KVIKA

Kvika banki hf.

Q4 2025 Financial Results

11 February 2026

2025 Milestones

Sale of TM to Landsbankinn completed in Q1

Final sales price of **ISK 32.3 billion**

Full acquisition of Ortus finalised

Enabling increased integration and lower funding costs

Launch of Auður Heima mortgages

ISK 23.2 billion mortgage loan book at year-end 2025

Successful offering of government stake in Íslandsbanki

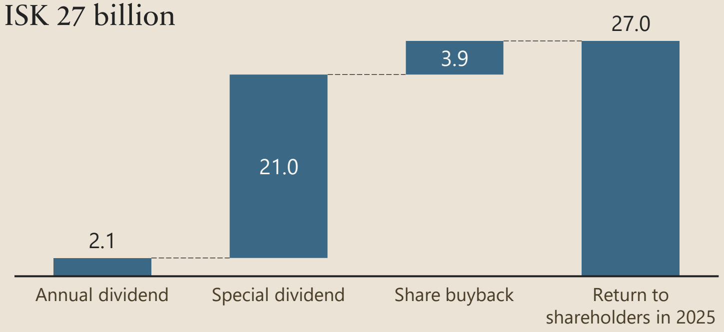
ISK 90.5 billion raised in Iceland's largest share offering. Kvika acted as joint global coordinator alongside Barclays and Citibank

Inaugural EUR bonds issued

A **EUR 200 million issuance** marked Kvika's first issuance in the EUR market

Record distribution to shareholders in 2025

ISK 27 billion



Harpa completes first year of operations

Successful first year of UK PE fund Harpa, with **two investments completed** and several deals targeted for completion in H1

Merger negotiations with Arion

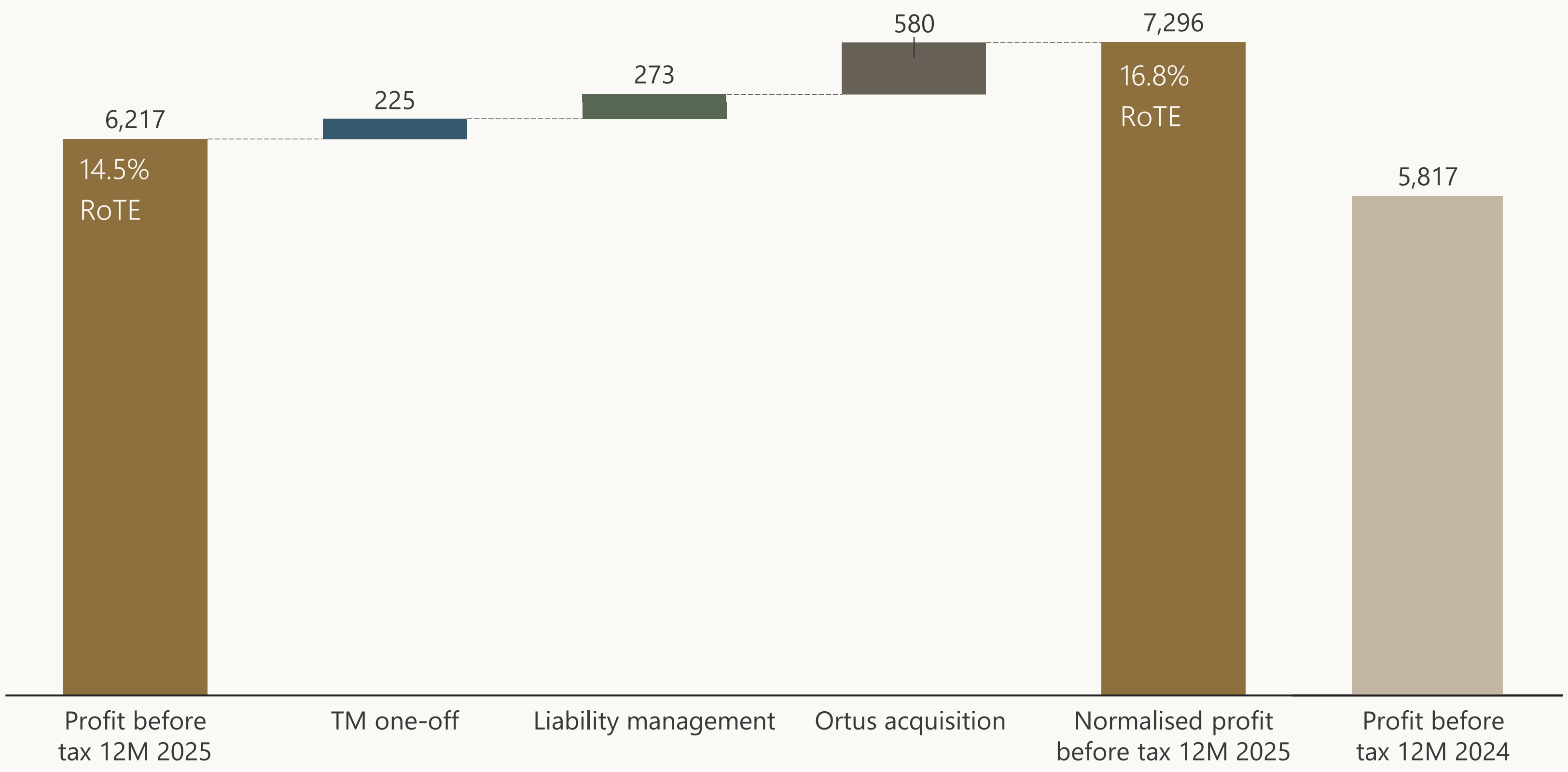
Following a competitive bidding process with Arion and Íslandsbanki, merger negotiations were initiated with Arion. Shares in Kvika are valued at **ISK 19.17** per share and Arion at **ISK 174.5**

