

## Press Release

12 February 2025

### Kvika banki hf.: Financial Results for Q1 2025

At a board meeting on 7 May 2025, the Board of Directors and the CEO approved the condensed interim consolidated financial statements of Kvika banki hf. (“Kvika” or “the bank”) group for the first quarter of 2025.

#### Highlights of performance in the first quarter (Q1 2025)

- Post-tax profit of the group amounted to ISK 2,086 million in Q1 2025, compared to ISK 1,083 million in Q1 2024, an increase of ISK 1,003 million or 92.6% from previous year.
- Pre-tax profit from continuing operations, adjusted for non-recurring items, amounted to ISK 1,590 million in Q1 2025, compared to ISK 1,215 million in Q1 2024, and increases by ISK 375 million or 31% from previous year. Unadjusted pre-tax profit for the quarter was ISK 701 million.
- Net interest income amounted to ISK 2,917 million in Q1 2025, compared to ISK 2,326 million in Q1 2024, an increase of ISK 590 million or 25.4% from previous year.
- Net interest margin was 4.4% in Q1 2025, compared to 3.8% in Q1 2024. Year-on-year increase is largely due to strong liquidity, improved funding terms, and a growing loan book.
- Net fee and commission income was ISK 1,520 million in Q1 2025, compared to ISK 1,633 million in Q1 2024, a decrease of ISK 113 million or 6.9% from previous year.
- Other net operating income amounted to ISK 12 million in Q1 2025, compared to ISK 110 million in Q1 2024, a decrease of ISK 98 million or 89.1% from previous year.
- Administrative expenses amounted to ISK 3,090 million in Q1 2025, compared to ISK 2,666 million in Q1 2024, an increase of ISK 424 million or 15.9% from previous year. Adjusted for one-off items, operating expenses were ISK 2,865 million in Q1 2025.
- Pre-tax return on tangible equity (RoTE), adjusted for one-off items, was 17.7%. Unadjusted pre-tax RoTE per the income statement was 7.8%.
- Earnings per share were ISK 0.45 in Q1 2025, compared to ISK 0.23 in Q1 2024.

#### Income from assets held for sale:

- Post-tax profit from assets held for sale consists of profit from the sale of TM tryggingar hf. and related income and expenses.

#### Key balance sheet figures as at 31.3.2025:

- Deposits from customers amount to ISK 168 billion, compared to ISK 163 billion at year-end 2024, an increase of 2.8% during the quarter.
- Loans to customers amount to ISK 161 billion, compared to ISK 150 billion at year-end 2024, an increase of 6.9% during the quarter.

- Total assets amount to ISK 343 billion, compared to ISK 355 billion at year-end 2024, a decrease of 3.4% during the quarter.
- Total equity of the group was ISK 68 billion, compared to ISK 90 billion at year-end 2024, materially reduced following the sale of TM. On the reporting date, shareholder approval for a special dividend, not yet paid out, had been granted. The dividend is recorded as unpaid dividend under other liabilities.
- The capital adequacy ratio (CAR) was 23.9%, 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 23.0% at the end of March 2025.
- Total liquidity coverage ratio (LCR) of the group was 279%, compared to 360% at year-end 2024.
- Total assets under management were ISK 441 billion, compared to ISK 456 billion at year-end 2024.

**Ármann Þorvaldsson, CEO of Kvika:**

“The bank delivered strong performance in the first quarter, when adjusted for non-recurring items. Net interest income increased by 25%, while overall cost growth was more moderate, with wage expenses increasing by just under 5%. However, other expenses rose year-on-year, partly driven by non-recurring costs related to the sale of TM.

The sale of the insurance company TM to Landsbankinn was successfully completed during the quarter. A large part of the sale proceeds, totaling over ISK 32 billion, was returned to shareholders through dividends and share buybacks. A considerable portion, however, remains as equity in the bank, providing a solid foundation for growth in the coming years.

The acquisition of the remaining management stake in Ortus Secured Finance was also finalized, making the bank the sole owner of the company. This acquisition allows for further integration of the UK operations, cost reductions, refinancing of inefficient debt, and lays the groundwork for continued growth in the UK.

Non-recurring items related to these transactions had a significant impact on the bank's operating results in the quarter. Excluding these, the profit from the bank's core operations before tax was very good.

Net interest income increased substantially year-on-year, rising by over 25%. This growth was driven by an expanding loan portfolio, reduced funding costs, and a temporarily elevated liquidity position following the sale of TM, which was reduced after the dividend payout in April. The portion of the sale proceeds retained by the bank will continue to generate returns, and interest income is expected to remain strong going forward.

Fee and investment income reflected challenging conditions in the securities markets, leading to a slight year-on-year contraction. Concurrently, efforts to contain cost increases, excluding non-recurring items, have been successful, and the number of employees remain unchanged from the previous quarter.

Kvika is now in an enviable position to advance and expand in line with its business plan. Following the sale of TM, the bank enjoys a very strong capital and liquidity position, and steady interest income has replaced the more volatile insurance-related income. The bank's infrastructure, which has been adapted to TM's departure from the group, is both robust and scalable, providing a solid foundation for continued growth in Iceland and the UK."

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

A presentation for shareholders and market participants will be held on Thursday, 8 May, 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-3m-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.