

## **APPLICABLE FINAL TERMS**

Set out below is the form of Final Terms which will be completed for each Tranche of Bonds issued under the Programme.

10 January 2022

### **PROHIBITION OF SALES TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM –**

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the United Kingdom. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) (the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (“MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

### **MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market**

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a “Distributor”) should take into consideration the manufacturer's target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

10 January 2022

**Kvika Banki hf.**

**Issue of ISK 2,000,000,000 indexed bonds  
under the ISK 30,000,000,000 Debt Issuance Programme**

**PART A: CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities set forth in the Base Prospectus dated 16 April 2021 and any supplements if applicable. This document constitutes the Final Terms of the Securities described herein for the purposes of Article 8 (2) of the Prospectus Regulation, as amended (which includes the amendments made by Regulation 2017/1129/EU) and must be read in conjunction with the Base Prospectus and any supplements, if applicable, which constitute a base prospectus for the purposes of the Prospectus Regulation. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms, the Base Prospectus and any supplements, if applicable. The Base Prospectus, any supplements and the Final Terms are available for viewing at the Issuer's website, [www.kvika.is](http://www.kvika.is) and at the office of the Issuer at Katrínartún 2, 105 Reykjavík, Iceland.

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|-------------------------------------|--------------------------------------|
| <b>1. Issuer</b>                    | Kvika banki hf.                      |
| <b>2.</b>                           |                                      |
| i. Series Number:                   | 10                                   |
| ii. Tranche Number:                 | 1                                    |
| iii. Ticker:                        | KVIKA 32 0112                        |
| <b>3. Specified Currency</b>        | ISK                                  |
| <b>4. Aggregate Nominal Amount:</b> |                                      |
| i. Tranche:                         | 2,000,000,000                        |
| ii. Series:                         | 2,000,000,000                        |
| <b>5. Issue Price:</b>              | 100% of the Aggregate Nominal Amount |
| <b>6. Specified Denominations:</b>  | 20,000,000                           |
| <b>7.</b>                           |                                      |
| i. Issue Date                       | 12 January 2022                      |
| ii. Interest Commencement Date:     | 12 January 2022                      |
| <b>8. Maturity Date:</b>            | 12 January 2032                      |

<b>9. Interest Basis:</b>	1.40 % Fixed Rate
	see paragraph 22 below
<b>10. Redemption/Payment basis:</b>	Subject to any purchase or cancellation or early redemption, the Securities will be redeemed on the Maturity Date at 100 per cent. of their nominal amount adjusted for inflation
	see paragraphs 18 below
<b>11. Change of interest basis or redemption/Payment basis:</b>	Not Applicable
<b>12. Investor Put/Issuer Call</b>	Not Applicable
<b>13. Prepayment</b>	Not Applicable
<b>14. Status of the Securities</b>	Unsubordinated
<b>15. Approval for the Issuance of the Securities:</b>	The Securities were issued in accordance with the authorisation of the Bank's Asset and Liability Committee on:  28 December 2021
<b>16. Calculation Agent:</b>	Issuer
<b>17. Clearing Agent:</b>	The Securities are electronically registered with the Nasdaq CSD

#### **PROVISIONS RELATING TO INFLATION LINKED SECURITIES**

<b>18. Inflation Linked Securities</b>	Applicable
i. Base Index	Means 513.84, being the value of the CPI on 12 January 2022

#### **PROVISIONS RELATING TO ANNUITY BONDS**

<b>19. Annuity Bonds</b>	Not Applicable
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#### **PROVISIONS RELATING TO EQUAL PRINCIPAL PAYMENT BONDS INCLUDING BONDS WITH ONE PAYMENT OF PRINCIPAL ON MATURITY DATE**

<b>20. Equal Principal Payment Bonds</b>	Not Applicable
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## PROVISIONS RELATING TO DERIVATIVE LINKED SECURITIES

**21. Derivative Linked Securities** Not Applicable

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

**22. Fixed Rate Bond Provisions:** Applicable

i. Rate(s) of Interest 1.40 % per annum payable semi-annually in arrears

ii. Interest Payment Dates: The 12th day in the months of January and July in each year up to and including the Maturity Date.  
First Interest Payment Date being 12 July 2022

iii. Day Count Fraction 30/360

iv. Determination Date(s) Not Applicable

v. Other terms relating to the method of calculating interest for Fixed Rate Bonds None