Celebration of 10th anniversary in October

Significant Improvement in Underlying Performance

Adjustments to reflect underlying performance from continuing operations in 2025

ISK m.

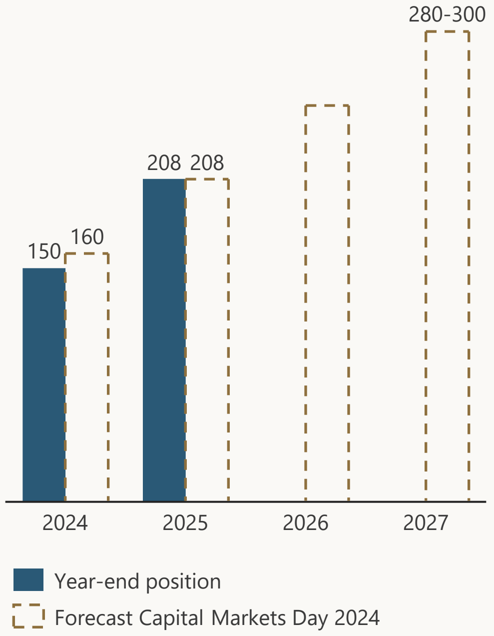


Profits before tax grew by 25.4% when adjusted for the following items, which are one-off in nature and have a long-term positive effect on profitability:

1. Expenses in relation to the divestment of TM in Q1
2. Costs of repaying expensive FX bond issues in Q1 and Q4
3. Revaluation of contingent consideration in relation to Ortus acquisition in Q1

Realising Results of Growth Plans Presented in 2024

Loan book forecast to grow to ISK 280-300 million in 2027



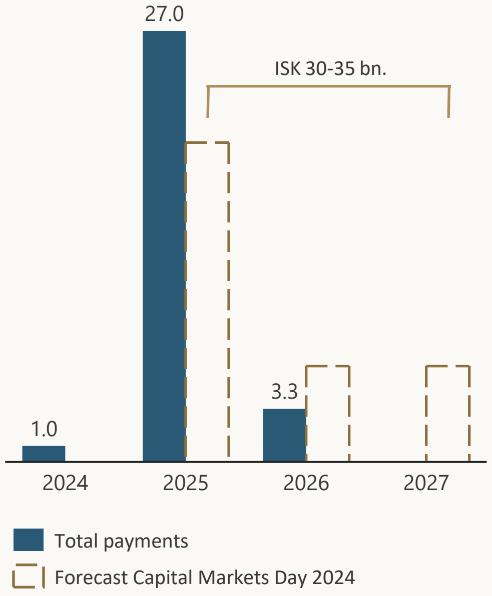
✓ On track

Mortgages introduced mid-year, target diversification on track

Loan Book Breakdown	12M 2025	2027 Target
Vehicle & equipment lending	27.0%	20-25%
Consumer lending	3.9%	3-5%
Mortgages	11.2%	10-15%
UK	19.8%	20-25%
Corporate lending	38.1%	30-40%
Loan Book Size	ISK 208 bn.	ISK ~ 300 bn.

