bills	Disclosure that Kvika banki hf. has concluded an offering of three, six and nine months bills in new series.	
22 January 2021	Kvika banki hf.: Kvika's Acquisition of Netgíró Completed	Disclosure that Kvika banki hf. ("Kvika" or "the bank") has completed the acquisition of 80% of all shares in Netgíró hf. ("Netgíró") from Alva Capital ehf., following the signing of a Letter of Intent for the acquisition, which was announced on 16 July 2020. The bank, which previously owned a stake close to 20% in Netgíró, will now be sole owner of the company.	2.5
04 February 2021	Kvika banki hf. Issues 2Y senior unsecured bond in British Pounds	Disclosure that Kvika banki hf. has issued senior unsecured bonds in British Pounds in the amount of GBP 12,000,000 in a new series KVB 20 01.	

23 February 2021	Kvika banki hf.: Increase in issue of KVB 19 01	Disclosure that Kvika banki hf. concluded sale of nominal ISK 660 million in bond series KVB 19 01.	
26 February 2021	Kvika banki hf.: Two provisos in Kvika, TM and Lykill Merger Agreement fulfilled	Disclosure that Kvika, TM and Lykill have signed a merger plan for the companies.	5
09 March 2021	Kvika banki hf.: Conditioned approval by FME for the merger of Kvika, TM and Lykill	Disclosure that FME notified Kvika, TM and Lykill that the Financial Supervision Committee had discussed the application for approval of the companies' merger.	5
16 March 2021	Kvika banki hf.: Auction of bills	Disclosure of offering of bills in the three month series KVB 21 0621, six months series KVB 21 0921 and nine months series KVB 21 1222.	
16 March 2021	Kvika banki hf.: Correction and recall - Kvika issues 2Y senior unsecured bond in British Pounds	Correction and recall of published announcement earlier that day which was published by mistake.	
16 March 2021	Kvika banki hf.: Kvika issues 2Y senior unsecured bond in British Pounds	Disclosure that Kvika has issued senior unsecured bonds in British Pounds in the amount of GBP 12,000,000 in a new series KVB 20 01.	
18 March 2021	Kvika banki hf. Results of auction of bills	Disclosure that Kvika had concluded an offering of bills. Total offers for bills in the auction amounted to ISK 1,020 million and were no offers accepted.	
19 March 2021	Kvika banki hf.: Kvika has acquired all shares in Aur app ehf.	Disclosure that Kvika has acquired all shares in Aur app ehf.	

Annual Financial Report

Date	Title	Description	Cross references
12 February 2021	Kvika banki hf.: Publication of annual financial statement	Publication of 2020 annual financial statement	1.4, 1.6, 2.7
17 February 2021	Kvika banki hf.: Financial Results of Kvika banki hf. for 2020	Publication of 2020 annual financial result	1.4, 1.6, 2.7

Notice to general meeting

Date	Title	Description	Cross references
8 March 2021	Kvika banki hf.: Shareholders' Meeting on 30 March 2021	Publication of an invitation to Kvika's Shareholders' Meeting to be held on 30 March 2021.	
30 March 2021	Kvika banki hf.: Presentation for General Meeting	Publication of a presentation for a General Meeting of Kvika banki hf., that will be held today at 4:00 pm at Hilton Reykjavík Nordica, Suðurlandsbraut 2, 108 Reykjavík.	
30 March 2021	Kvika banki hf.: Annual General Meeting on 21 April 2021	Disclosure on the notice to the general meeting	

Decisions of general meeting

Date	Title	Description	Cross references
30 March 2021	Kvika banki hf.: Merger of Kvika, TM and Lykill	Disclosure on that a meeting of the shareholders of Kvika banki hf. ("Kvika"), TM hf. ("TM"), and Lykill fjármögnun hf. ("Lykill"), agreed to merge the three companies under the name and ID number of Kvika so that TM and Lykill shall be dissolved without settlement of debts and the companies shall be completely merged (merger with take-over), pursuant to Art. 119 of Act no. 2/1995 on Public Limited Companies.	5

Total number of voting rights and capital

Date	Title	Description	Cross references
01 April 2020	Kvika banki hf.: Announcement regarding decrease in share capital	At Kvika's AGM held on 26 March 2020 the meeting approved to reduce the company's share capital by ISK 50 million nominal value, or the equivalent of 50 million shares, from ISK 2,014,759,097 to ISK 1,964,759,097 nominal value, by cancelling own shares held by the company in the said amount.	
28 May 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 5 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 3,656,666, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 1,968,415,763, with the issuance of new share capital.	
02 June 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 1,968,415,763.	
25 June 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 2 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 2,633,333, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 1,971,049,096, with issuance of new shares.	
01 July 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 1,971,049,096.	
10 July 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 4 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 5,166,667, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 1,976,215,763, with issuance of new shares.	

13 July 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 1,976,215,763.
20 July 2020	Kvika banki hf.: Statement on news about TM and Kvika	Disclosure on that this morning, news was published on a possible merger of Kvika banki hf. and TM hf. No discussions are ongoing or intended regarding this matter.
20 August 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 4 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 23,333,331, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 1,999,549,094, with issuance of new shares.
25 August 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 1,999,549,094.
27 August 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 11 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 54,033,332, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,053,582,426, with issuance of new shares.
28 August 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,053,582,426.
28 September 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 18 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 16,433,327, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,077,319,178, with issuance of new shares.
30 September 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,077,319,178.
29 October 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 23 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 26,316,661, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,103,635,839, with issuance of new shares.
30 October 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share

capital amounts to nominal value of ISK 2,103,635,839.

26 November 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 19 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 27,666,663, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,131,302,502, with issuance of new shares.
30 November 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,131,302,502.
14 December 2020	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 10 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 9,699,995, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,141,002,497, with issuance of new shares.
15 December 2020	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,141,002,497.
28 January 2021	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 17 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 25,256,665, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,166,259,162, with issuance of new shares.
29 January 2021	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,166,256,162.
25 February 2021	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 15 notifications from holders of subscription rights on shares in the company, amounting to a total nominal value of ISK 16,458,333, for exercising of the rights. The company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,182,717,495, with issuance of new shares.
26 February 2021	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,182,717,495.
08 March 2021	Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital	Disclosure that the Board of Directors of Kvika banki reviewed 1 notification from a holder of subscription rights on shares in the company, amounting to a total nominal value of ISK 4,000,000, for exercising of the rights. The

company's share capital would therefore be increased accordingly and would, after the increase, amount to a nominal value of ISK 2,186,717,495, with issuance of new shares.

09 March 2021	Kvika banki hf.: Announcement regarding increase in share capital	Disclosure that the share capital increase has now been registered by the register of undertakings of the Directorate of Internal Revenue and the share capital amounts to nominal value of ISK 2,186,717,495.
31 March 2021	Kvika banki hf.: Announcement regarding increase in share capital	On 30 March 2021 Kvika banki hf. („the Company“) announced its shareholders meeting resolution to increase the share capital by ISK 2,509,934,076, to be paid to TM hf. („TM“) shareholders for their shares in TM in relation to the merger of the two entities and Lykill fjármögnun hf. The share capital increase has now been registered by the register of undertakings of the Iceland Revenue and Customs and the share capital amounts to nominal value of ISK 4.696.651.571. It has been requested that the new shares will be issued by the Nasdaq central securities depository and that the shares will be listed for trading on the Main Market of Nasdaq Iceland.

Financial Calendar

Date	Title	Description	Cross references
16 December 2020	Kvika banki hf.: Financial Calendar 2021	Disclosure that Kvika will host its Annual General Meeting and publish its interim consolidated and annual consolidated financial statements.	

Major shareholder announcement

Date	Title	Description	Cross references
03 April 2020	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from RES II ehf.	
29 September 2020	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from RPF ehf., Loran ehf., Premier eignarhaldsfélag ehf. and IREF ehf.	
03 December 2020	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from Stoðir hf.	
04 December 2020	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from Arion banki hf	
04 March 2021	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from Arion banki hf	
09 March 2021	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from Arion banki hf	
30 March 2021	Kvika banki hf.: Major shareholder announcement	Disclosure of a major shareholder announcement from Arion banki hf.	

Interim report (Q1 and Q3)

Date	Title	Description	Cross references
21 April 2020	Kvika banki hf.: Preliminary results for Q1 2020	Disclosure of the provisional results for Q1 2020 where the earnings before tax for the quarter was estimated to amount to ISK 446 million.	
12 May 2020	Kvika banki hf.: Will publish its Q1 financial results on Thursday 14 May 2020	Disclosure of location and date of the publication of Kvika banki's financial results for the first quarter of 2020.	
14 May 2020	Kvika banki hf.: First quarter 2020 results and revised earnings forecast	Disclosure of the highlights of the interim financial statement for Q1 2020 where it is stated that the profit before taxes amounted to ISK 445 million.	
10 November 2020	Kvika banki hf.: Will publish its Q3 financial results on Thursday 12 November 2020	Disclosure of location and date of the publication of Kvika banki's financial results for the third quarter of 2020.	
12 November 2020	Kvika banki hf.: Financial results for the first nine months of 2020	Disclosure of the highlights of the interim financial statement for the first nine months of 2020 where it is stated that the profit before taxes amounted to ISK 1,533 million.	

Manager's Transactions

Date	Title	Description	Cross references
21 August 2020	Kvika banki hf.: Managers' transactions	Disclosure on the announcements on managers' transactions	
23 August 2020	Kvika banki hf.: Managers' and related partys' transactions	Disclosure on the announcements on managers' and related partys' transactions.	
23 August 2020	Kvika banki hf.: Managers' and related partys' transactions	Disclosure on the announcements on managers' and related partys' transactions.	

Half Year financial report

Date	Title	Description	Cross references
18 August 2020	Kvika banki hf.: Correction – Half year financial report	In the Icelandic version of an announcement published by the Bank earlier today, the timing of the presentation meeting due to the results of the first 6 month of the year 2020 was misspelled.	
18 August 2020	Kvika banki hf.: Half Year financial report	Disclosure of location and date of the publication of Kvika banki's financial results for the first six months of 2020.	
20 August 2020	Kvika banki hf.: Announcement of 2020 First Half Results	Disclosure of the highlights of the interim financial statement for the first half of 2020 where the profit before taxes amounted to ISK 1,016 million.	

Changes board/management/auditors

Date	Title	Description	Cross references
01 April 2020	Kvika banki hf.: Notification regarding changes to the alternate board	Disclosure that Jóhanna Harpa Árnadóttir, who was elected as alternate member to Kvika's board of directors at the company's AGM held on 26 March 2020, has announced her resignation from the company's alternate board due to other commitments.	

3. COMPANIES THAT MERGE WITH KVIKA: TM HF.

Upon publication of the Exemption Document, the respective shareholders' meetings of Kvika, TM and Lykill have approved the merger of the three companies. The information on TM in this chapter 3 is based on the situation as of 31 December 2020, prior to the final decision on the merger, unless otherwise stated.

