

Press Release

12 May 2026

Kvika banki hf.: Financial Results for Q1 2026

Robust growth in net interest income alongside a reduction in operating expenses.

At a board meeting on 12 May 2026, the Board of Directors and the CEO approved the condensed interim consolidated financial statements of Kvika banki hf. (“Kvika” or “the bank”) for the first quarter of 2026.

Highlights of performance in the first quarter (Q1 2026):

- Profit before tax from continuing operations amounts to ISK 1,809 million in Q1 2026, compared to ISK 701 million in Q1 2025, increasing by ISK 1,108 million from previous year or 158%.
- Post-tax profit from continuing operations of the Kvika group amounts to ISK 1,374 million in Q1 2026, compared to ISK 186 million in Q1 2025, increasing by ISK 1,188 million from previous year.
- Net interest income amounts to ISK 3,266 million in Q1 2026, compared to ISK 2,917 million in Q1 2025, increasing by ISK 349 million from previous year or 12.0%.
- Net interest margin was 4.5% in Q1 2026, compared to 4.4% in Q1 2025.
- Net fee and commission income amounts to ISK 1,486 million in Q1 2026, compared to ISK 1,520 million in Q1 2025, decreasing by ISK 34 million from previous year or 2.3%.
- Other net operating income amounts to ISK 135 million in Q1 2026, compared to ISK 12 million in Q1 2025, increasing by ISK 123 million from previous year.
- Administrative expenses amount to ISK 3,014 million Q1 2026, compared to ISK 3,090 million in Q1 2025, decreasing by ISK 76 million from previous year or 2.5%.
- Pre-tax return on tangible equity (RoTE) from continuing operations was 15.7% Q1 2026, compared to 7.8% in Q1 2025.
- Earnings per share from continuing operations amounted to ISK 0.31 in Q1 2026, compared to ISK 0.04 in Q1 2025.

Key balance sheet figures as at 31.3.2026:

- Deposits from customers amount to ISK 190 billion, compared to ISK 173 billion at year-end 2025 and increased by 9.8% during the quarter.
- Loans to customers amount to ISK 217 billion, compared to ISK 208 billion at year-end 2025 and increased by 4.3% during the quarter.
- Total assets amount to ISK 360 billion, compared to ISK 343 billion at year-end 2025.
- Total equity of the group amount to ISK 67 billion, compared to ISK 69 billion at year-end 2025.
- The capital adequacy ratio (CAR) was 26.7%, compared to 26.8% at year-end 2025, 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 26.2% at the end of March 2026.

- Total liquidity coverage ratio (LCR) of the group was 291%, compared to 404% at year-end 2025.
- Total assets under management amount to ISK 450 billion, compared to ISK 469 billion at year-end 2025.

The Board of Directors of Kvika has convened a shareholders' meeting on 4 June 2026, proposing a special dividend of ISK 2.35 per share, equivalent to just over ISK 10 billion. At the Annual General Meeting on 18 March, it was noted that the Company's capital position would remain very strong and that the Board would consider further distributions later in the year. As the proposed merger with Arion Banki will not proceed, there is now increased capacity to return capital to shareholders.

In formulating the proposal, the Board also considered the existing authorisation to repurchase up to 10% of the Company's share capital. Accordingly, and if conditions permit, the Board also plans to repurchase shares for up to ISK 4 billion later in the year.

Árman Þorvaldsson, CEO of Kvika:

“The first quarter of 2026 was strong for the Bank, with continued growth in net interest income, disciplined cost control, and solid performance across key areas of the business.

Shortly after the end of the quarter, it was announced that merger discussions between Kvika and Arion had been discontinued following the outcome of preliminary discussions with the Competition Authority. Considerable and thorough work was invested in these discussions, as the parties believed that a merger could create significant value for shareholders and customers.

Kvika continues to execute on the strategy set out nearly two years ago, delivering meaningful growth that supports value creation for shareholders and other stakeholders, while progressing well towards the targets outlined at Kvika's Investor Day 2024.

An important next step is to optimise the Bank's capital structure. In April, Kvika issued Additional Tier 1 (AT1) capital instruments for the first time, amounting to approximately ISK 4 billion. The issuance took place in Sweden and was very well received, with pricing at 4.25% over interbank rates, significantly better than anticipated.

The proceeds from this issuance, together with the Bank's already strong capital position, enable the Board to propose a dividend distribution of over ISK 10 billion at the shareholders' meeting convened for early June. In addition, the strong capital position allows the Bank to target share buybacks of up to ISK 4 billion during the year, without compromising loan book growth or financial strength.

If these initiatives are completed, Kvika will have returned over ISK 40 billion to shareholders in just two years, while at the same time achieving strong growth in its operations. This optimisation of the Bank's capital structure is also expected to have a meaningful positive impact on return on equity going forward.

The Bank will continue to build on the strong foundations established in recent years, supported by robust operations and a clear strategic direction.”

Presentation for shareholders and market participants

A presentation for shareholders and market participants is scheduled for Wednesday, May 13, at 08:30, at Kvika's headquarters, located on the 9th floor of Katrínartún 2. The presentation will be conducted in Icelandic, with a live stream available on the following website:

<https://kvika.is/kynning-a-uppgjori-3m-2026/>

Meeting participants will be able to send questions before or during the meeting via ir@kvika.is

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