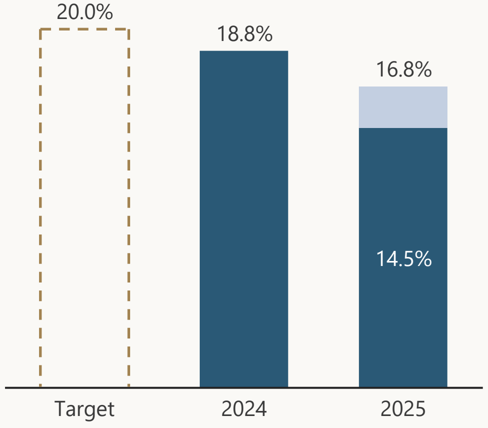
✓ On track

Significant capital return to shareholders expected to continue



✓ On track

Capital optimization will drive pre-tax RoTE target



In progress

Q4 2025

- Profit before tax ISK 1,522 million compared to ISK 1,601 million in Q4 2024
  Decreasing by ISK 78 million from previous year or 4.9%
- Q4 results affected by irregular items in the period
  - Partial repurchase of bonds in SEK&NOK, ISK 193 million
  - Reversal of accrued performance related fees, ISK 150 million
- Net interest income ISK 3,065 million compared to ISK 2,498 million in Q4 2024
  Increasing by ISK 567 million from previous year or 22.7%
- Net fee and commission income ISK 1,265 million compared to ISK 1,601 million in Q4 2024
  Decreasing by ISK 336 million from previous year or 21.0%
- Administrative expenses ISK 3,263 million compared to ISK 2,864 million in Q4 2024
  Increasing by ISK 399 million from previous year or 13.9%
- Merger discussions with Arion banki hf.
  Pre discussions with the Icelandic Competition Authorities continue

Profit before tax	ISK 1,522 m.
Profit after tax	ISK 1,266 m.
Pre-tax RoTE	13.2%
CAR	26.8%

Commercial Banking
Segment highlights

Record year across multiple products and a strong quarter for lending

- Kvika's retail vehicle loan portfolio grew 17% year-on-year, achieving its best year on record, while commercial vehicle and equipment lending remains more sensitive to broader economic conditions
- The new mortgage offering under the Auður heima brand significantly exceeded expectations, mortgage loan book of ISK 23.2 billion at year end
- Netgíró posted record Q4 with ISK 2.3 billion in POS turnover
- Straumur successfully completed the migration of merchants from Rapyd to Adyen in Q4, marking a major operational milestone. Focus now fully shifted to sales and improving economics

Investment Banking

Segment highlights

Strong lending performance and successful fee generating activities in 2025 despite subdued Q4

- Loan growth exceeded forecast, driving a 47% full year expansion of the investment banking loan portfolio. Given the short average maturity of the portfolio, this outcome represents an exceptional performance
- Turnover increased in both equity and fixed income markets during the quarter. Yield developments continued to reflect macroeconomic expectations and the interest rate outlook, equity market performance was mixed and the Icelandic króna appreciated and continued to strengthen through year-end
- Corporate Finance achieved a record performance in 2025. Activity in the fourth quarter was subdued due to project timing, but the project pipeline remains healthy, supporting a positive outlook for 2026

Assets under management continue to grow in Q4

- 2025 was an eventful year, marked by the launch of two new funds, the credit fund ACF V slhf. and, in collaboration with Kvika Limited in UK, the private equity fund Harpa Capital Partners II slhf. The two funds increased assets under management by ISK 13.6 billion
- Fee income in Q4 was impacted by a one-off reversal of accrued performance-related fees
- Assets under management totaled ISK 469 billion at the end of December 2025, up ISK 12.3 billion since the beginning of year and ISK 9.7 billion from the end of the third quarter
- The fixed-income funds managed by Kvika Asset Management delivered strong returns for their investors in 2025