3.1. General Information

Legal name:	TM hf.
Commercial name:	TM
Address:	Síðumúli 24, 108 Reykjavík, Iceland
Reg. No.:	660269-2079
Legal form:	A public limited company established under the Act on Public Limited Companies no. 2/2995
Domicile:	Iceland
Date of incorporation:	7 December 1956
Ticker symbol with Nasdaq Iceland:	TM
ISIN-number:	IS0000000586
LEI:	213800GYLXUTBJI2DV05
Website:	www.tm.is ²
E-mail:	tm@tm.is
Phone number:	+ 354 512 2000

TM hf.'s audit firm is PricewaterhouseCoopers ehf., reg. no. 690681-0139, Skógarhlíð 12, 105 Reykjavík, Iceland. TM's auditors are Arna G. Tryggvadóttir, State Authorised Public Accountant and member of the Institute of State Authorised Public Accountants in Iceland and Bryndís Björk Guðjónsdóttir, State Authorised Public Accountant and member of the Institute of State Authorised Public Accountants in Iceland.

3.2. Business Overview 2020

TM is an Icelandic insurance company that offers comprehensive insurance services in Iceland as well as offering limited insurance services abroad in the field of marine and property insurance. TM is licensed in the European Economic Area and in the Faroe Islands.

² Information on the website does not form part of the Exemption Document unless that information is incorporated by reference into the document.

TM's main activity is to issue insurance contracts that transfer risk from customers to the company. In doing so, TM agrees to compensate for future losses due to well-defined, uncertain events. TM's insurance operations are classified as Property and Casualty Insurance (P&C Insurance) and Life and Health Insurance.

Investment is a large part of insurance business as premiums are paid at the beginning of the insurance period, but claims for compensation are made later and time elapses until claims are paid. This creates financial obligation towards policyholders and in order to be able to meet it, the insurance company's funds must be disposed of against this obligation through investments in accordance with Article 113 of Act No. 100/2016 on Insurance services. Investment operations are therefore an important activity within the company. Further, in 2020 TM acquired financing operation Lykill fjármögnun hf., adding a third revenue post to the company's operations.

TM's headquarters are at Síðumúli 24 in Reykjavík, in addition to 9 service offices all over Iceland. Additionally, TM collaborates with dealers and insurance brokers in Iceland and abroad.

As of 31 December 2020, TM was the parent company of the following subsidiaries:

Entity	Nature of operations	Domicile	Share 31.12.2020
Íslensk endurtrygging hf.	Insurance business	Iceland	100%
TM líftryggingar hf.	Insurance business	Iceland	100%
TM tryggingar hf.	Insurance business	Iceland	100%
TM fé ehf. (liquidated in 2020)	Investment operations	Iceland	
Lykill fjármögnun hf.	Financing operations	Iceland	100%
LÝS 2 ehf. (Lykill's subsidiary)	No operations	Iceland	100%
LÝS 3 ehf. (Lykill's subsidiary)	No operations	Iceland	100%
Lýsing ehf. (Lykill's subsidiary)	No operations	Iceland	100%
Kvakkur ehf. (Lykill's subsidiary)	No operations	Iceland	100%

TM's main subsidiaries TM líftryggingar hf., TM tryggingar hf. and Lykill fjármögnun are further described in chapter 3.3. *Principal Activities of TM*.

3.3. Principal Activities of TM

On 1 January 2021 TM hf's insurance operations were transferred to its subsidiary TM Tryggingar hf. After the transfer, the bulk of TM's revenue generating activities are performed through its subsidiaries, with TM becoming a holding company to manage its holdings in Lykill and TM Tryggingar hf., and thus with diminished operations.

3.3.1. P&C Insurance – (transferred to TM tryggingar hf. in 2021)

P&C Insurance contracts cover liability damage, accidental bodily injury and property damage. Liability insurance compensates for damage caused by the insured to a third party. Accident insurance compensates for damage suffered by the insured as a result of an accident. Property insurance mainly pays compensation to customers for damage or loss of property. Clients with business interruption insurance can also collect compensation for loss of income if property damage causes operations to be disrupted. TM divides its P&C Insurance operations into two divisions, Individual- and Corporate, both of which offer insurance products in five different insurance categories: property-, marine-, vehicle-, liability- and accident insurance.

In order to limit large risk exposure, TM re-insures a part of its insurance portfolio. The company's reinsurance contracts in property, marine, vehicle, liability and accident insurance are so-called excess of loss contracts. In these contracts, the company bears a fixed own risk in each loss event, irrelevant to

whether a single or multiple loss occurs in each event. The company's own risk varies depending on each contract and ranges from ISK 75-150 million.

3.3.2. Life and Health Insurance – TM líftryggingar hf.

TM's Life and Health Insurance operations are operated through subsidiary, TM líftryggingar hf., which offers insurance covering death or certain illnesses. A service agreement, where TM líftryggingar hf. outsourced all general activities to TM, was in force between the two companies until the transfer of the insurance operations from TM to TMT. A new service agreement will be made between TMT and TM líftryggingar hf.

The reinsurance protection of the company's life insurance is in the form of a quota share treaty, which is based on a pure proportional division of premiums and claims. The company holds a 55% share for its own account and the reinsurer holds 45%. In addition, the company buys protection against major events, which is in the form of an excess risk agreement where the deductible is limited to ISK 25 million. This may be the case if more than one person dies in the same event.

3.3.3. Investment Operations – (transferred to TM tryggingar hf. on 1 January 2021)

Income from the company's investment activities is distributed in a segment overview of the three segments, non-life insurance, life insurance and financial activities. It can be considered that the investment activities are responsible for investing income from paid premiums from non-life insurance and life insurance activities, due to the time that elapses between the collection of premiums and until the money is repaid again as claims. As a result, non-life insurance and life insurance operations are allocated a certain part of investment income in accordance with the size of the part of the technical provisions that belong to each segment. Other income from investing activities in excess of that is included in income from financial operations.

3.3.4. Financing Operations – Lykill fjármögnun hf.

TM's financing operations are operated through subsidiary Lykill fjármögnun hf., which was acquired in 2020. Lykill's operations are described in chapter 4 *Companies that merge with Kvika: Lykill hf.*

3.4. Breakdown of Total Revenues by Operating Segment

TM's operations are mainly centred in Iceland along with nearly all of TM's income and assets. TM offers limited insurance services abroad in the field of marine and property insurance. In 2020, TM's premiums from operations abroad amounted to ISK 330 million, about 2% of TM's total premiums.

TM defines three main reportable segments, Insurance operations, Investment operations and Financing operations. Further, Insurance operations are divided into P&C Insurance and Life- and Health Insurance. The segment reporting is based on the same principles and structure as internal reporting to senior management and TM's board of directors.

Internal reporting does not take into account the effects of consolidation. As a result, elimination entries are needed to reconcile internal reporting with consolidated results. Elimination entries arise primarily from interest calculated on internal balances, share in the results of subsidiaries and fees charged for services the parent company provides to subsidiaries.

The tables below set forth certain information with respect to TM's operating segments for the periods indicated.

As of and for the year ended 31 December 2020

<i>ISK ('000)</i>	Insurance Operations	Investment Operations	Financing Operations	Eliminations	Total
Premiums earned.....	16,489,106			(76,045)	16,413,062
Premiums earned, reinsurers' share...	(763,205)				-763,205
Income from reinsurers.....	74,009				74,009
Net interest income from Financing Operations.....			1,206,772	7,891	1,214,663
Income from Operating leases.....			823,901	(9,690)	814,211
Income from Investment Operations.....	182,770	3,620,475	333,967	(10,878)	4,126,333
Other operating income		33,039	71,471		104,510
Net operating income.....	15,982,680	3,653,514	2,436,111	(88,722)	21,983,583
Claims incurred.....	(12,218,592)				(12,218,592)
Claims incurred, reinsurers' share.....	686,819				686,819
Unwinding, interest and fx changes of technical reserves.....		(557,455)			(557,445)
Operating expenses.....	(3,292,726)	(433,706)	(1,445,827)	77,643	(5,094,616)
Operating lease asset depreciation.....			(386,009)	3,727	(382,282)
Interest expenses.....		(227,893)		1,355	(226,537)
Impairment of assets.....		(195,676)	(572,506)		(768,182)
Net operating expenses.....	(14,824,499)	(1,414,730)	(2,404,342)	82,725	(18,560,845)
Net operating results	1,158,181	2,238,784	31,769	(5,997)	3,422,739
Underpricing due to purchase of Lykill fjármögnun hf.		2,250,503			2,250,503
Profit (loss) before tax.....	1,158,181	4,489,287	31,769	(5,997)	5,673,242

As of and for the year ended 31 December 2020

<i>ISK ('000)</i>	P&C Insurance	Life- and health insurance	Insurance Operations
Premiums earned.....	15,717,917	771,189	16,489,106
Premiums earned, reinsurers' share...	(563,208)	(199,996)	(763,204)
Income from reinsurers.....	7,660	66,349	74,009
Income from Investment Operations.....	176,853	5,917	182,770
Net operating income.....	15,339,222	643,459	15,982,681
Claims incurred.....	(11,972,008)	(246,584)	(12,218,592)
Claims incurred, reinsurers' share.....	570,549	116,270	686,819
Operating expenses.....	(3,056,342)	(236,384)	(3,292,726)
Net operating expenses.....	(14,457,801)	(366,698)	(14,824,499)
Profit (loss) before tax.....	881,421	276,761	1,158,181

3.5. Significant Changes having an impact on the Operations and Principal Activities since 31.12.2020

On 1 January 2021 TM's insurance operations were transferred to its subsidiary TM Tryggingar hf., as per TM and Kvika's merger agreement. Following which, the FSA revoked TM's operating license to conduct insurance operations pursuant to Act No 100/2016 on Insurance Services, after TM had notified the FSA of its waiver of the operating license.

On 30 March 2021, the merger of Kvika, TM and Lykill, under the name and registration number of Kvika, was approved by the respective shareholders' meetings of the three companies, making TM Tryggingar hf. a subsidiary of Kvika. Aside from the aforementioned, no other significant changes having an impact on the operations and principal activities of TM have occurred since end of the last financial period.

3.6. Corporate Governance

At year-end, the Board of Directors of TM consisted of the following members: Örvar Kærnedst (business address: Sunnufliöt 14, 210 Garðabær, Iceland), chairman, Andri Þór Guðmundsson (business address: Stigahlíð 78, 105 Reykjavík, Iceland), Einar Örn Ólafsson (business address: Einimel 18, 107

Reykjavík, Iceland), Kristín Friðgeirsdóttir (business address: Túnfit 1, 210 Garðabær, Iceland), Helga Kristín Auðunsdóttir (business address: Ægisíða 86, 107 Reykjavík, Iceland), Bjarki Már Baxter (business address: Ingólfsstræti 3, 101 Reykjavík, Iceland), alternate, Bryndís Hrafnkelsdóttir (business address: Giljalandi 32, 108 Reykjavík, Iceland), alternate.

At year-end, the Executive Management comprised the CEO and six managing directors: Sigurður Viðarsson, CEO, Garðar Þ. Guðgeirsson, director of development, Hjálmar Sigurþórsson, director of insurance, Kjartan Vilhjálmsson, director of communications, Markús Árnason, director of investments, Ólöf Jónsdóttir, director of financing and Óskar B. Hauksson, CFO.

TM Group employed 163 full-time employees at year-end 2020.

At year-end 2020, TM had 831 shareholders none of which holds more than 10% of shares in the company. The company specifies the parties and proportional holdings of the 20 largest shareholders in the company at any given time.

