

## Kvika banki hf.: Earnings release for Q1 2019

At a meeting of the Board of Directors on 27 May 2019, the board and CEO approved the interim financial statements of the Kvika banki hf. group for the period from 1 January to 31 March 2019.

### Good Q1 results

- Profit before taxes amounted to ISK 852 million
- Profit after taxes amounted to ISK 709 million
- Return on equity was 22.4%
- Net operating income amounted to ISK 2,289 million
- Operating costs amounted to ISK 1,301 million
- Total assets amounted to ISK 115.1 billion
- The group's equity at end of March amounted to ISK 13.2 billion
- The capital adequacy ratio at the end of March was 22.5%
- The Liquidity Coverage Ratio (LCR) was 175%
- Total assets under management amounted to ISK 442 billion
- The number of full-time employees at the end of March was 133

A presentation for market participants and shareholders will be held at Kvika's headquarters at Borgartún 25 on Tuesday 28 May at 8:30.

### Earnings forecast raised for the year

The earnings forecast of the bank for 2019 has been revised in light of the results of the first quarter as well as the outlook for the rest of the year. According to the initial earnings forecast for 2019, the bank's earnings before tax had been estimated at ISK 1,990 million, excluding the impact from the acquisition of Gamma Capital Management hf. Gamma became part of the bank's group on 1 March 2019.

According to the revised earnings forecast profit before taxes for the year amount to approx. ISK 2,700 m.

Net operating income for the year 2019 is estimated at approx. ISK 8,000 m., 67% of which is estimated to be net fee and commission income, 23% net interest income, 9% net investment income and 1% other income.

The earnings of the bank may deviate considerably from forecasts as a result of, among other things, market conditions.

### Ármann Þorvaldsson CEO of Kvika:

*"Kvika's performance through first quarter exceed expectations and we are very pleased with the results. Market conditions were favourable during the quarter which, among other things, is reflected in increased turnover in securities markets. All of Kvika's operating segments performed well which is reflected in the bank's bottom line. At the end of last year, earnings forecast for the year was published and we expected the earnings of the bank to be consistent with its profitability target, a return on equity of 15%. The outlook for this year is good and a*

*decision has been made to increase the earnings forecast by more than a third, as the bank is performing better than expected and Gamma is part of the group from 1 March.*

*In March the bank's shares were listed on the Main Market of Nasdaq Iceland. Investors have shown interest in the bank's shares, and this is reflected in considerable turnover of shares.*

*During the quarter, the bank took its first major step into fintech by offering retail deposits, paying higher interest than the incumbent banks by using low cost infrastructure, under the brand name of Auður. The reception exceeded expectations and work is being conducted on mapping out other opportunities, which new technology and a changing business environment can offer."*

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