UK

Segment highlights

Momentum delivered as another record quarter caps a record year

- Q4 delivered another period of very strong performance across both Lending and Private Equity, representing the highest quarterly profit achieved to date
- The strong lending pipeline throughout the year resulted in the loan book reaching an all-time high during the quarter and the loan book pipeline remains robust entering 2026
- Enhanced diversification driven by wider regional lending and selective corporate lending opportunities
- Harpa completed its second transaction during Q4 and has a strong pipeline of opportunities, with several deals targeted for completion in H1 2026
- Q4 also saw the successful partial exit of one of the UK's portfolio companies

Financials

Income Statement

Q4 2025

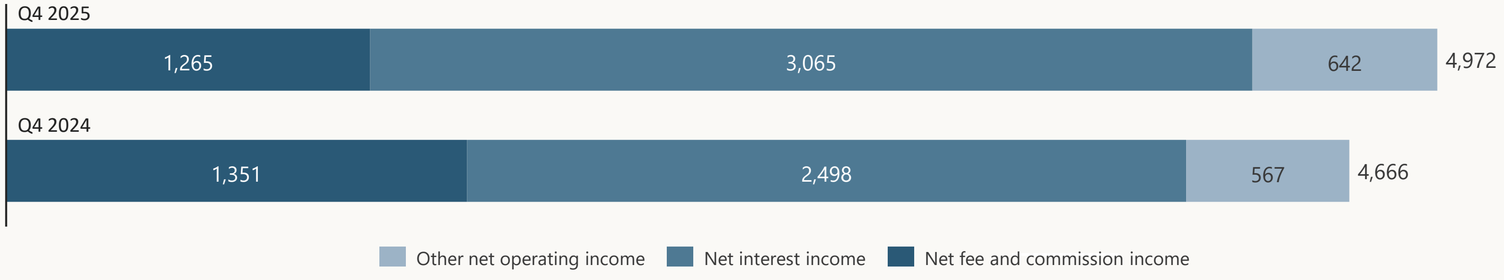
Income Statement

ISK m.

	Q4 2025	Q4 2024	Diff.	Q3 2025	Diff.
Net interest income	3,065	2,498	*567*	2,953	*112*
Net fees and commissions	1,265	1,601	*(336)*	1,571	*(305)*
Other net operating income	642	567	*75*	338	*304*
Net operating income	***4,972***	***4,666***	*306*	***4,862***	***110***
Administrative expenses	(3,263)	(2,864)	*(399)*	(2,740)	*(523)*
Net impairment	(175)	(91)	*(84)*	(153)	*(23)*
Revaluation	(12)	(110)	*98*	0	*(12)*
Pre-tax profit	***1,522***	***1,601***	*(78)*	***1,969***	*(447)*
Income tax	(209)	(45)	*(165)*	(351)	*142*
Special bank taxes	(47)	(28)	*(19)*	(146)	*99*
After-tax profit	***1,266***	***1,528***	*(262)*	***1,472***	*(206)*
Profit after tax from discontinued operations	0	1,919	*(1,919)*	0	*0*
Profit for the period	***1,266***	***3,447***	*(2,181)*	***1,472***	*(206)*

Revenue Composition

ISK m.



- Strong net interest income countered with weaker fee income and one-off cost items result in pre-tax profit from continuing operations decreasing by 4.9% YoY
- Net interest income grew 22.7% YoY, driven by loan book growth and lower funding costs
- Net fee and commission income impacted by ISK 153m one off reversal of performance fees in asset management
- Financial income improves YoY albeit negative impact from tendering SEK/NOK bonds by ISK 190 million
- Net operating income amounted to ISK 4,972 million, increasing 6.6% YoY
- Administrative expenses amounted to ISK 3,263 million, an increase of 13.9% YoY. Cost increase is partly due to that Kvika allocated costs to TM in Q4 2024, as well as costs due to the anticipated merger with Arion. Cost increase is 7% when adjusting for aforementioned factors.

