

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.

3 November 2021

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.

3 November 2021

Kvika Banki hf.

Issue of 3,220,000,000 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 and at the office of the Issuer at Katrínartún 2, 105 Reykjavík, Iceland.

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| 1. Issuer | Kvika banki hf. |
| 2. | |
| i. Series Number: | 7 |
| ii. Tranche Number: | 2 |
| iii. Ticker: | KVB 21 02 |
| 3. Specified Currency | ISK |
| 4. Aggregate Nominal Amount: | |
| i. Tranche: | 3,220,000,000 |
| ii. Series: | 5,400,000,000 |
| 5. Issue Price: | 102,56% of the Aggregate Nominal Amount |
| 6. Specified Denominations: | 20,000,000 |
| 7. | |
| i. Issue Date | 27 October 2021 |
| ii. Interest Commencement Date: | 25 May 2021 |
| 8. Maturity Date: | 25 May 2027 |

9. Interest Basis:	1.00 % Fixed Rate see paragraph 22 below
10. Redemption/Payment basis:	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 paragraph 18 below
11. Change of interest basis or redemption/Payment basis:	Not Applicable
12. Investor Put/Issuer Call	Not Applicable
13. Prepayment	Not Applicable
14. Status of the Securities	Unsubordinated
15. Approval for the Issuance of the Securities:	The Securities were issued in accordance with the authorisation of the Bank's Asset and Liability Committee on: 22 October 2021
16. Calculation Agent:	Issuer
17. Clearing Agent:	The Securities are electronically registered with the Nasdaq CSD

PROVISIONS RELATING TO INFLATION LINKED SECURITIES

18. Inflation Linked Securities	Applicable/
i. Base Index	Means 498.60, being the value of the CPI on 25 May 2021

PROVISIONS RELATING TO ANNUITY BONDS

19. Annuity Bonds	Not Applicable
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PROVISIONS RELATING TO EQUAL PRINCIPAL PAYMENT BONDS INCLUDING BONDS WITH ONE PAYMENT OF PRINCIPAL ON MATURITY DATE

20. Equal Principal Payment Bonds	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 1.00 % per annum payable annually in arrears

ii. Interest Payment Dates: The 25th day in the month of May in each year up to and including the Maturity Date.
First Interest Payment Date being 25 May 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 if different from that set out in Condition Error! Reference source not found.): Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

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

DISTRIBUTION

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

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 25 October 2021 |
| 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 | None |
| 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:	3,301,734,074
Estimated total expenses:	800,000

6. Yield (*Fixed Rate Bonds only*)

Indication of yield: 0,95 % 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

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| i. | ISIN Code | IS0000033082 |
| ii. | Common Code | KVB 21 02 |
| iii. | CFI | DBFUFRR |
| iv. | FISN | KVIKA BANKI/1.00 BD 20270525 |
| 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