

## Press Release

5 November 2025

### Kvika banki hf.: Financial Results for Q3 2025

At a board meeting on 5 November 2025, the Board of Directors and the CEO approved the interim consolidated financial statements of the Kvika banki hf. (“Kvika” or “the bank”) for the third quarter and first nine months of 2025.

#### Highlights of performance in the second quarter (Q3 2025)

- Profit before tax amounted to ISK 1,969 million, compared to ISK 1,813 million in Q3 2024, an increase of ISK 156 million or 8.6%.
- Post-tax profit from continuing operations of the Kvika group amounted to ISK 1,472 million in Q3 2025, compared to ISK 1,398 million in Q3 2024, an increase of ISK 74 million or 5.3%.
- Net interest income amounted to ISK 2,953 million in Q3 2025, compared to ISK 2,429 million in Q3 2024, an increase of ISK 524 million or 21.6%.
- Net interest margin was 4.0% in Q3 2025, compared to 3.7% in Q3 2024.
- Net fee and commission income was ISK 1,571 million in Q3 2025, compared to ISK 1,552 million in Q3 2024, an increase of ISK 19 million or 1.2%.
- Other net operating income amounted to ISK 338 million in Q3 2025, compared to ISK 474 million in Q3 2024, a decrease of ISK 136 million.
- Administrative expenses amounted to ISK 2,740 million in Q3 2025, compared to ISK 2,344 million in Q3 2024, an increase of ISK 396 million or 16.9%.
- Pre-tax return on tangible equity (RoTE) of continuing operations was 17.8%.
- Earnings per share amounted to ISK 0.33 in Q3 2025, compared to ISK 0.30 from continuing operations in Q3 2024.

#### Key balance sheet figures:

- Deposits from customers amounted to ISK 178 billion at the end of Q3 2025, compared to ISK 163 billion at year-end 2024 and increased by 9.2% in the period.
- Loans to customers amounted to ISK 196 billion at the end of Q3 2025, compared to ISK 150 billion at year-end 2024 and increased by 30.7% in the period.
- Total assets amounted to ISK 353 billion at the end of Q3 2025, compared to ISK 355 billion at year-end 2024.
- Total equity of the group amounted to ISK 68 billion at the end of the period, compared to ISK 90 billion at year-end 2024.
- The capital adequacy ratio (CAR) was 23.0% at the end of Q3 2025, compared to 22.8% at year-end 2024, as determined on the basis of the unaudited net earnings in the quarter. Kvika's capital ratio as calculated under the Financial Undertakings Act No. 161/2002 was 22.5% at the end of September 2025.
- Total liquidity coverage ratio (LCR) of the group was 659% at the end of Q3 2025, compared to 360% at year-end 2024.

- Total assets under management amounted to ISK 459 billion, compared to ISK 456 billion at year-end 2024

### **Highlights of the 9M 2025 Interim Financial Statements:**

- Profit before tax from continuing operations amounted to ISK 4,695 million in 9M 2025, compared to ISK 4,217 million in 9M 2024, an increase of 11.3%. Profit before tax from continuing operations adjusted for non-recurring items in Q1 amounted to ISK 5,583 million, an increase of 32.4%.
- Post-tax profit from continuing operations of the Kvika group amounted to ISK 3,097 million in 9M 2025, compared to ISK 3,162 million in 9M 2024, a decrease of ISK 65 million or 1.2%, not adjusted for non-recurring items in Q1.
- Net interest income amounted to ISK 8,831 million, compared to ISK 7,183 million in 9M 2024, an increase of 23.0% from the previous year.
- Net interest margin was 4.1% in 9M 2025, compared to 3.9% in 9M 2024.
- Net fee and commission income amounted to ISK 5,026 million, compared to ISK 4,536 million in 9M 2024, an increase of 10.8%.
- Other net operating income was ISK 581 million, compared to ISK 800 million in the same period in 2024, a decrease of 27.4%.
- Administrative expenses were ISK 8,811 million, compared to ISK 7,744 million in the same period in 2024, an increase of 13.8%.
- Pre-tax return on tangible equity (RoTE) from continuing operations was 14.9% in 9M 2025. Pre-tax return on tangible equity (RoTE) from continuing operations adjusted for non-recurring items in Q1 was 17.7%
- Earnings per share from continuing operations for the period amounted to ISK 0.68 in 9M 2025, compared to ISK 0.67 in 9M 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 1,541 in 9M 2024.

### **Árman Þorvaldsson, CEO of Kvika:**

“Kvika’s performance in the third quarter reflects the continued strength of the bank’s core operations. Operating profit remained stable between quarters, supported by loan book growth, a strong interest margin, and diversified income streams. The bank’s liquidity position also remains very strong and the capital ratio high, establishing further room for growth.

Loan book growth, underpinned by a strong net interest margin, has been a key driver of results this year. We are now well on track to meet our full-year lending targets and have successfully developed the bank’s loan portfolio in line with our strategy, focusing on a well-diversified and secured lending base.

Challenging conditions in Iceland’s securities markets have negatively affected the bank’s fee income generation, particularly in Asset Management and Capital Markets, while Corporate Finance

has performed well. Kvika's operations in the UK continue to deliver strong results in both lending and investment activities and had a record profit in the third quarter of ISK 563 million.

Inflation and a high-interest rate environment have proven more persistent than anticipated, though there are clear signs that domestic economic activity is slowing. Despite this, households and businesses generally remain in a strong position to withstand temporary headwinds, with moderate debt levels, some savings, and continued low default rates.

Although recent events, such as the suspension of operations at the aluminium smelter in Grundartangi and uncertainty following the Supreme Court's ruling on variable-rate loans, are expected to affect short-term economic activity, we do not believe this will have a material impact on Kvika's operations. Our liquidity and capital positions remain exceptionally strong, lending growth is on target, and our net interest margin has remained stable. Furthermore, we benefit from a degree of built-in risk diversification, as part of our loan portfolio is not directly linked to Icelandic market conditions.

The merger process with Arion Bank is progressing well, with due diligence work nearing completion and preliminary discussions with the Icelandic Competition Authority now formally underway. We expect the process to take some time, but while it continues, we remain focused on our day-to-day operations and on creating long-term value for our shareholders and customers.”

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

A presentation for shareholders and market participants will be held on Thursday, 6 November, 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-9m-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.