Income Statement

12M 2025

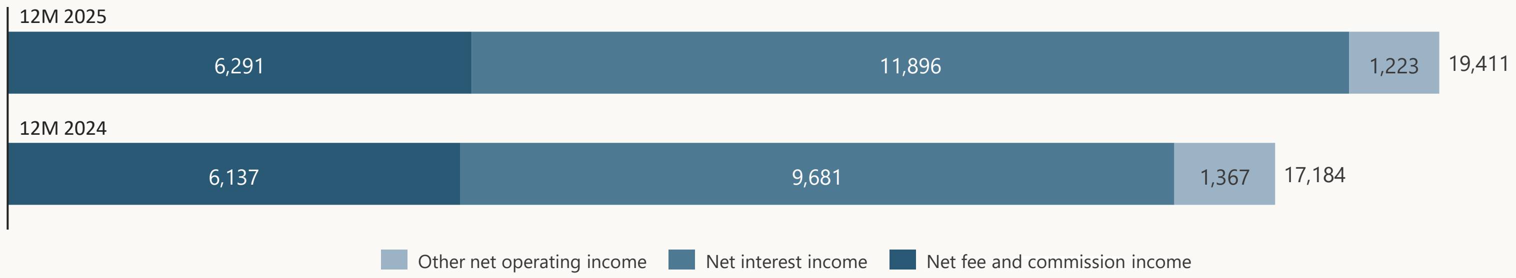
Income Statement

ISK m.

	12M 2025	12M 2024	Diff.
Net interest income	11,896	9,681	2,215
Net fees and commissions	6,291	6,137	154
Other net operating income	1,223	1,367	(144)
Net operating income	***19,411***	***17.184***	2,227
Administrative expenses	(12,074)	(10,608)	(1,466)
Net impairment	(515)	(605)	90
Revaluation	(604)	(154)	(450)
Pre-tax profit	***6,217***	***5,817***	400
Income tax	(1,423)	(766)	(657)
Special bank taxes	(432)	(361)	(71)
After-tax profit	***4,363***	***4,690***	(327)
Profit after tax from discontinued operations	1,901	3,460	(1,559)
Profit for the period	***6,264***	***8,150***	(1,886)

Revenue Composition

ISK m.



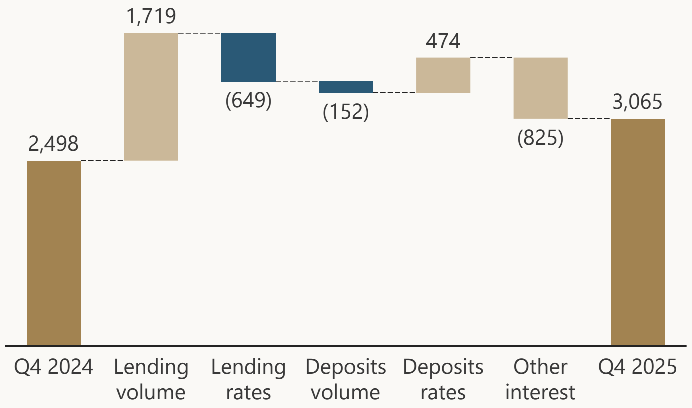
- Net interest income increased by 22.9% YoY, supported by continued loan book growth and a strong funding base
- Net fee and commission income rose 2.5% YoY, reflecting solid Investment Banking performance
- Other net operating income amounted to ISK 1,223 million
- Net operating income grew 13.0% YoY
- Administrative expenses rose 13.8% YoY. Cost increase is partly due to that Kvika allocated more costs to TM in 2024 than 2025, as well as costs due to the anticipated merger with Arion. Cost increase is 8% when adjusting for aforementioned factors.

Net Interest Income

Continued lending momentum and favorable funding base result in strong NIM

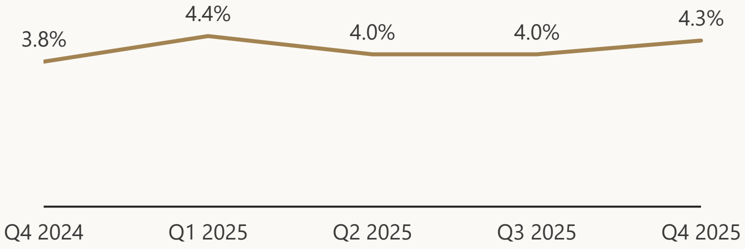
Net interest income

Q4 2024 to Q4 2025 / ISK m.