**23. Floating Rate Bond Provisions:** Not Applicable

**24. Zero Coupon Bond Provisions** Not Applicable

**25. Bill Provisions** Not Applicable

## PROVISIONS RELATING TO REDEMPTION

**26. Issuer Call:** Not Applicable

**27. Investor Put:** Not Applicable

**28. Final Redemption Amount of each Security:** 100% per Security of 20,000,000 Specified Denomination

**29. Early Redemption Amount of each Security payable on redemption and/or the method of calculating the same (if required or** Not Applicable

**if different from that set out in Condition Error!**  
Reference source not found.):

## **GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

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|-------------------------------------------------------------------------------------------------|-------------------------------|
| <b>30. Additional Financial Centre(s) or other special provisions relating to Payment Days:</b> | Not Applicable                |
| <b>31. Redenomination applicable</b>                                                            | Redenomination not applicable |
| <b>32. Other Final Terms:</b>                                                                   | Not Applicable                |
| <b>33. Representation of Security Holders</b>                                                   | Not Applicable                |

## **DISTRIBUTION**

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|--------------------------------------------------------|----------------|
| <b>34. Method of Distribution:</b>                     | Non-syndicated |
| i. If syndicated, names of Managers:                   | Not Applicable |
| ii. Stabilizing Manager (if any):                      | Not Applicable |
| <b>35. If non-syndicated, name of relevant Dealer:</b> | Issuer         |
| <b>36. Additional selling restrictions:</b>            |                |

## **PART B: OTHER INFORMATION**

### **1. Listing and admission to trading**

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|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| i. Admission to trading                                                         | Application has been made for the Securities to be admitted to trading on Nasdaq Iceland with effect from 12 January 2022 |
| ii. Estimate of total expenses related to admission to trading:                 | ISK 800,000                                                                                                               |
| iii. Markets where securities of the same class are already admitted to trading | None                                                                                                                      |
| iv. Liquidity Provider(s)                                                       | Not applicable                                                                                                            |

- |                  |                |
|------------------|----------------|
| <b>2. Rating</b> | Not Applicable |
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**3. Notification**

Not Applicable

**4. Interests of natural and legal persons involved with the Issue**

So far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the issue.

**5. Use of Proceeds, Estimated net proceeds and total expenses**

Use of proceeds:	For general funding purposes of the Issuer
Estimated net proceeds:	1,999,200,000
Estimated total expenses:	ISK 800,000

**6. Yield** (*Fixed Rate Bonds only*)

Indication of yield: 1.40 % per annum

*(Note: The yield is calculated as on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.)*

**7. Historic Interest Rates** (*Floating Rate Bonds only*)

Not Applicable

**8. Performance of CPI, Explanation of effect on value of investment and associated risks and other information concerning the underlying** (*Inflation Linked Securities only*)

The general cash flow of the Securities is determined in real terms on the Issue Date. The nominal value of each future payment depends on the development of the CPI as demonstrated by the formulas in Conditions 6.2(b) and 6.3(b) in the Terms and Conditions.

The Icelandic Consumer Price Index (CPI) is produced based on data from Statistics Iceland. Information about the CPI can be obtained from the website of Statistics of Iceland being <https://statice.is/publications/indices-overview/>.

The Issuer does not intend to provide post-issuance information

**9. Operational Information**

i. ISIN Code IS0000033769

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|------|---------------------------------------------------------------------------|------------------------------|
| ii.  | Common Code                                                               | KVIKA 32 0112                |
| iii. | CFI                                                                       | DBVUFR                       |
| iv.  | FISN                                                                      | KVIKA BANKI/1.40 BD 20320112 |
| v.   | Delivery                                                                  | Delivery against payment     |
| vi.  | Names and addresses of additional Paying Agent(s) (if any):               | Not Applicable               |
| vii. | Intended to be held in a manner which would allow Eurosystem eligibility: | No                           |

**RESPONSIBILITY** The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....

*Duly authorized*

## Undirritunarsíða

Marínó Örn Tryggvason