

## Press Release

13 August 2025

### Kvika banki hf.: Financial Results for Q2 2025

At a board meeting on 13 August 2025, the Board of Directors and the CEO approved the interim financial statements of the Kvika banki hf. (“Kvika” or “the bank”) for the second quarter and first six months of 2025.

#### Highlights of performance in the second quarter (Q2 2025)

- Post-tax profit from continuing operations of the Kvika group amounted to ISK 1,439 million in Q2 2025, compared to ISK 777 million in Q2 2024, an increase of ISK 662 million or 85.2%.
- Profit before tax amounted to ISK 2,025 million, compared to ISK 1,189 million in Q2 2024, an increase of ISK 836 million or 70.3%.
- Net interest income amounted to ISK 2,962 million in Q2 2025, compared to ISK 2,428 million in Q2 2024, an increase of ISK 534 million or 22.0%.
- Net interest margin was 4.0% in Q2 2025, compared to 3.8% in Q2 2024.
- Net fee and commission income was ISK 1,935 million in Q2 2025, compared to ISK 1,351 million in Q2 2024, an increase of ISK 584 million or 43.2%.
- Other net operating income amounted to ISK 231 million in Q2 2025, compared to ISK 217 million in Q2 2024, an increase of ISK 14 million or 6.5%.
- Administrative expenses amounted to ISK 2,981 million in Q2 2025, compared to ISK 2,733 million in Q2 2024, an increase of ISK 248 million or 9.1%.
- Pre-tax return on tangible equity (RoTE) of continuing operations was 18.5%.
- Earnings per share amounted to ISK 0.31 in Q2 2025, compared to ISK 0.27 in Q2 2024.

#### Key balance sheet figures:

- Deposits from customers amounted to ISK 180 billion at the end of Q2 2025, compared to ISK 163 billion at year-end 2024 and increased by 10.3% in the period.
- Loans to customers amounted to ISK 172 billion at the end of Q2 2025, compared to ISK 150 billion at year-end 2024 and increased by 14.7% in the period.
- Total assets amounted to ISK 361 billion at the end of Q2 2025, compared to ISK 355 billion at year-end 2024.
- Total equity of the group amounted to ISK 66 billion at the end of the period, compared to ISK 90 billion at year-end 2024.
- The capital adequacy ratio (CAR) was 23.3% at the end of Q2 2025, compared to 22.8% at year-end 2024.
- Total liquidity coverage ratio (LCR) of the group was 910% at the end of Q2 2025, compared to 360% at year-end 2024.
- Total assets under management amounted to ISK 453 billion, compared to ISK 456 billion at year-end 2024.

**Highlights of the 6M 2025 Interim Financial Statements:**

- Post-tax profit from continuing operations of the Kvika group amounted to ISK 1,625 million in 6M 2025, compared to ISK 1,764 million in 6M 2024, a decrease of ISK 139 million or 7.9%, not adjusted for non-recurring items in Q1.
- Profit before tax from continuing operations amounted to ISK 2,726 million in 6M 2025, compared to ISK 2,404 million in 6M 2024, an increase of 13.4%. Profit before tax from continuing operations adjusted for non-recurring items in Q1 amounted to ISK 3,615 million, an increase of 50.3%.
- Net interest income amounted to ISK 5,879 million, compared to ISK 4,754 million in 6M 2024, an increase of 23.7% from the previous year.
- Net interest margin was 4.1% in 6M 2025, compared to 3.8% in 6M 2024.
- Net fee and commission income amounted to ISK 3,455 million, compared to ISK 2,984 million in 6M 2024, an increase of 15.8%.
- Other net operating income was ISK 243 million, compared to ISK 326 million in the same period in 2024, a decrease of 25.5%.
- Administrative expenses were ISK 6,071 million, compared to ISK 5,399 million in the same period in 2024, an increase of 12.4%.
- Pre-tax return on tangible equity (RoTE) from continuing operations was 13.3% in 6M 2025. Pre-tax return on tangible equity (RoTE) from continuing operations adjusted for non-recurring items in Q1 was 17.7%.
- Earnings per share for the period amounted to ISK 0.77 in 6M 2025, compared to ISK 0.49 in 6M 2024.

**Income from assets held for sale:**

- Post-tax profit of assets classified as held for sale consisted solely of the operations of the subsidiary TM Insurance which was classified as an asset held for sale from 1 January until 28 February 2025 when the company was sold. The profit is summarized in the income statement and amounted to ISK 1,901 million for the period compared to ISK 576 in 6M 2024.

**Ármann Þorvaldsson, CEO of Kvika:**

“Kvika concludes a dynamic second quarter in a very strong position. The bank delivered its highest quarterly operating profit to date, with profit before tax from banking operations exceeding ISK 2 billion for the first time. This result reflects the strength of our core operations and the initial steps taken in our strategic focus on banking and increased lending following the sale of TM.

We achieved several important milestones during the period. Kvika Corporate Finance led the highly successful sale of the government’s stake in Íslandsbanki, the bank completed its first EUR bond issuance, and a new ISK 8 billion institutional credit fund was launched within Kvika Asset Management. Kvika also introduced a new mortgage product under the Auður heima brand, which was met with strong demand and represents a meaningful addition to the Group’s product offering.

At the end of May, we received two proposals to begin merger discussions, one from Arion Banki and one from Íslandsbanki. Kvika’s board concluded that neither offer fully reflected the bank’s value and initiated a structured process to solicit improved proposals and benchmark them against our standalone plan. The outcome of that process was that Arion’s proposal was deemed most

favourable to shareholders and that a merged bank would be well positioned to create long-term value for all stakeholders.

The merger process is expected to take at least 9–12 months. We are currently focused on due diligence and preparing pre-notification discussions with the Icelandic Competition Authority, with the goal of confirming the feasibility of the transaction and identifying any potential obstacles early in the process. In the meantime, we remain fully committed to our day-to-day operations and continue to build on the strong momentum we've established.”

### **Presentation for shareholders and market participants**

A presentation for shareholders and market participants will be held on Thursday, 14 August, at 08:30 at Kvika's headquarters on the 9th floor at Katrínartún 2, 105 Reykjavík. The presentation will be conducted in Icelandic and a live stream can be accessed at:

<https://kvika.is/kynning-a-uppgjori-6m-2025/>

Questions can be sent before or during the meeting via [ir@kvika.is](mailto:ir@kvika.is) or through the Slido app [here](#).

**An investor presentation is attached.** Additionally, a recording with English subtitles will be made available on Kvika's website.