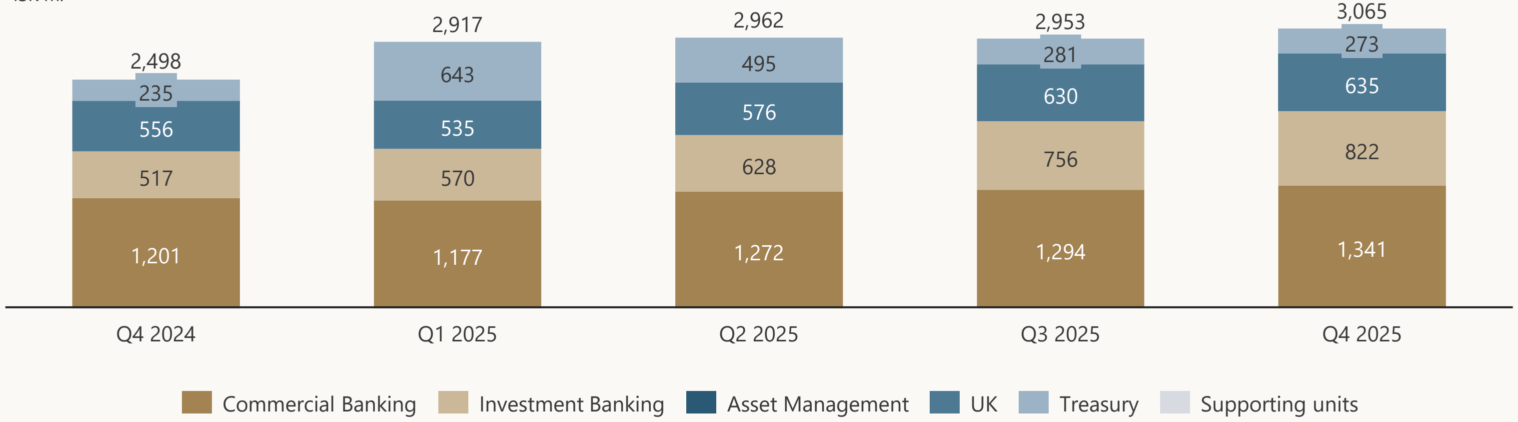
Net interest margin development

(%) / net interest income divided by total average interest-bearing assets



Net interest income development (NII)

ISK m.



- Net interest income increased by 22.7% from Q4 2024 to Q4 2025, exceeding ISK 3 bn. for the first time
- NII growth was mainly driven by strong loan book growth and improved funding costs
- Net interest margin amounted to 4.3%, a result of liquidity is increasingly being deployed from lower-yielding liquidity instruments into higher-return customer lending despite a competitive market environment

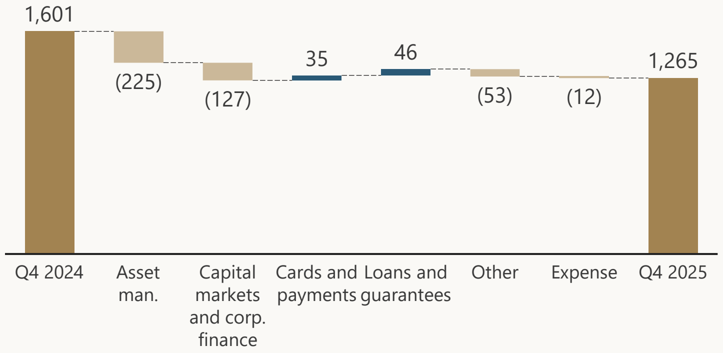
Note that single-digit figures may be omitted from certain graphs to improve readability.

Net Fee and Commission Income

Subdued quarter further affected by nonrecurring items

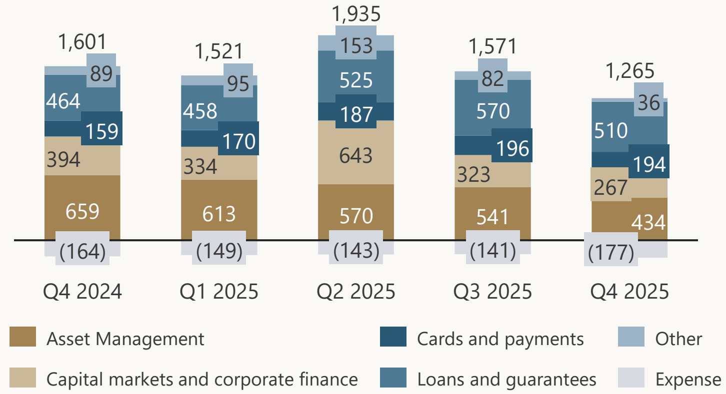
Net fee and commission income

Q4 2024 to Q4 2025 / ISK m.