The table below shows the ten largest shareholders of TM's shares as of year-end 2020:

Shareholder	31.12.2020
Stoðir hf.	9.90%
Lífeyrissjóður verzlunarmanna	9.58%
Gildi lífeyrissjóður	8.76%
Íslandsbanki hf.	7.42%
Birta lífeyrissjóður	6.61%
Lífeyrissjóðir starfsmanna ríkisins A-deild	6.56%
Stapi lífeyrissjóður	4.39%
Brú lífeyrissjóður	3.99%
Landsbankinn hf.	3.48%
Stefnir – ÍS 15	3.27%

At year-end 2020, TM owned eight subsidiaries, TM tryggingar hf., TM líftryggingar hf., Íslenska endurtrygging hf., Lykill hf., LÝS-2 ehf., LÝS-3 ehf., Lýsing ehf. og Kvakkur ehf.

3.7. Financial Information

The consolidated financial statements of TM for the year 2020 and all interim financial statements in the period have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The consolidated financial statements comprise TM and its subsidiaries. The latest consolidated financial statements of TM were approved by TM's board of directors on 17 February 2021 and cover the financial period of 1.1.2020-31.12.2020.

Consolidated financial statements for the last financial year prior to the date of this Exemption Document have been incorporated in the Exemption Document by reference and may be accessed under the following link:

<https://newsclient.omxgroup.com/cds/DisclosureAttachmentServlet?showInline=true&messageAttachmentId=840743>

3.8. Legal and Arbitration Proceedings

Disputes over liability or amount of compensation are not uncommon and are considered a traditional part of the operation of insurance companies. TM is thus, at any given time, involved in a number of court cases involving such disputes. Except for the aforementioned, TM and its subsidiaries are not and have not been parties to administrative, court or arbitration proceedings in the last twelve months, which

may have, or have had in the recent past, significant effects on TM, its subsidiaries and/or the TM Group and/or TM Group's financial position or profitability.

3.9. Regulatory Disclosure

TM's shares were traded on Nasdaq Iceland's regulated market and the company was therefore subject to disclosure under the Rules of the Exchange and applicable laws.

This summary has been prepared in accordance with Commission Delegated Regulations (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or division section 2.7 of Annex 1 (minimum information content of the Exemption Document).

Inside information

Date	Title	Description	Cross references
22 April 2020	TM – Profit warning.	Disclosure on that estimated losses of TM and subsidiaries in the first quarter of ISK 1.4 billion	
11 August 2020	TM – Profit warning.	Disclosure on that estimated profit of TM and subsidiaries in the second quarter of ISK 1.6 billion	
29 September 2020	TM hf.: Discussions on the merger of Kvikabanki hf. and TM hf.	Disclosure on that the Board of Directors of Kvikabanki and the Board of Directors of TM agreed to commence discussions on the merger of the two companies. Discussions are based on the premises that TM will become Kvikabanki's subsidiary and that Lykill fjármögnun hf., TM's subsidiary, will merge with Kvikabanki.	
25 November 2020	Kvikabanki, TM and Lykill Merger	Disclosure on the Boards of Directors of Kvikabanki hf. (Kvikabanki), TM hf. (TM) and Lykill fjármögnun hf. (Lykill) approved the merger of the three companies.	5
18 January 2021	TM – Profit warning	Disclosure on the draft for financial statements Q4 of 2020 indicates that pre-tax profit will be around ISK 2.1 billion. Profit from operations before taxes in 2020 will accordingly be around 3.4 b.kr. and total profit of ISK 5.6 billion.	
23 February 2021	Boards of Directors of Kvikabanki, TM and Lykill Sign a Merger Plan	Disclosure on the companies' Boards completed and signed the proposed merger plan.	5

Other information disclosed according to the rules of the exchange

Date	Title	Description	Cross references
02 June 2020	TM – Market watch announcement	Disclosure on TM's market watchers Arion banki og Kvikabanki have notified that circumstances that led to the activation of provisions in agreements on market making and deviations from provisions concerning amounts and spreads, cf. notification therefrom from 12 March 2020, were no longer in place and therefore the provisions on spreads and amounts apply again.	
01 July 2020	TM - Statement regarding news about TM and Kvikabanki	Due to the news coverage in this regard, TM wishes to emphasize that no talks are underway	

		regarding a possible merger of TM and Kvika, nor are such talks planned.	
02 October 2020	TM group specified as a financial conglomerate	Disclosure on Financial Supervision Authority had specified TM group as a financial conglomerate.	
26 November 2020	TM – Market watch announcement	Disclosure on TM's market watcher, Kvika banki has terminated market making with TM shares and the parties have agreed that the termination will take effect immediately.	
26 February 2021	TM - Conditions for the position of the Competition Authority in the merger agreement between Kvika, TM and Lykil are met	Disclosure on the Competition Authority today concluded that it would not intervene in any way with the merger of the three companies.	5
9 March 2021	TM - Conditioned approval by FME for the merger of Kvika, TM and Lykill	Disclosure that FME notified Kvika, TM and Lykill that the Financial Supervision Committee had discussed the application for approval of the companies' merger.	5

Annual Financial Report

Date	Title	Description	Cross references
09 February 2021	TM hf.: Publication of annual financial statement	Annual financial statement will be published 17 February.	1.4, 1.6, 3.7
17 February 2021	TM hf.: Financial Results of TM hf. For 2020	Publication of 2020 annual financial result	
17 February 2021	TM hf. – Investor Presentation of Q4 and the year 2020	Publication of Investor Presentation of Q4 and the year 2021	

Notice to general meeting

Date	Title	Description	Cross references
23 February 2021	TM - Annual General Meeting 18 March	Disclosure on the notice to the general meeting, meeting's agenda and proposals from the Board of Directors	
8 March 2021	TM hf. – General Meeting 30 March 2021	General Meeting of TM hf. will be held on Tuesday 30 March at 16:00 pm on Hilton Reykjavík Nordica, 2 nd floor, Suðurlandsbraut 2, 108 Reykjavík	
9 March 2021	Annual General Meeting of TM 18 March 2021 - Final proposals and resolution proposals	Publication of the final proposals and resolution proposals for the general meeting of TM 2021	
15 March 2021	TM - Candidacy for the Board of Directors and the nominating committee		
22 March 2021	TM hf.: Final proposals and resolution proposals	Disclosure on that proposals and resolution proposals published earlier are unchanged since the publication of the earlier announcement of the company, dated 8 March 2021.	

Decisions of general meeting

Date	Title	Description	Cross references
18 March 2021	TM – Results of the Annual General Meeting 2021	At the Annual General Meeting of TM hf., proposals were approved for the disposal of the company's surplus income, the company's remuneration policy, remuneration to the Board, sub-committees, and the nominating committee.	

		In addition, auditors were elected for the operating year 2021.	
30 March 2021	TM: Merger of Kviká, TM and Lykill	Disclosure on that a meeting of the shareholders of Kviká banki hf. (“Kviká”), TM hf. (“TM”), and Lykill fjármögnun hf. (“Lykill”), agreed to merge the three companies under the name and ID number of Kviká so that TM and Lykill shall be dissolved without settlement of debts and the companies shall be completely merged (merger with take-over), pursuant to Art. 119 of Act no. 2/1995 on Public Limited Companies.	5

Financial Calendar

Date	Title	Description	Cross references
09 December 2020	TM - Financial Calendar 2021	Disclosure that TM will host its Annual General Meeting and publish its interim consolidated and annual consolidated financial statements.	

Major shareholder announcement

Date	Title	Description	Cross references
01 July 2020	TM - Major shareholder announcement	Disclosure of a major shareholder announcement from Stefnir hf.	
03 September	TM - Major shareholder announcement	Disclosure of a major shareholder announcement from Brú lífeyrissjóður	
03 December 2020	TM - Major shareholder announcement	Disclosure of a major shareholder announcement from Stoðir hf.	
10 February 2021	TM - Major shareholder announcement	Disclosure of a major shareholder announcement from Stefnir hf.	

Interim report (Q1 and Q3)

Date	Title	Description	Cross references
21 May 2020	TM will publish its Q1 financial results on 28 May 2020		
28 May 2020	TM - Interim report (Q1 2021)		
28 May 2020	TM – Investor Presentation for Q1 2020		
21 October 2020	TM will publish its Q3 financial results on 29 October 2020		
29 October 2020	TM - Preliminary results for Q3 2020		
29 October 2020	TM hf. – Investor Presentation for Q3 2020		

Manager's Transactions

Date	Title	Description	Cross references
02 December 2020	TM hf.: Managers' and related partys' transactions	Spelkan ehf., related party to Sigurður Viðarsson President and CEO, sold 1.800.000 number of shares.	
03 December 2020	TM hf.: Managers' and related partys' transactions	Stoðir hf. related party to Örvar Kærnested, chariman of the Board of Directors, sold 13.582.625 number of shares.	
14 December 2020	TM hf.: Managers' and related partys' transactions	Hjálmar Sigurþórsson, CEO, sold 192.559 number of shares.	

Half Year financial report

Date	Title	Description	Cross references
18 August 2020	TM - Will publish its Q2 financial results on 26 August 2020		
26 August 2020	TM - Half Year financial report		
26 August 2020	TM – Investor Presentation of the second quarter 2020		

Changes board/management/auditors

Date	Title	Description	Cross references
13 January 2021	TM – Change of management	Disclosure on Garðar Þ. Guðgeirsson, who has held the position of Development Manager at TM hf., has decided to resign from the company.	

4. COMPANIES THAT MERGE WITH KVIKA: LYKILL HF.

Upon publication of the Exemption Document, the respective shareholders' meetings of Kvika, TM and Lykill have approved the merger of the three companies. The information on Lykill in this chapter 4 is based on the situation as of 31 December 2020, prior to the final decision on the merger, unless otherwise stated.

4.1. General Information

Legal name:	Lykill fjármögnun hf.
Commercial name:	Lykill
Address:	Síðumúli 24, 108 Reykjavík, Iceland
Reg. No.:	621101-2420
Legal form:	A public limited company established under the Act on Public Limited Companies no. 2/1995
Domicile:	Iceland
Date of incorporation:	1 October 2001
LEI:	213800EH2GN487RCKC87
Website:	www.lykill.is ³
E-mail:	lykill@lykill.is
Phone number:	+ 354 540 1700

Lykill hf.'s audit firm is PricewaterhouseCoopers ehf., reg. no. 690681-0139, Skógarhlíð 12, 105 Reykjavík, Iceland. Lykill's auditor for the period covered by the historical financial information is Bryndís Björk Guðjónsdóttir, State Authorised Public Accountant and member of the Institute of State Authorised Public Accountants in Iceland.

4.2. Business Overview 2020

From the beginning, Lykill has been at the forefront of product development in its business niches, which have mainly been in the field of asset leasing, by financing commercial equipment, commercial real estate and vehicles for companies and individuals. Contractors and service providers have traditionally been the largest customers, but more emphasis was placed on financing vehicles for individuals following the company's purchase of Lykill from MP banki hf. in the year 2014.

Lykill employs a group of co-ordinated experts who achieve success through education, knowledge, and experience. Lykill employed an average of 25 employees in 2020 and had 15 full-time employees at year end 2020.

³ Information on the website does not form part of the Exemption Document unless that information is incorporated by reference into the document.

Lykill, a subsidiary of TM hf., was the parent company of the following subsidiaries at year-end 2020:

Entity	Nature of operations	Domicile	Share 31.12.2020
LÝS-2 ehf.	No operations	Iceland	100%
LÝS 3 ehf.	No operations	Iceland	100%
Lýsingar ehf.	No operations	Iceland	100%
Kvakkur ehf.	No operations	Iceland	100%

Lykill's subsidiaries had no operations at 31.12.2020.

