**Kvika banki hf.: Announcement regarding the exercising of subscription rights (warrants) and an increase in share capital**

The Board of Directors of Kvika banki hf. (“Kvika” or “the Company“) has, since the last meeting of the board, reviewed 4 notifications from holders of subscription rights on shares in the Company, amounting to a total nominal value of ISK 2,150,000, for exercising of the rights.

The subscription rights were sold in the year 2019 under Temporary Provision II of the Company’s articles of association. Total purchase price amounts to ISK 32,890,000 and therefore the calculated average price per share is 15.2976740.

Pursuant to contracts regarding the issuance of subscription rights, the Board of Directors is obliged to raise the share capital to fulfil its obligations regarding the rights and issue share capital, register the holders of the rights in the share registry and ensuring their registration as the holders of the rights in the central securities depository, cf. Act no. 7/2020 on central depository system, settlement and the electronic registration of rights of title to financial instruments.

The Board of Directors today exercised its authority according to Temporary Provisions II of the Company’s Articles of Association to increase its share capital for the purpose of fulfilling the aforementioned subscription rights. The Company’s share capital will therefore be increased by ISK 2,150,000 and will, after this increase, amount to a nominal value of ISK 4,924,271,980, with the issuance of new shares.

As a result of the above, the board‘s authorisation to increase share capital in accordance with Temporary Provision II will be for a nominal value of ISK 4,625,000.

The share capital increase shall be announced and registered by the register of undertakings of the Directorate of Internal Revenue. The new shares shall be issued by the Nasdaq central securities depository and a request will be made for listing of the shares on the Main Market of Nasdaq Iceland.

This announcement is in accordance with the procedure introduced in the Company’s announcement from 19 September 2019.