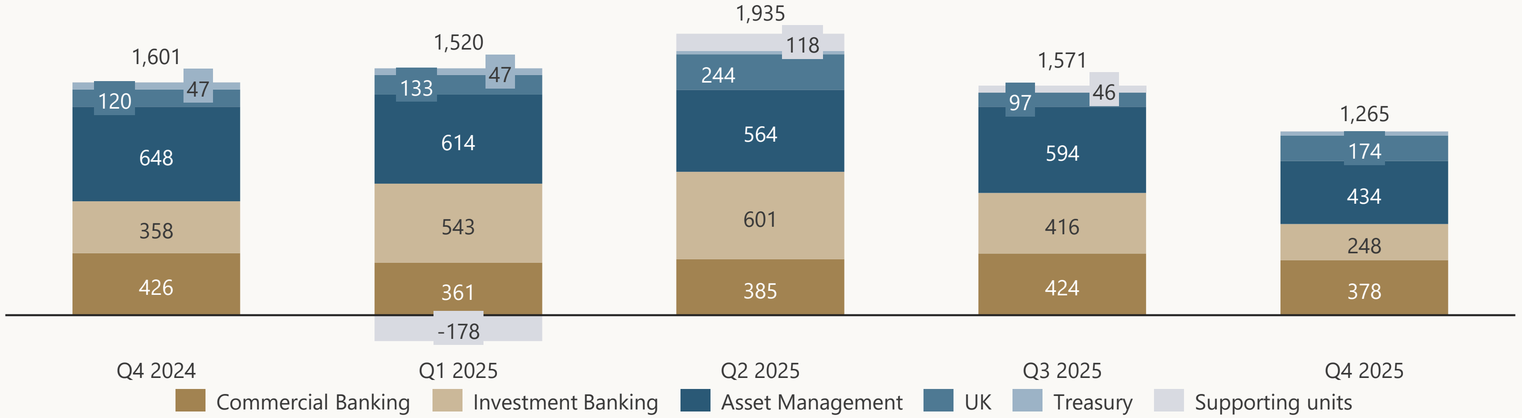
Net fee and commission income

ISK m.



Net fee and commission income development

ISK m.



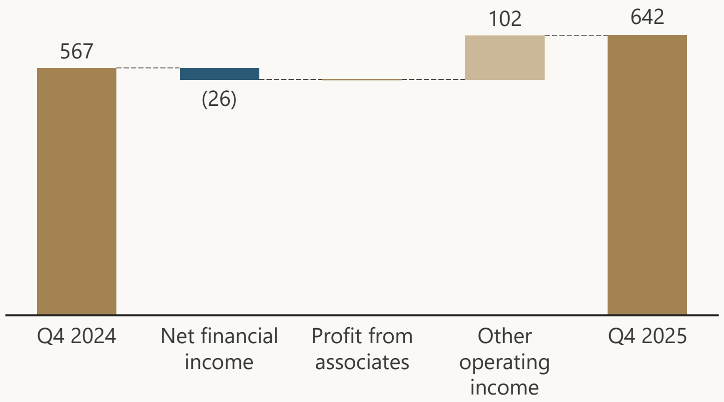
- Net fee and commission income amounted to ISK 1,265 million in Q4 2025, decreasing YoY
- Performance is affected by a one-off reversal of performance-related fees in asset management and muted income from corporate advisory, while capital markets and other fee generating entities provide a stronger performance in the quarter

Note that single-digit figures may be omitted from certain graphs to improve readability.