4.3. Principal Activities

Business operations is responsible for the company's product and business development, both in terms of the development of the current product range and the development of new products. It is also responsible for promotional work and the company's marketing affairs. Furthermore, communication is maintained with Lykill's partners, related to full service operating leases, and with sales and service providers of cars, machinery, and equipment.

Lykill specializes in asset-based financing for companies and individuals. The most common financing form is direct loans, car loans, secured with vehicles or other assets. Lykill also offers other types of financing, for example hire purchase lease agreement, financial lease agreement and operational lease agreement.

4.3.1. Corporate Services:

Financing of vehicles, various types of commercial vehicles and equipment through loan agreements, asset leasing agreements and operational lease. The corporate division also offers commercial real estate financing and construction loans. The division handles general inquiries and communication with customers and partners.

4.3.2. Retail Services:

Financing of cars and other registered equipment through asset leasing and loan agreements as well as full service operational lease for individuals. The division also handles general inquiries and communication with customers and partners.

New products and rebranding of traditional products from recent years include i.e. interest-free loans, full service operating leases (Flotaleiga and Lykilleiga), fixed-rate loans and personal loans, such as car loans (Lykillán), hire purchase lease agreements (Lykilsamningar) and non-secured consumer loans (Lykilfé).

4.4. Breakdown of total Revenues by Operating Segment

Lykill's operations are centred in Iceland along with all of Lykill's income and assets. Lykill does not define reportable segments or discloses additional breakdown by products to its financial reporting.

4.5. Significant Changes having an impact on the Operations and Principal Activities since 31.12.2020

On 30 March 2021, the respective shareholders' meetings of Kvika, TM and Lykill approved the merger of the three companies. The shares of Lykill, which was 100% owned by TM, directly and indirectly, will be cancelled upon the merger without special consideration, cf. Article 129 of the Act on Public Limited Companies, no. 2/1995. Kvika will however take over Lykill's operations, which will following the merger, be managed in a branch that is part of Kvika. Aside from the aforementioned, no other

significant changes having an impact on the operations and principal activities of Lykill have occurred since the end of the last financial period.

4.6. Corporate Governance

Prior to the merger, Lykill was directly and indirectly 100% owned by TM and TM tryggingar hf. At year-end, the Board of Directors consisted of the following members: Sigurður Viðarsson, chairman (business address: Síðumúla 24, 108 Reykjavík, Iceland), Örvar Kærnested (business address: Sunnuflöt 14, 210 Garðabær, Iceland), Kristín Friðgeirsdóttir (business address: Túnfit 1, 210 Garðabæ), Andri Þór Guðmundsson (business address: Stigahlíð 78, 105 Reykjavík, Iceland), Einar Örn Ólafsson (business address: Einimel 18, 107 Reykjavík, Iceland) and Helga Kristín Auðunsdóttir (business address: Ægisíða 86, 107 Reykjavík, Iceland) and alternates Bjarki Már Baxter (business address: Ingólfsstræti 3, 101 Reykjavík, Iceland), and Bryndís Hrafnkelsdóttir (business address: Giljalandi 32, 108 Reykjavík, Iceland). Ólöf Jónsdóttir was the CEO of Lykill prior to the merger. Her business address was at Lykill's headquarters at Síðumúli 24, 108 Reykjavík

Lykill employed 15 full-time employees at year-end 2020.

4.7. Financial Information

The consolidated financial statements of Lykill for the year 2020 and all interim financial statements in the period have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The consolidated financial statements comprise Lykill and its subsidiaries. The latest consolidated financial statements of Lykill were approved by Lykill's board of directors on 17 February 2021 and cover the financial period of 1.1.2020-31.12.2020.

Consolidated financial statements for the last financial year prior to the date of this Exemption Document have been incorporated in the Exemption Document by reference and may be accessed under the following link:

<https://newsclient.omxgroup.com/cds/DisclosureAttachmentServlet?showInline=true&messageAttachmentId=840769>

4.8. Legal and Arbitration Proceedings

The Issuer is not aware of any governmental, legal or arbitration proceedings, during the twelve months preceding the date of this Exemption Document, which may have, or have had in the recent past, significant effects on Lykill, its subsidiaries and/or the Lykill Group and/or Lykill Group's financial position or profitability.

4.9. Regulatory Disclosure

Lykill has issued securities that are traded on Nasdaq Iceland's regulated market and the company is therefore subject to disclosure under the Rules of the Exchange and applicable laws.

This summary has been prepared in accordance with the Commission Delegated Regulations (EU) 2021/528 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or division section 2.7 of Annex 1 (minimum information content of the Exemption Document).

Inside information

Date	Title	Description	Cross references
29 September 2020	Lykill fjármögnun hf.: Discussions on the merger of Kvika banki hf. and TM hf.	Disclosure on that the Board of Directors of Kvika banki and the Board of Directors of TM agreed to commence discussions on the merger of the two companies. Discussions are based on the premises that TM will become Kvika banki's subsidiary and that Lykill fjármögnun hf., TM's subsidiary, will merge with Kvika banki.	5
25 November 2020	Kvika, TM and Lykill Merge	Disclosure on the Boards of Directors of Kvika banki hf. (Kvika), TM hf. (TM) and Lykill fjármögnun hf. (Lykill) approved the merger of the three companies.	5
23 February 2021	Boards of Directors of Kvika, TM and Lykill Sign a Merger Plan	Disclosure on the companies' Boards completed and signed the proposed merger plan.	5

Other information disclosed according to the rules of the exchange

Date	Title	Description	Cross references
27 April 2020	The Board of Directors of Lykil fjármögnun hf.	Disclosure on that a new board of directors was elected on a subsequent Annual General Meeting held 27 April.	
27 April 2020	Lykill fjármögnun hf. issues a new bond series	Disclosure on auction of a new unsecured series LYKILL 21 04. The series carries a fixed nominal rate of 3.10%, with monthly annuity payments and final maturity date on the 28th of April 2021.	
29 May 2020	Lykill - Bond and bill auction on June 4th	Disclosure on Lykill fjármögnun hf. is to hold both a bond and bill auction of a new fixed rate bond series, LYKILL 24 06 and a new 6 month bill series LYKILL201215, next Thursday, June 4th.	
2 June 2020	Lykill fjármögnun hf.: Correction: Bond and bill auction on June 4th	This announcement has been updated to reflect the changed legal authorization for auctions without the issuance of a prospectus to professional investors.	
04 June 2020	Lykill - Bond and bill auction result 4th June 2020	Disclosure on results regarding bond and bill auction. The bond issue attracted bids amounting to the nominal amount of ISK 1,570 million at the price 100.00. Lykill accepted all offers. The bill issue attracted bids amounting to the nominal amount of ISK 2,860 million. Lykill accepted offers in the amount of ISK 1,732 million.	
10 July 2020	Lykill - Expansion of the bond series LYKILL 21 04	Disclosure on that Lykill has completed the expansion of the bond series LYKILL 21 04. Bonds with a nominal value of ISK 1,000 million were sold. The total size of the series after enlargement will be a nominal value of 2,000 m.kr.	
03 September 2020	Lykill - Bill auction on 8th September	Disclosure on Lykill fjármögnun hf. is to hold a bill auction of a new 6 month bill series LYKILL210315, next Tuesday, September 8th.	
08 September 2020	Lykill - Bill auction result 8th September 2020	The bill issue attracted bids amounting to the nominal amount of ISK 1,900 million. Lykill	

		accepted offers in the amount of ISK 1,000 million.
18 November 2020	Lykill fjármögnun hf. issues a new 3-year bond series	Disclosure on Lykill has completed the sale of a new three-year general bond LYKILL 23 11. The series is a 3-year interest-bearing bond with a final maturity date of 28 November 2023, which carries a floating interest rate linked to one-month REIBOR interest in addition to a 1.1% interest spread.
26 November 2020	Lykill fjármögnun hf.: Expansion of the bond series KEY 23 11	Disclosure that on November 18, Lykill published an announcement that the company had completed the sale of ISK 1,000m. nominal value in the series. Additional bonds with a nominal value of ISK 810m are now being issued.
03 December 2020	Lykill fjármögnun hf.: Auction of bills December 8th, 2020	Disclosure on Lykill fjármögnun hf. is to hold a bill auction of a new 6 month bill series LYKILL210615 and new 12 month bill series LYKILL211215.
09 December 2020	Lykill fjármögnun hf.: Bill auction result 8th December 2020	The bill issue attracted bids amounting to the nominal amount of ISK 2,440 million. Lykill accepted offers in the amount of ISK 1,738 million.
04 February 2021	Lykill fjármögnun hf.: Expansion of the bond series KEY 23 11	Disclosure on the company had completed the sale of ISK 1,200m. nominal value in the series. The total size of the series after enlargement will be 3,010 m.kr. nominal value.
26 February 2021	Lykill fjármögnun hf.: Conditions for the position of the Competition Authority in the merger agreement between Kvika, TM and Lykil are met	Disclosure on the Competition Authority today concluded that it would not intervene in any way with the merger of the three companies.
8 March 2021	Lykill fjármögnun hf.: Lykill released a new series of 6-month bill	Disclosure that Lykill has accepted offers in the amount of ISK 1,533 million nominal value, to be issued under the new series of six-month bill, with the symbol LYKILL210915.
9 March 2021	Lykill fjármögnun hf.: Conditioned approval by FME for the merger of Kvika, TM and Lykill	Disclosure that FME notified Kvika, TM and Lykill that the Financial Supervision Committee had discussed the application for approval of the companies' merger.

Annual Financial Report

Date	Title	Description	Cross references
17 February 2021	Lykill fjármögnun hf.: Financial Results of Lykill fjármögnun hf. for 2020	Publication of 2020 annual financial result	
17 February 2021	Lykill fjármögnun hf.: Financial Results of Lykill fjármögnun hf. for 2020 - Correction	Disclosure on that a wrong attachment was enclosed with the earlier announcement on the Financial Results of Lykill fjármögnun hf. Enclosed is the correct document which is the Financial Results of Lykill fjármögnun hf. for 2020.	1.4, 1.6, 4.7

Decisions of general meeting

Date	Title	Description	Cross references
30 March 2021	Lykill fjármögnun hf.: Merger of Kvika, TM and Lykill	Disclosure on that a meeting of the shareholders of Kvika banki hf. (“Kvika”), TM hf. (“TM”), and Lykill fjármögnun hf. (“Lykill”), agreed to merge the three companies under the name and ID number of Kvika so that TM and Lykill shall be dissolved without settlement of debts and the companies shall be completely merged (merger with take-over), pursuant to Art. 119 of Act no. 2/1995 on Public Limited Companies.	5

Prospectus/Announcement of Prospectus

Date	Title	Description	Cross references
19 August 2020	Lykill – Disclosure of a base prospectus	Disclosure of a base prospectus for Lykill’s bills and bonds issues confirmed by the Financial Supervision Authority.	

