

The Board of Directors of Kvika hf., Reg. No. 540502-2930, Katrínartún 2, 105 Reykjavík, (hereafter "**the Bank** ") has, on the basis of an authorisation granted to it at the Bank's AGM on 21 April 2021, approved the following:

STOCK OPTION PLAN

as provided for in Art. 10 of Act No. 90/2003, on Income Tax ("**the stock option plan**").

1. Objective

- 1.1 The objective of the Bank's proposed stock option plan is to integrate the interests of employees with the long-term goals of the Bank and its subsidiaries (hereinafter the "**group**").
- 1.2 Group employees are thus given the opportunity to conclude an agreement to acquire stock options as provided for in Art. 9 of the stock option plan. The purchase price in stock option agreements concluded under this plan shall always comply with the rules of Point 4 of Art. 10, cf. Art. 9, of Act No. 90/2003, on Income Tax.

2. Stock option holders

- 2.1 All permanent employees of the group, with the exceptions listed below, are covered by this stock option plan and are considered stock option holders for its purposes.
- 2.2 The rights of a stock option holder under a stock option agreement governed by the stock option plan shall be the same for all group employees, regardless of seniority, job responsibility or the salary class of the person in question.
- 2.3 All employees who meet the conditions of the stock option plan, as well as other statutory conditions for the granting of such stock options, shall be offered stock options on the same terms.
- 2.4 Permanent employees are those employees hired on a permanent basis, in particular, under an employment contract of indefinite duration with a company of the group, who have committed themselves to work for the company in question for remuneration.
- 2.5 The stock option plan does not cover contractors working for the group, temporary employees hired for a short term or the Bank's Directors. Nor does the plan apply to those group employees who, due to other rules, such as statutory provisions in the Act on Financial Undertakings, may not own a holding in the Bank or trade in its shares.
- 2.6 The entitlement to stock options shall apply to all permanent employees of the group subsequent to the stock option plan. New employees shall be acquainted with the right when signing an employment contract. Entitlement is then effective from the next exercise date after the employment relationship took effect and until this plan expires or the stock option holder ceases employment.
- 2.7 The Bank intends to acquaint employees with their entitlement under the stock option plan with a special meeting or telemeeting presentation which will be followed up by e-mails.

- 2.8 Written stock option agreements will be concluded with stock option holders. An electronic signature on a stock option agreement is equivalent to a physical signature.

3. Entitlement under a stock option agreement

- 3.1 All shares purchased through a stock option agreement based on this stock option plan convey the same rights as other shares in the Bank.
- 3.2 Entitlement under a stock option agreement, made under this stock option plan, cannot be exercised until 12 months after the signing date of the agreement. However, an agreement may stipulate that the entitlement may only be exercised up to 36 months after the signing date of the agreement. The signing date is the date on which both the Bank's obligation regarding the stock option holder's entitlement and the respective stock option holder's confirmation of the agreement are available. The above is a statutory requirement for the stock option holder to be able to take advantage of tax incentives laid down in Art. 10 of Act No. 90/2003, on Income Tax.

4. Acquisition of stock options

- 4.1 Entitlement is acquired by each stock option holder in up to three stages, over a three-year period, based on the stock option plan. Each of the following dates is an exercise date:
- i) on 15 December 2022, the stock option holder has earned the right to purchase share capital for up to ISK 1,500,000;
 - ii) on 15 December 2023, the stock option holder has earned the right to purchase share capital for up to ISK 1,500,000;
 - iii) on 15 December 2024, the stock option holder has earned the right to purchase share capital for up to ISK 1,500,000.
- 4.2 Entitlement shall be earned *pro rata* for each month a stock option holder is permanently employed during the vesting period.

