

## 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.

17 December 2020

### **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.

17 December 2020

**Kvíka Banki hf.**

**Issue of ISK 820,000,000 Bills**

**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 8 October 2020 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.

|                                     |  |
|-------------------------------------|--|
| <b>1. Issuer</b>                    | Kvíka banki hf.                        |
| i. Series Number:                   | 5                                      |
| ii. Tranche Number:                 | 1                                      |
| iii. Ticker:                        | KVB 21 0921                            |
| <b>2. Specified Currency</b>        | ISK                                    |
| <b>3. Aggregate Nominal Amount:</b> |  |
| i. Tranche:                         | 820,000,000                            |
| ii. Series:                         | 820,000,000                            |
| <b>4. Issue Price:</b>              | 98.65% of the Aggregate Nominal Amount |
| <b>5. Specified Denominations:</b>  | 20,000,000                             |
| <b>6.</b>                           |  |
| i. Issue Date                       | 18 November 2020                       |
| ii. Interest Commencement Date:     | Not Applicable                         |
| <b>7. Maturity Date:</b>            | 21 September 2021                      |
| <b>8. Interest Basis:</b>           | Zero Coupon                            |

|  |  |
|--|--|
| <b>9. 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 |
| <b>10. Change of interest basis or redemption/Payment basis:</b> | Not Applicable   |
| <b>11. Investor Put/Issuer Call</b>                              | Not Applicable   |
| <b>12. Prepayment</b>  | Not Applicable   |
| <b>13. Status of the Securities</b>                              | Unsubordinated   |
| <b>14. 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:<br><br>14 December 2020                    |
| <b>15. Method of Distribution:</b>                               | Non-syndicated   |
| <b>16. Calculation Agent:</b>                                    | Issuer   |
| <b>17. Clearing Agent:</b>                                       | The Securities are electronically registered with the Nasdaq CSD   |

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

|                          |                |
|--------------------------|----------------|
| <b>18. Annuity Bonds</b> | Not Applicable |
|--------------------------|----------------|

#### **PROVISIONS RELATING TO EQUAL PRINCIPAL PAYMENT BONDS INCLUDING BONDS WITH ONE PAYMENT OF PRINCIPAL ON MATURITY DATE**

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| <b>19. Equal Principal Payment Bonds</b> | Not Applicable |
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#### **PROVISIONS RELATING TO INFLATION LINKED SECURITIES**

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| <b>20. Inflation Linked Securities</b> | Not Applicable |
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#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

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| <b>21. Fixed Rate Bond Provisions:</b> | Not Applicable |
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|--|---|
| <b>22. Floating Rate Bond Provisions:</b>  | Not Applicable  |
| <b>23. Zero Coupon Bond Provisions</b>   | Not Applicable  |
| <b>24. Bill Provisions</b>   | Applicable  |
| i. Discount Yield:   | 1.80% per annum equivalent to 1.35% simple interest   |
| ii. Reference Price:   | Issue Price   |
| iii. Any other formula/basis of determining amount payable:                      | Not Applicable  |
| iv. Day Count Fraction in relation to Early Redemption Amounts and late payment: | Conditions <b>Error! Reference source not found.</b> c) and <b>Error! Reference source not found.</b> apply |

#### **PROVISIONS RELATING TO REDEMPTION**

|   |                |
|---|----------------|
| v. <b>Issuer Call:</b>  | Not Applicable |
| vi. <b>Investor Put:</b>  | Not Applicable |
| vii. <b>Final Redemption Amount of each Security:</b>   | Not Applicable |
| viii. <b>Early Redemption Amount of each Security payable on redemption and/or the method of calculating the same (if required or if different from that set out in Condition 7.8):</b> | Not Applicable |

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

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

## DISTRIBUTION

- xiii.
- i. If syndicated, names of Managers: Not Applicable
- ii. Stabilizing Manager (if any): Not Applicable
- xiv. If non-syndicated, name of relevant Dealer: Issuer
- xv. Additional selling restrictions:

## PART B: OTHER INFORMATION

### 1. Listing and admission to trading

- i. Admission to trading Application has been made for the Securities to be admitted to trading on Nasdaq Iceland
- ii. Estimate of total expenses related to admission to trading: 800,000
- iii. Markets where securities of the same class are already admitted to trading Nasdaq Iceland
- iv. Liquidity Provider(s) Not applicable

### 2. Rating Not Applicable

### 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:   | 812,620,320                                |
| Estimated total expenses: | 7,379,680                                  |

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

Indication of yield: [ ]% per annum

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

Details of historic REIBOR rates can be obtained from the Central Bank of Iceland from <https://www.cb.is/other/key-interest-rate/> and the Reuters page REIBOR.

**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   | IS0000032662                       |
| ii.  | Common Code   | KVB 21 0922                        |
| iii. | CFI   | DYZUXR                             |
| iv.  | FISN  | KVIKA BANKI HF/ZERO CPN B 20210921 |
| 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