Half Year financial report

Date	Title	Description	Cross references
26 August 2020	Lykill - Half Year financial report		

5. THE TRANSACTION

On 25 November 2020, the Boards of Directors of Kviká, TM hf. and Lykill fjármögnun hf. signed a merger agreement, approving the merger of the three companies under the name and reg. no. of Kviká. More specifically, the merger involves that TM and Lykill will be dissolved without settlement of debts and the companies completely merged with Kviká (merger with takeover) in accordance with Article 119 of Act no 2/1995 on Public Limited Companies. Prior to the merger TM transferred its insurance operations to its subsidiary, TM tryggingar hf., which will become a subsidiary of the merged company. The merger agreement was amended on 18 December 2020, where it was decided to merge the companies after the end of the year and date the merger as of 1 January 2021. The transactions described in the merger schedule that the companies' Boards completed and signed on 23 February 2021, are essentially identical to those decided on 25 November 2020 and 18 December of the same year. The merger schedule is incorporated by reference, and may be accessed on the Issuer's website, under the following link: <https://www.kvika.is/asset/4153/samrunagogn-fullundirritad-23.02.2021-ennupphaert.pdf>.

The merger agreement contained the following conditions which have now all been fulfilled:

- that the FSA granted its approval for the merger, cf. Art. 106 of the Act on Financial Undertakings, No. 161/2002;
- that the FSA granted Kviká approval to own a qualifying holding in TM tryggingar hf., TM líftryggingar hf. and Íslensk endurtrygging hf., cf. Art. 58 of the Act on Insurance Activities, No. 100/2016;
- that the Competition Authority would not invalidate the merger or impose onerous conditions, in the opinion of the merging parties, cf. Chapter V of the Competition Act, No. 44/2005;
- that shareholders would approve the merger as provided for in Article 93 of the Act on Public Limited Companies, No. 2/1995, at legally convened shareholders' meetings of Kviká, TM and Lykill respectively; and
- that the transfer of TM's insurance portfolio to TM tryggingar hf. would be carried out in accordance with the merging parties' existing proposals.

A final decision on the merger was made on 30 March 2021, when the respective shareholders' meetings of the three companies approved the merger. Upon the merger, shareholders in TM only receive shares in Kviká in exchange for their shares in TM. Share capital in Lykill, which was wholly owned by TM, directly or indirectly, became invalid upon the merger without special consideration, cf. Article 129 of the Act on Public Limited Companies no. 2/1995. In return for their shares in TM, TM's shareholders receive 2,509,934,076 shares in Kviká, with the issuance of new share capital. Shares in Kviká that are provided to TM's shareholders upon the merger all convey the same rights as other shares in Kviká from the date of delivery, including rights to dividends.

The merger is with effect from 1 January 2021, which is the first day of operation of the merged company. Therefore, the rights and obligations of TM and Lykill shall be deemed to have expired as of 1 January 2021, from which time Kviká takes over all the rights and obligations of TM and Lykill.

Neither shareholders, management, creditors, accessors nor any other parties enjoy special rights or benefits above others upon this merger.

TMT owns TM líftryggingar hf. and Íslensk endurtrygging hf., which will all become subsidiaries of Kviká following the merger. LÝS-2 ehf., LÝS-3 ehf., Lýsing ehf. and Kvakkur ehf. will also become subsidiaries of Kviká following the merger.

The Issuer's announcement, published on 30 March 2021, disclosing the decisions of the respective shareholders' meetings of Kviká, TM and Lykill, all held on 30 March 2021, has been incorporated into the Exemption Document by reference, and may be accessed under the following link:

https://csf.omxgroup.com/cns-web/oam/viewOamDisclosure.action;jsessionid=iBUH1Go6NJ0kXnKCLNID3HyUDWsEqfdkiA38rB_n.csf.2001?disclosureId=393659

Milestones in completing the Transaction:

- On 25 November 2020, the Boards of Directors of Kviká, TM hf. and Lykill fjármögnun hf. approved a merger agreement concerning the merger of the three companies under the name and reg. no. of Kviká.
 - The merger agreement contained conditions which have now all been fulfilled.
- On 1 January 2021 the insurance operations of TM hf. were transferred to TM hf.'s subsidiary TM tryggingar hf., which will become a subsidiary of the merged company.
- On 23 February 2021, the companies' Boards completed and signed the merger plan.
- On 26 February 2021, the FSA came to the conclusion that Kviká qualified as holder in TM tryggingar hf., TM líftryggingar hf. and Íslensk endurtrygging hf. Furthermore, the Competition Authority concluded that it would not intervene in any way with the merger of the three companies.
- On 9 March 2021, the FSA notified Kviká, TM and Lykill that the Financial Supervision Committee had concluded that the merger will be approved provided that the merger process will be completed in accordance with provisions of the Act on Public Limited Companies.
- A final decision on the merger was made on 30 March 2021, when the respective shareholders' meetings of the three companies approved the merger. On the Issuer's shareholders' meeting, the Issuer further decided to increase share capital by ISK 2,509,934,076 due to the merger.
- On 30 March 2021, the FSA approved the merger formally.
- On 30 March 2021, the Issuer requested that the shares in TM will be delisted from Nasdaq Iceland.
- It is anticipated that TM's shareholders will receive their shares in Kviká on 6 April 2021.
- The rights and obligations of TM and Lykill shall be deemed to have expired on 1 January 2021, and Kviká will assume all rights and obligations of TM and Lykill from 1 January 2021.
- The Issuer has applied for the admission to trading, of the shares to be received by TM's shareholders, on the Regulated Market of Nasdaq Iceland.

5.1.Purpose of the Transaction

The purpose of the merger of the three companies is to increase their strength in the Icelandic financial market while at the same time increasing the profitability of the merging parties' operations.

It is assumed that the merger of the three companies will have positive influence on the companies and their shareholders. The merged company will stand on solid foundation and be able to provide its customers a wide range of products. The merger will among others strengthen the companies' infrastructure in terms of human resources, expertise, experience, etc.

5.2. Anticipated benefits resulting from the Transaction

The merged company will be a financially strong undertaking with a broad revenue base, that will be able to offer its customers a wide range of services in all major areas of financial and insurance services.

The Boards of the companies, believe it is realistic to expect the merger to achieve ISK 1,200-1,500 million in annual cost synergies, excluding business and one-off costs. In addition, other opportunities are expected to offer cost synergies, but will require further analysis following the merger.

The companies' Boards also consider it realistic to expect the merger to enable the companies to boost their revenue. It is estimated that in three years, the merged company will have achieved revenue synergies in the amount of ISK 1,500 million annually. Revenue synergies comes from the results of operations that would probably not have been achieved without the merger.

It is therefore estimated that, in three years, the annual profit from the revenue and cost synergies of the merged company before tax will be between ISK 2,700 - 3,000 million higher than it would have been for the companies if they had not merged.

Kvika and TM have published an earnings forecast for 2021. The merging of the companies has substantially changed the assumptions of those forecasts and they are therefore no longer valid. Work is being done on producing an earnings forecast for the merged company, which will be published when that task has been completed.

5.3.Risk factors relating to the Transaction

The main risk factors related to the merger are financial and operational risks, including operational risks related to the takeover of Lykill's loan portfolio.

The following overview of risk factors reflects what the Issuer, at its own discretion, considers to be of significant importance in connection to the merger. While the Issuer considers the following to be a fair and comprehensive disclosure of relevant risk factors, this overview is not a substitute for the rest of the Exemption Document and should not be perceived as such. A full and accurate assessment of the Group's operations should only be based on the entire Exemption Document.

Additional risks and uncertainties not presently known to the Issuer or the Board of Directors or, that they currently deem immaterial, may also impair the Issuer's business operations. The business, financial condition, or result of operations of the Issuer could be materially and adversely affected by any of these risks. The trading price of the Issuer's shares could decline due to any of these risks and investors could lose all or part of their investment.

5.3.1. Operational Risk

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 external events. Operational risk factors are inherent in all areas of business activities and are especially relevant in relation to transactions such as the merger.

The operational risk factors specific to the merger involve the integration of IT systems and settlement functions. The risk relates to the preparation, process chosen and the implementation of the integration itself and its governance.

The risk further involves information flow related to operations, risk management and the premises of the merged company.

To mitigate the operational risk, the Issuer has set up various steering committees responsible for ensuring the successful integration of specific systems. Additionally, Group Risk Management has conducted a risk assessment specific to the planned integration of IT systems containing a plan of how each risk factor can be mitigated.

5.3.2. Risk related to the Takeover of Lykill's Loan Portfolio

The transfer of Lykill's loan book involves the risk of possible delays in data transfer due to complications in systematic execution or other unforeseen problems causing increased complexity as well as the risk of reduced services towards borrowers in the transition period. To mitigate this risk, the Issuer has prepared and planned the acquisition in great detail. Further, Lykill was previously part of the

Bank's operations and therefore the knowledge necessary to manage its loan portfolio is already in place. Lastly, the employees of Lykill will remain with Kvika after the merger which should ensure that valuable information regarding the loan portfolio as well as customer relations will stay within the Bank.

5.3.3. Financial Risk

There is a risk that the cost synergies estimated by the board of directors to be achievable through the merger will not materialize as soon as anticipated or that it will fail to fully materialize. To mitigate this risk, the Issuer has prepared and planned the acquisition thoroughly.

5.3.4. Conflicts of Interest

On the date of the Exemption Document, the Issuer is not aware of any conflict of interest that the Issuer, TM or Lykill and any of its shareholders may have in respect of the merger. It shall however be noted that, on 30 March 2021, several members of the Board of Directors and all members of the Executive Management of the Issuer own shares in the Issuer. Further, the members of the Executive Management own warrants issued by the Issuer. Several members of the Board of Directors and the Executive Management of TM own shares in TM, and will therefore receive shares in the Issuer as a consideration for them, like other shareholders of TM. Further, the CEO of Lykill owns warrants issued by the Issuer.

6. SHARES ALOTTED IN RELATION TO THE TRANSACTION

TM's shareholders receive in return for their shares in TM, 2,509,934,076 shares in Kvika. This payment is made with the issuance of new share capital in accordance with the decision of the shareholders' meeting of Kvika on 30 March 2021.

6.1. Valuation Methods

The basis for the consideration to TM's shareholders and the division of share capital between Kvika's current shareholders and TM's shareholders is the market value of the companies' shares at close of trading on 28 September 2020, taking into account the agreed premium on the market value of Kvika's shares and existing contractual obligations that could lead to an increase in Kvika's share capital after 28 September 2020.

6.1.1. Reports prepared by Independent Experts

Two reports were prepared with reference to article 122 of the Act on Public Limited Companies No. 2/1995 in relation to the proposed merger of Kvika, TM and Lykill. One report was prepared by Ernst & Young ehf. at the request of the Board of Directors of Kvika (hereinafter referred to as "**Report I**") and the other by KPMG ehf. at the request of the Boards of Directors of TM and Lykill (hereinafter referred to as "**Report II**").

Report I states, among others, that the consideration was determined based on the market value of shares in the companies at close of trading on 28 September 2020, taking into account the agreed premium on the market value of Kvika's shares and existing contractual obligations that could lead to an increase in Kvika's share capital after 28 September 2020. Further, it states that in Ernst&Young ehf.'s opinion, the consideration is properly determined and fair, based on the available information, and that it is substantively justified. Further, Report I states, that TM is, before the merger, directly and indirectly, the owner of all shares in Lykill. A subsidiary of the acquired company is therefore being merged with the parent company and as a result the share capital of the subsidiary will be cancelled upon the merger.