5. Period of validity

- 5.1 The acquisition of stock options is conditional on the stock option holder working for a company within the group. Entitlement takes effect upon the signing of a stock option agreement under the stock option plan and is valid until it expires on the last exercise date or as provided for below.
- 5.2 If a stock option holder has ceased employment with a company within the group, his/her entitlement is then cancelled, cf. however, Articles 5.3 and 5.4 below.
- 5.3 If the termination of employment occurs due to the stock option holder's age, death or incapacity due to health reasons, however, the stock option holder shall retain *pro rata* entitlement acquired based on the end of the month employment ceased; the stock option holder or his/her estate shall, within ten (10) days of the publication of the Bank's annual results for the relevant year, give notice as to whether the stock option will be exercised.
- 5.4 In the event the stock option holder's employment is terminated at the initiative of the Bank/a subsidiary of the Bank, without fault and/or without a significant breach of the

provisions of the parties' employment contract, the stock option holder shall have a *pro rata* entitlement calculated based on the end of the month when employment ceased.

6. Purchase price

- 6.1 As shares in the Bank are listed for trading on a stock exchange, the purchase price of shares under stock option agreements, made on the basis of this stock option plan, shall be determined in accordance with the weighted average price in trading in the Bank's shares over ten full trading days prior to the date of the agreement.
- 6.2 If the option holder exercises his/her option, payment for the shares shall be made in cash.

7. Period of ownership of shares

Stock option holders are not required to own shares purchased under a stock option agreement for a prescribed period of time; however, a stock option agreement must make mention of the requirement of the statutory condition in Point 5 of Art. 10 of Act No. 90/2003, on Income Tax, of a two-year minimum ownership period from the exercise of a stock option. If the conditions of this provision are not met, the difference between the purchase price according to the stock option agreement and the market price when exercised is taxable as wage income.

8. Assignment and mortgaging

Entitlement under an agreement concluded based on the stock option plan is not transferable, nor may it be mortgaged, and this shall be specified in the stock option agreement.

9. Maximum purchase

The maximum amount for which each stock option holder can purchase shares, on the basis of the stock option plan, is ISK 1,500,000 per year, cf. provisions of Point 7 of the first paragraph of Art. 10 of Act No. 90/2003, on Income Tax. Entitlement cannot be accumulated or exercise of acquired entitlement postponed; unexercised entitlement is cancelled.

10. Authorisation to cancel a stock option plan

The Bank's Board of Directors may cancel this plan in its entirety in the following instances, cf. items i) -v) below. Upon cancellation, the rights and obligations deriving from the plan are cancelled without such decision resulting in liability on the part of the Bank.

- i) Upon the merger of the Bank with a company outside the group;
- ii) in the event that a significant part of the group is sold;
- iii) if it is foreseen that the Bank will not satisfy requirements concerning its regulatory capital, capital buffers or assessment of equity requirements in accordance with the provisions of the Act on Financial Undertakings or liquidity requirements;
- iv) in the event of financial restructuring, revocation of an operating license, appointment of a provisional Board of Directors or winding-up proceedings of the Bank;

- v) if the Bank receives a loan of last resort from a central bank or similar financial assistance.

11. Confirmation of the Directorate of Internal Revenue

The stock option plan is subject to the approval of the Directorate of Internal Revenue and will be submitted to the Directorate for confirmation, cf. the provisions of Point 8 of the first paragraph of Art. 10 of Act No. 90/2003, on Income Tax, before it takes effect.

12. Proviso concerning the issue of new shares

This stock option plan, stock option agreements and the Bank's obligations towards stock options holders are always subject to the condition that the Bank can deliver shares to fulfil the agreements, either by issuing new shares or using own shares it holds. The Board of Directors of the Bank is authorised by a shareholders' meeting to increase the Bank's share capital to comply with stock option agreements under this stock option plan.

13. Approval of the plan, miscellaneous provisions

- 13.1 The Bank's Board of Directors has approved this stock option plan, on the date specified below. In confirmation thereof the Chairman of the Board affixes his signature to the stock option plan on behalf of the Board.
- 13.2 Attached to this stock option plan is a draft stock option agreement under the plan.

Reykjavík, 10 November 2021

On behalf of the Board of Directors of Kvika hf.

Sigurður Hannesson, Chairman of the Board