The value of TM's holding in Lykill is reflected in the consideration that TM's shareholders receive in the merged company and accordingly there will be no special consideration for the holding in Lykill.

There is therefore no statement as to whether the consideration for the shares in Lykill is fair and substantively justified.

Further, Report I states, that in Ernst&Young's opinion, a merger based on the premises set out in the merger schedule of the companies' boards of directors, supported by the grounds set out in the statements of the companies' boards of directors, is entirely normal and complies with the provisions of Act no 2/1995, on Public Limited Companies.

Finally, Report I states, that Ernst&Young confirm as provided for in the fifth paragraph of Article 122 of Act No 2/1995, on Public Limited Companies, that the proposed merger of Kvika, TM and Lykill will not reduce the possibilities of Kvika's creditors to obtain fulfilment of their claims.

Report II, like Report I, states among others that the decision on consideration to shareholders of the acquired company TM hf. is to a large extent based on the companies' market price at close of trading on 28 September 2020, when notice was given publicly of the discussions on a merger of the companies. At close of trading on 28 September 2020, the market value of TM hf. was around ISK 26.785 billion and the value of Kvika banki hf. around ISK 21.666 billion. In addition to their market value, the companies' Boards took into consideration the companies' results, other publicly available information, the development of the Companies' share prices in recent quarters and the future outlook for their performance and operations.

Further, Report II states that in KPMG's opinion, the method used to calculate the consideration is substantively justified and that it is KPMG's opinion that the mutual compensation is appropriately determined and fair, based on the available information. Further, Report II states that in KPMG's opinion, the decision on consideration is substantively justified. In addition, it states that the pricing of both companies was not subject to particular difficulties.

It is therefore KPMG's opinion that a merger based on the premises set out in the merger schedule of the companies' boards and the available statements of their boards of directors complies in all respects with the provisions of Act No 2/1995 on Public Limited Companies.

Report II further states, that with reference to paragraph 122 of Act No. 2/1995, it is also our assessment that the merger of the companies will not prejudice the creditors' possibilities of enforcing claims which they hold on the companies. The assets of the merged company must be considered fully sufficient to cover its debts on the date of the merger.

Report I and Report II have been incorporated into the Exemption Document by reference, and may be accessed on the Issuer's website, under the following link: <https://www.kvika.is/asset/4153/samrunagogn-fullundirritad-23.02.2021-en-uppfaert.pdf>

6.2. Material Risks that are specific to the Shares being admitted to trading

To the best knowledge of the Bank, all risk factors that the Bank considers material to the securities being admitted to trading, to assess the market risk associated with these securities, are presented in this chapter 6.2. *Material risks that are specific to the equity securities being admitted to trading.* Investing in equities involves inherent risks. Prospective investors should study all the information contained in the Exemption Document regarding, among other things, the risk factors that could significantly affect the Bank and investments in the Bank's shares (hereafter also referred to as “**Securities**” or “**Shares**”). The trading price of the Bank's shares could decline due to any of these risks and investors could lose all or part of their investment. The risk factors are organised so that the most material risk factor is discussed first. The categories of risk factors mentioned herein could materialise individually or cumulatively. Any quantification of the significance of each individual category for the Issuer would be misleading, as the categories of risks factors mentioned in the Exemption Document may materialize to a greater or lesser degree. Additional risks and uncertainties not presently known to the Bank or the

Board of Directors or, that they currently deem immaterial, may also adversely affect the Bank's share price.

6.2.1. Equity Investment Risk

Equity investments involve a variety of risks. Examples of such risk factors that may have a considerable effect on the price of Kvika's stock, and thereby on the investment value, are market risk and liquidity risk. In addition, it must be kept in mind that shares are a subordinated claim on the assets of companies, meaning, that in the event of the Bank's liquidation or voluntary or compulsory winding-up, shareholders would be entitled to receive proportionally what is remaining after all other claims have been met, including but not limited to the expenses of the liquidation. Furthermore, settlement risk exists in relation to shares, if the Issuer or the counterparty fails to deliver the Shares, or their value in cash, in due time. Investors should bear in mind that even though equity investments can provide a good return, there is always the risk that shares of individual companies might decline in value. Those who intend to invest in the Bank must be aware that there is no guarantee of a positive return on the investment. Therefore, diversification of risk is advised for those who intend to invest in equities.

6.2.2. Market Risk

As the Bank's shares are listed on the Regulated Market of Nasdaq Iceland they may be impacted by events that affect the Icelandic equity market in general, such as macro-economic, political or media-driven events. The price of Kvika's shares may fluctuate due to these factors. Furthermore, the price of Kvika's shares may be exposed towards the financial, insurance and/or banking industry. Similarly, Kvika's share price might be correlated with other shares issued by any other financial and/or insurance companies listed on the market.

6.2.3. Liquidity Risk

The Issuer's shares are listed on the Regulated Market of Nasdaq Iceland. Although the Issuer's shares are admitted to trading on the Regulated Market of Nasdaq Iceland, continued active trading of the Shares is not guaranteed, and it is neither possible to predict liquidity nor the extent of future trading of the Issuer's shares. Limited trading volume may result in difficulties for shareholders to sell shares.

On the date of the Exemption Document, the Issuer is a party to two market making contracts, with Íslandsbanki hf. (hereafter referred to as “**Íslandsbanki**”) and Arion banki hf. (hereafter referred to as “**Arion**”). Both market making contracts are valid for an indefinite period of time and are terminable by both parties with a 14 days' notice. For further information on the terms of the contracts a reference is made to chapter 6.4.1. *Market making Agreements*.

6.2.4. Denomination of Shares

The share capital of the Bank is denominated and traded in Icelandic króna (hereafter referred to as “**ISK**”). Shareholders of the Bank will therefore be exposed to currency risk. The ISK exchange rate may fluctuate significantly without such fluctuations being offset by corresponding changes in the share price of the Bank.

6.2.5. Ownership Risk

Shareholder ownership structure can be a risk factor for investors. Lack of leading investors or concentrated ownership are examples of circumstances that can have negative effects on liquidity, price formation and/or shareholder control, among other things. Investors should also be aware that ownership of the Issuer can change swiftly. In that respect, it shall be noted that according to the temporary provisions of the Articles of the Association, the Board is authorised to increase the share capital of the Issuer, without shareholders having a pre-emptive right to subscribe for the new shares, which could

result in share dilution of shareholders. For further information on share dilution due to the Board of Director's authorisation to increase share capital, reference is made to chapter 6.2.8 *Risk of Share Dilution*.

Those investing in shares traded on the Regulated Market of Nasdaq Iceland are subject to public regulation relating to securities transactions, including but not limited to rules relating to insider trading, market manipulation, takeover bids and changes in significant proportions of voting rights. The Issuer's ownership structure is fairly distributed. As of the date of the Exemption Document all individual shareholders hold less than 10% of the Issuer's share capital.

6.2.6. Risk relating to transferability of the Shares

The Shares are not subject to any restrictions on transferability on the Regulated Market of Nasdaq Iceland and the Issuer's articles of association, dated 8 March 2021 (hereafter referred to as the “**Articles of Association**”) do not contain any restrictions on shareholders' rights to dispose of their shares in the Issuer. However, they state that qualifying holdings are subject to limitations under Act no. 161/2002 on Financial Undertakings (hereafter referred to as “**Act on Financial Undertakings**”), which contains rules on qualifying holdings in financial institutions, entailing that a party intending to acquire, alone or in concert with others, a qualifying holding of 10% or more in a financial undertaking must notify the Financial Supervisory Authority in advance of its plans. The same applies if a party, alone or in concert with others, increases its holding so that the qualifying holding exceeds 20%, 25%, 33% or 50%, or becomes so large that the financial undertaking can be considered its subsidiary. Furthermore, if the owner of a qualifying holding intends to reduce its shareholding or guarantee capital holding or voting rights so that the owner will no longer own a qualifying holding, the owner shall notify the Financial Supervisory Authority in advance, indicating what its holding will be. If the holding falls below 20%, 25%, 33% or 50%, or to such an extent that the financial undertaking ceases to be a subsidiary of the undertaking concerned this must also be notified. The same shall apply if a proportional holding or voting rights decreases due to an increase in share capital or guarantee capital. Moreover, registration of lien rights and changes in ownership and their implementation are subject to applicable legislation on electronic registration of title to securities, as provided for in the Articles of Association.

6.2.7. Dividend Policy Risk

As stated in the Issuer's dividend policy, the Issuer aims to return to shareholders each year a dividend equivalent to a minimum of 25% of the after-tax profit of the past year, whether this takes the form of a dividend payment or through the repurchase of own shares under a formal share buy-back programme, as provided for by law and the decision of a shareholders' meeting. The purpose of share buy-backs is to reduce the Issuer's share capital, if there is scope for doing so. In determining the amount of the dividend or, as the case may be, the amount to be used for share buy-backs, maintaining the Issuer's strong financial position shall be taken into consideration and, furthermore, regard shall be had for risk in the Issuer's internal and external environment, growth prospects and the maintenance of a long-term, robust equity and liquidity position. Dividends, however, shall be dependent on an assessment of the opportunities which are available for reinvestment of profit in the Issuer's operations and growth. Dividend payments shall always be made in accordance with applicable law and regulations at any given time, including Act no. 2/1995 Respecting Public Limited Companies and Act on Financial Undertakings. Despite the current dividend policy, it is not certain that the Board of Directors will put forward a motion in accordance with the dividend policy. Furthermore, it is possible that the current dividend policy will be amended.

6.2.8. Risk of Share Dilution⁴

When a company issues new shares, it can, in some cases, lead to a reduction in the value of existing shareholders' shares and their proportional ownership of that company. Such reduction is called dilution. Dilution can also occur when holders of warrants issued by the Bank exercise their warrants. In the Bank's Articles of Association, dated 8 March 2021, there are capital increase authorisations amounting to ISK 510,139,954 in nominal amount, corresponding to 18.9% of total issued share capital post dilution. According to the Board's current authorisations to increase the Bank's share capital, shareholders do not have pre-emptive rights to subscribe for new shares. The majority of these share capital increase authorisations is due to warrants issued by the Bank between 2017 and 2019. Should all these authorisations be utilised existing shareholders would be subject to 18.9% dilution of their proportional ownership, if they would not participate in any capital increase.

The remainder of the maximum nominal amount of warrants issued by the Bank to a single counterparty is ISK 14.666.667⁵ which reflects 0.54% of total issued share capital, post dilution.

The following table includes a summary of the remainder of the share capital increase authorisations⁶ of Kvika's board of directors.

Reference to the Articles of Association	Maximum nominal amount	Description
Temporary Provision I A	100,000,000	Utilisable at the discretion of the Board
Temporary Provision I B	42,696,575	To fulfil share option agreements ⁷
Temporary Provision II	90,625,000	To serve warrants issued in 2019 ⁸ .
Temporary Provision IV A	163,443,379	To serve warrants issued in 2017 and 2018
Temporary Provision IV B	150,000,000	To serve warrants issued in 2017 and 2018
Total	510,139,954	

6.3. Working Capital Statement

It is the assessment of the Issuer, that on the date of this Exemption Document, the Issuer has sufficient working capital to fulfil its requirements for the next 12 months.

6.4. Information concerning the Shares to be admitted to trading

All shares in Kvika are of the same type and class. The number of shares to be admitted to trading with reference to the merger is 2,509,934,076. The ISIN number of the shares is IS0000020469 and their ticker symbol with Nasdaq Iceland hf. is KVIKA. The shares are denominated in ISK.

The shares being admitted to trading are issued in accordance with the decision of the Issuer's shareholders' meeting held on 30 March 2021.

The shares to be admitted to trading are in registered form and there are no restrictions on the free transferability of the shares.

⁴ The numbers referred to in this chapter 6.2.8. *Risk of Share Dilution* do not reflect the share capital increase of the Issuer that was decided on 30 March 2021 due to the merger.

⁵ The total maximum amount issued to a single counterparty was ISK 22,000,000 in nominal value of which ISK 7,333,333 have been utilised on the date of the Exemption Document.

⁶ The table includes information on the remainder of the maximum nominal amount that the Board is authorised to increase the Company's share capital by, on the date of this Exemption Document.

⁷ There are, however, no further share option schemes or option contracts obligations for the Bank for which this authorisation may be utilised.

⁸ Outstanding warrants under Temporary provision II are however only for 36,625,000 nominal value at this date.

The Issuer has applied to have the Shares admitted to trading on the Regulated Market of Nasdaq Iceland hf. as all other shares issued by the Issuer. If the Shares will be admitted to trading, the first day of trading will be announced by Nasdaq Iceland with a minimum of one business days' notice.

6.4.1. Market Making Agreements

On the date of the Exemption Document, the Issuer is a party to two market making contracts, with Íslandsbanki hf. (hereafter “**Íslandsbanki**“) and Arion banki hf. (hereafter “**Arion**“). Both market making contracts are valid for an indefinite period of time and are terminable by both parties with a 14 days' notice.

The contract with Arion commits Arion to place bids and offers for Kvika's shares in the trading system of Nasdaq Iceland Main Market on any business day before the market opens. If Arion's offer is accepted or cancelled by Arion, Arion shall submit a new offer as soon as possible until the maximum amount of transactions for each day has been reached. Quotes shall be renewed as quickly as possible, and always within 10 minutes of them having been accepted in full. Arion shall place bids and offers for a minimum of 1,250,000 shares at nominal value at the exchange rate determined by Arion, but not by more than 3% deviation from the last transaction price. The bid-offer spread in market making may not exceed 1.5%. If Arion trades in the Bank's shares for ISK 70 million at a market price or more in automatic pairing within a day, which goes through Arion's trading book (the Bank's market watch), the obligations regarding the maximum difference between bid and ask bids within that day are cancelled. If the price change within the trading day exceeds 10.0%, Arion is authorized to increase the maximum spread to 4.0% for the remainder of that day.

The contract with Íslandsbanki commits Íslandsbanki to place bids and offers for Kvika's shares in the trading system of Nasdaq Iceland Main Market on any business day before the market opens. If Íslandsbanki's offer is accepted or cancelled by Íslandsbanki, Íslandsbanki shall submit a new offer as soon as possible until the maximum amount of transactions for each day has been reached. Quotes shall be renewed as quickly as possible, and always within 10 minutes of them having been accepted in full. Íslandsbanki shall place bids and offers for a minimum of 1,250,000 shares at nominal value at the exchange rate determined by Íslandsbanki. The bid-offer spread in market making may not exceed 1.5%. If Íslandsbanki trades in Kvika's shares for 6.25 m.kr. at nominal value or more in an automatic pairing within a day, which goes through Íslandsbanki's trading book (the bank's proprietary trading), obligations for the maximum spread of bid and ask bids within that day are cancelled. If the price change within the trading day exceeds 10.0%, Íslandsbanki is authorized to increase the spread between bids and offers to 4.0% for the remainder of the day.

6.5. Dilution

Following is a table presenting the number of shares and voting rights as well as the share capital for both before and after the merger of Kvika, TM and Lykill:

	Nominal amount	% of total post merger	% of maximum total post merger
Kvika's issued share capital as at 8 March 2021	2,186,717,495	46.6%	42.0%
Share capital increase due to merger	2,509,934,076	53.4%	48.2%
Total share capital post merger	4,696,651,571	100.0%	90.2%
Maximum share capital increase authorization related to warrants	467,443,379	n/a	9.0%
Maximum share capital increase authorization related to stock options	42,696,575	n/a	0.8%
Maximum total share capital	5,206,791,525	n/a	100.0%

6.6. Impact of the Transaction on the Issuer

The merged company will be a strong and well capitalized entity with a broad revenue base, able to offer its customers a wide range of services in all major areas of financial and insurance services.

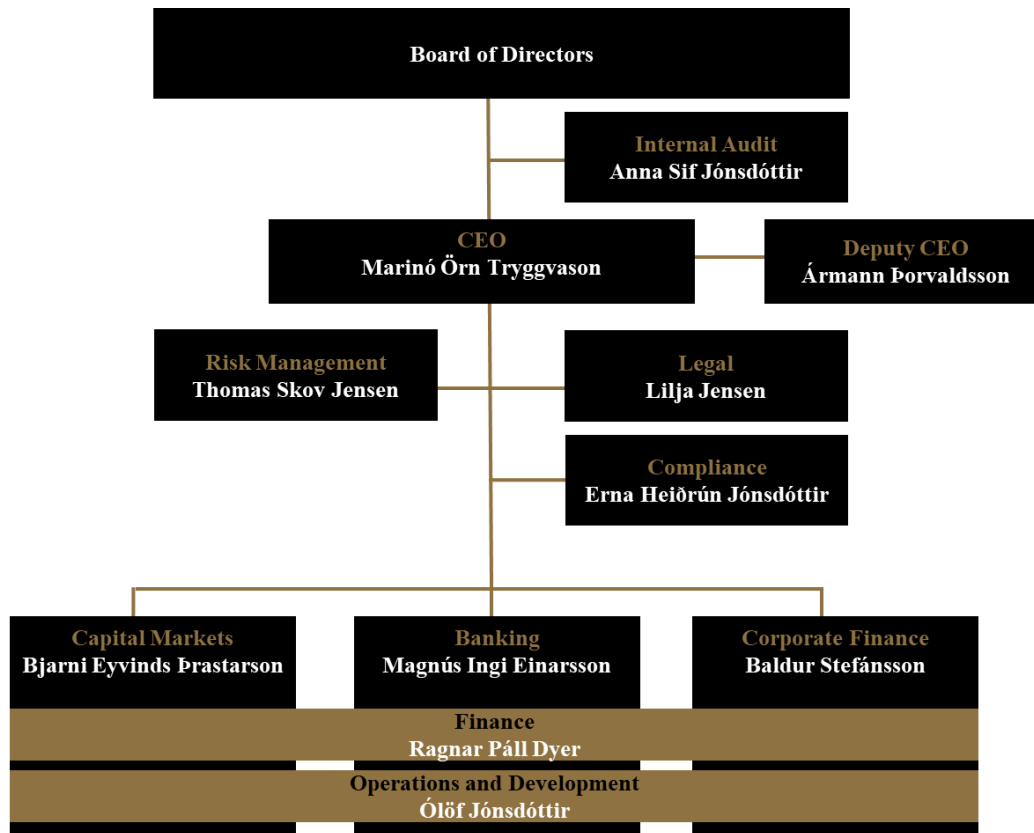
As a result of the merger, the Issuer's balance sheet will expand, with the Issuer taking over Lykill's operations, which will following the merger be managed in a branch that is part of Kvika, and acquiring the subsidiaries of TM, including TMT. Prior to the merger, the insurance operations of TM were transferred to its subsidiary, TMT, resulting in TM becoming the holding company of Lykill and TMT, with diminished operations itself. TMT will continue to operate as an insurance company following the merger.

The Board of Directors of Kvika will remain unchanged immediately after the merger. The next election to the Board of Directors will take place at the Issuer's Annual General Meeting, to be held on 21 April 2021.

Kvika will continue to serve as a commercial bank after the merger, but the Bank's loan portfolio and customer base will expand through the acquisition of Lykill's loan portfolio and its authorisation for financial leasing. This will strengthen Kvika's position in the retail market and diversify its risks. Further, the number of the Group's employees will increase substantially.

7. CORPORATE GOVERNANCE POST-MERGER

Following is Kvika's organizational chart post-merger⁹:



7.1. Board of Directors

The Board of Directors of the Issuer consists of the following members:

Chairman of the Board of Directors:

Sigurður Hannesson

Sigurður Hannesson is the chairman of the Board. He was appointed to the Bank's Board of Directors in March 2020. He was born in 1980 and is currently the Director General of the Federation of Icelandic Industries. From 2013-2017, Sigurdur worked as a managing director of Kvika asset management (previously MP Bank). In 2015, Sigurdur was the Vice-Chairman of the Government Task Force on lifting of capital controls and in 2013 the Chairman of the Expert Group on household debt relief. From 2010-2013, Sigurdur worked as CEO of Jupiter fund management company, now Kvika Asset Management, and in Capital Markets at Straumur Investment Bank from 2007-2010. Sigurdur holds a DPhil degree in mathematics from the University of Oxford, a BS degree in mathematics from the University of Iceland and is a certified securities broker. He holds a 0.39% stake in the Bank¹⁰, equalling 8,550,107 shares, through his private limited company, BBL 39 ehf., but does not have interest links with major clients, competitors or big shareholders in the sense of the Corporate Governance Guidelines. His business address is at Borgartún 35, 105 Reykjavík, Iceland.

⁹ Ólöf Jónsdóttir will start working as a Managing Director of the Bank on 1 April 2021.

¹⁰ As of 30 March 2021.

Guðmundur Þórðarson

Guðmundur Þórðarson is the deputy chairperson of the Board. He was appointed to the Bank's Board of Directors in March 2017. Guðmundur was born in 1972. He graduated from the University of Iceland with a Cand. oecon business degree in 1997. He has also completed a securities brokerage and asset management exam in the UK. Guðmundur's main focus is on managing his own investments. From 1997 to 2000 he worked in Asset Management at Landsbréf hf. From 2000 to 2003, he worked as a specialist in the development and corporate advisory division of Íslandsbanki hf. From 2003 to 2007 he worked as Managing Director of Corporate Finance at Straumur fjárfestingarbanki hf. A party, financially connected to Guðmundur, holds a 6.11% stake in Kvika¹¹ and controls 133,500,000 shares. His business address is at Stekkjarflöt 22, 210 Garðabæ, Iceland.

Hrönn Sveinsdóttir

Hrönn Sveinsdóttir was appointed to the Board of Directors of the Bank in March 2017. Hrönn was born in 1967. She graduated from the University of Iceland with a Cand. Oecon business degree in 1992. Hrönn works independently as co-owner and board member of Smart Finance ehf. and co-owner of Íslandskróna ehf. In 2005-2019 Hrönn served as Chief Financial Officer of Finance and Operations of Sýn hf. Prior to that, in 1992-2005, Hrönn worked for P. Samúelsson hf. as CFO where she was also the director of human resources. Hrönn has served on various boards, such as the board of Almenni lífeyrissjóðurinn, Húsasmiðjan hf., Farice ehf., P/F Kall in the Faroe Islands, ISNIC, Mamma ehf., Ódýra símafélagið and P. Samúelsson hf. Hrönn holds a 0.02% stake in the Bank and controls 500,000 shares in Kvika, but does not have interest links with major clients, competitors or big shareholders in the sense of the Corporate Governance Guidelines. Her business address is at Borgartún 25, 105 Reykjavík, Iceland.

Inga Björg Hjaltadóttir

Inga Björg Hjaltadóttir, the Managing Director, consultant and co-owner of Attentus Human Resources and attorney and co-owner of the Reykjavik Law Firm, was appointed to the Board of Directors in April 2013. Inga Björg was born in 1970. She graduated from the University of Iceland in 1995 with a law degree, and obtained a licence to plead cases before the District Courts of Iceland in 2003. She is one of the founders of Attentus Human Resources and has worked there since 2007, while also working as an attorney at the Reykjavik Law Firm from 2016-2021, and has worked as a lawyer since 2003 and engaged in comprehensive legal work, liquidation etc. Inga has worked as a Department Manager at Eimskipafélag Íslands hf. from 1999 to 2003. From 1996 to 1999 she was a lawyer and later Deputy Head of Human Resources for the City of Reykjavik. She has previously served on the boards of Límtré Vírnet hf., E-Farice ehf., eignarhaldsfélagið Smellinn hf. and the audit committee of the City of Reykjavík, Reykjavík Energy, Strætó BS, Malbikunarstöðin Höfði, the Associated Icelandic Ports network, Sorpa BS., Reykjavík Social Housing and the Reykjavík Fire Department. Inga is a member of a board sub-committee of Kvika eignastýring hf. She also serves as a judge on the Labour Court, and chairs the Remuneration Committee of the City of Reykjavík. Inga does not own shares in the Bank and she does not have interest links with major clients, competitors or big shareholders in the sense of the Corporate Governance Guidelines. Her business address is at Suðurlandsbraut 4, 108 Reykjavík, Iceland.

¹¹ As of 30 March 2021.

Guðjón Reynisson

Guðjón Reynisson was appointed to the Bank's Board of Directors in March 2018. He was born in 1963 and works as an independent investor and board member. Between 2008 and 2017 he served as CEO of Hamleys of London. From 2003 to 2008, he served as managing director of the 10-11 stores. From 1998 to 2003 he was the managing director of the sales division of Tal, an Icelandic phone company. He graduated with an MBA degree from the University of Iceland in 2002. He graduated with an Operations and Business degree from the Continuing Education Study of the University of Iceland in 1999 and also graduated with a degree as a licensed physical education teacher from the University of Iceland in 1986. Guðjón has been on the board of directors of Festi hf. since 2014 and Securitas hf. from 2018. He holds a 0.48% stake in the Bank and controls 10,410,789 shares in Kvik¹² through his private limited company, Hakk ehf., but does not have interest links with major clients, competitors or big shareholders in the sense of the Corporate Governance Guidelines. His business address is at 94 Rusthall Avenue, W41BS, London, United Kingdom.

Albert Þór Jónsson, alternate member

Albert Þór Jónsson graduated with a business degree, cand. oecon., from the University of Iceland and has an MCF degree in corporate finance. Albert works independently in finance and has worked in finance in various institutions since 1986. He worked as a managing director at FL Group Investment Company from 2005 to 2007. Prior to that he worked at LSR – State Pension Fund from 2001 to 2005, Fjárvangur from 1998 to 2000, Landsbref securities from 1990 to 1998 and Glitnir leasing company from 1986 to 1990. He has served as Vice Chairman of the Board of Directors of Reginn hf., real estate company, since 2015. He is also a member of the Audit Committee of Reginn hf. Albert does not own shares in the Bank and does not have interest links with major clients, competitors or big shareholders in the sense of the Corporate Governance Guidelines. His business address is at Hlíðarhvammur 8, 200 Kópavogur, Iceland.

7.2. Executive Management

From 1 April 2021, the Executive Management comprises the CEO, deputy CEO and six managing directors:

CEO

Marinó Örn Tryggvason

Marinó Örn Tryggvason became CEO of Kvik in May 2019. Marinó was born in 1978 and from August 2017 he acted as Kvik's Deputy CEO. Prior to this, Marinó worked in asset management at Arion banki and the bank's forerunner from 2002. Between 2014-2017, Marinó was the Deputy Managing Director of Asset Management at Arion banki and between 2007 and 2014 was the head of institutional asset management. Marinó sat on the board of the Vörður insurance company between 2016-2017. Marinó holds a BSc in business studies from the University of Iceland and possesses a diploma in securities trading. Marinó holds 0.1% stake in the Bank and controls 2,093,225 shares in Kvik¹³, and he has also warrants issued by the Bank. He does not have interest links with major clients, competitors or major shareholders as defined by the Corporate Governance Guidelines. His business address is at Kvik's headquarters at Katrínartún 2, 105 Reykjavík.

¹² As of 30 March 2021.

¹³ As of 30 March 2021.

Deputy CEO

Ármann Þorvaldsson

Ármann Þorvaldsson joined Kvika as CEO in June 2017 and became Deputy CEO in May 2019. Mr. Þorvaldsson has worked in the financial markets for over twenty years. From 1997 until 2005 he was Head of Corporate Finance at Kaupthing and from 2005 until 2008 he was CEO of Kaupthing Singer & Friedlander in London. Later Mr. Þorvaldsson worked at Ortus Secured Finance in London until 2015 when he joined Virding. Mr. Þorvaldsson headed up Virding's Corporate Finance division before joining Kvika. Mr. Þorvaldsson has an MBA degree from Boston University and a BA degree in history from the University of Iceland. His business address is at Kvika's headquarters at Katrínartún 2, 105 Reykjavík.

General Counsel

Lilja Jensen

Lilja Jensen has worked for Kvika and its predecessor since 2012 and as General Counsel since 2015. Prior to that, Lilja worked for LOGOS legal services, intermittently from 2008 to 2012 along with law studies and following graduation. Prior to legal work, Lilja worked as a nurse at the National University Hospital of Iceland and Eir nursing home. Lilja holds a BSc degree in nursing from the University of Iceland, BA and ML degree in law from Reykjavik University and is licensed to plead cases before the district courts of Iceland. Her business address is at Kvika's headquarters at Katrínartún 2, 105 Reykjavík.

Managing Director, Finance

Ragnar Páll Dyer

Ragnar Dyer joined the Kvika Group in 2010 and was appointed Managing Director of Jupiter Capital Management in 2013. He was then appointed Managing Director of Finance and Operations at Kvika in 2019. Mr. Dyer started his career in the financial sector in 2007. Before he joined Kvika he served as a fund manager and a partner of Teton Investments and at Straumur Investment bank as a broker and specialist in interest rates and derivatives. Mr. Dyer has completed the Stanford Executive Program from Stanford University, holds a B.Sc. degree in Engineering Management from the University of Reykjavík and is a licensed securities broker. His business address is at Kvika's headquarters at Katrínartún 2, 105 Reykjavík.

Managing Director, Operations and Development

Ólöf Jónsdóttir¹⁴

Ólöf holds a BS degree in Mechanical and Industrial Engineering from the University of Iceland and has completed a master's degree in Operations Research from London School of Economics. Ólöf has worked in the Icelandic financial market for over 15 years. From 2017 she worked for Kvika banki hf., first as head of strategy and operations and later as a director of financial technology. From March 2020 until the end of March 2021 she was the CEO of Lykill fjármögnun hf. Her business address is at Kvika's headquarters at Katrínartún 2, 105 Reykjavík.

¹⁴ Ólöf Jónsdóttir will start working as a Managing Director of the Bank on 1 April 2021. Ólöf does not own shares in the Bank but has warrants issued by the Bank.

Managing Director, Banking

Magnús Ingi Einarsson

Magnús Ingi Einarsson has over ten years' experience in the financial markets. He joined Risk Management at Kviká (then Straumur-Burdaras) in 2006 and headed the Bank's credit risk from 2009. Mr. Einarsson was Head of Risk Management and later Head of Treasury at Straumur Investment Bank from the bank's establishment until the end of 2014 when he became Managing Director of Finance and Operations at Kviká. In July 2019 Mr. Einarsson took the role of Managing Director of Banking at Kviká. He holds a B.Sc. degree in Mechanical Engineering from the University of Iceland and an M.Sc. degree in Mechanical Engineering from Virginia Polytechnic and State University. His business address is at Kviká's headquarters at Katrínartún 2, 105 Reykjavík.

Managing Director, Capital Markets

Bjarni Eyvinds

Bjarni Eyvinds has worked in the financial markets for over 15 years. Mr. Eyvinds joined Kviká in 2009 and took over as Managing Director of Capital Markets in 2010. Prior to joining Kviká, Mr. Eyvinds served as Senior Vice president of Equity of sales in Straumur Investment Bank. Previously, he worked for MP Investment Bank administrating the division of Capital Markets and Proprietary Trading. After graduation, Mr. Eyvinds began working for Spron, where he worked in asset management and later his own business. Mr. Eyvinds holds a BBA degree from George Washington University and has completed a degree in securities brokerage. His business address is at Kviká's headquarters at Katrínartún 2, 105 Reykjavík.

Managing Director, Corporate Finance

Baldur Stefánsson

Baldur Stefánsson joined Kviká in September 2017. He has over 20 years of experience in private equity and investment banking both in Iceland and internationally. Baldur joined Kviká through the acquisition of the Scandinavian investment bank Beringer Finance's Icelandic operations where Baldur was the Managing Director. Before joining Beringer Finance Baldur was Managing Partner and co-founder at the financial service firm Arctica Finance for eight years and prior to that Senior Director at Landsbanki's International Investment Banking arm for five years. Baldur has led many complex cross border and local Corporate Finance, ECM and DCM transactions in various sectors. Baldur studied economics and political science at the University of Iceland between 1992 and 1994 and graduated with a MBA degree from IESE in Barcelona in 2004. His business address is at Kviká's headquarters at Katrínartún 2, 105 Reykjavík.

7.3. Shareholding

The table below shows shareholders owning 1% or more of the Issuer's shares as of 29 March 2021:

Shareholder	29.3.2020
Stoðir hf.	8.07%
Lífeyrissjóður verzlunarmanna	7.41%
Lífeyrissjóður starfsmanna ríkisins A-deild	6.45%
SNV holding ehf.	6.11%
Arion banki hf.	4.34%
Landsbankinn hf.	4.00%
Vátryggingafélag Íslands hf.	3.82%
Sindrandi ehf.	2.82%
Lífsverk Lífeyrissjóður	2.76%
Almenni Lífeyrissjóðurinn	2.59%
Gani ehf.	2.52%
Birta Lífeyrissjóður	2.18%
Landsbréf – Úrvalsbréf	2.07%
Eignarhaldsfélagið VGJ ehf.	2.03%
Lífeyrissjóður starfsmanna ríkisins B-deild	1.76%
Stapi Lífeyrissjóður	1.42%
Jasnik ehf.	1.26%
Akta Stokkur	1.24%
Titania ehf.	1.21%
Íslandsbanki hf.	1.14%
MK 4 ehf.	1.06%

8. MERGER BALANCE SHEET AND AUDITORS' ENDORSEMENT

To satisfy the requirements due to significant gross change as defined in Article 1, point (e), of Delegated Regulation (EU) 2019/980, a merger balance sheet of Kvika, TM and Lykill, as of 1 January 2021, is incorporated by reference along with auditors' endorsement, and may be accessed on the Issuer's website, under the following link: <https://www.kvika.is/asset/4153/samrunagogn-fullundirritad-23.02.2021-en-uppfaert.pdf>