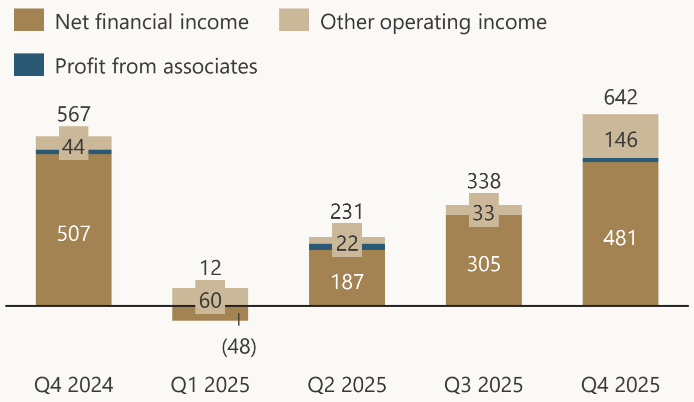
Other Net Operating Income

Favorable partial exit of unlisted equity investment in the UK

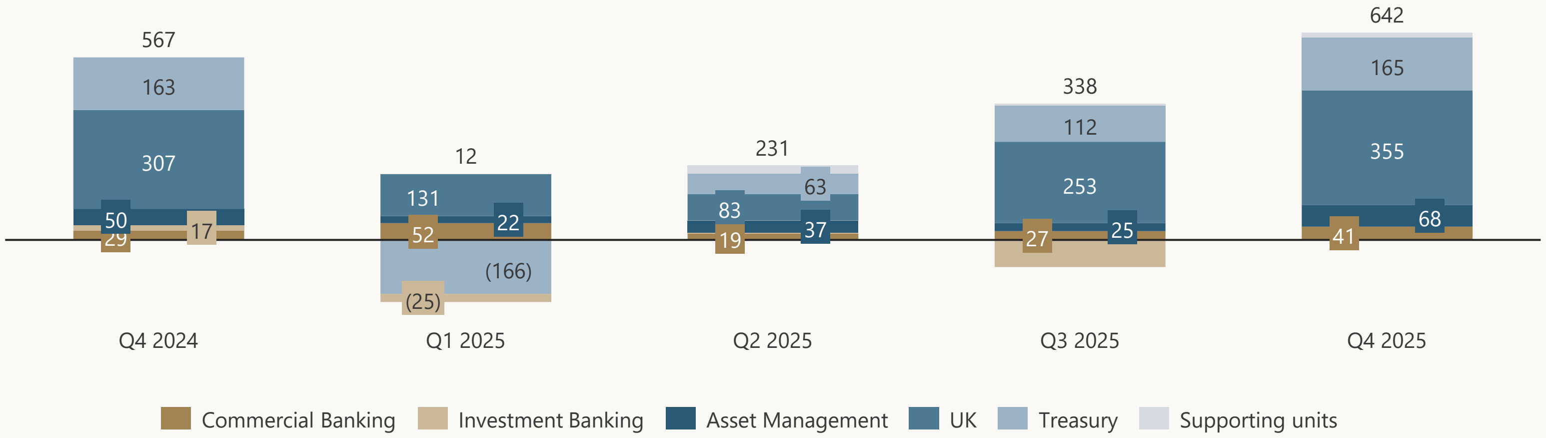
Other net operating income
Q4 2024 to Q4 2025 / ISK m.



Other net operating income
Composition / ISK m.



Other net operating income development
ISK m.



- Other net operating income amounted to ISK 642 million in Q4 2025, broadly in line with the same period last year and up from Q3
- Strong net financial income, mainly attributable to strong performance in the UK and Treasury
  - UK investment partially exited in November, with a positive impact on net financial income in the quarter

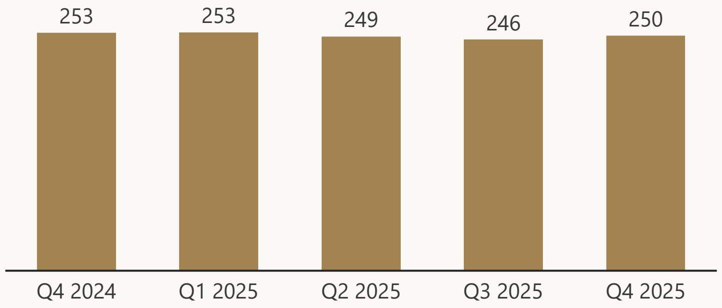
Note that single-digit figures may be omitted from certain graphs to improve readability.

Operating Expenses

Cost increase 7% when accounting for discontinuation of services to TM and other non-recurring costs

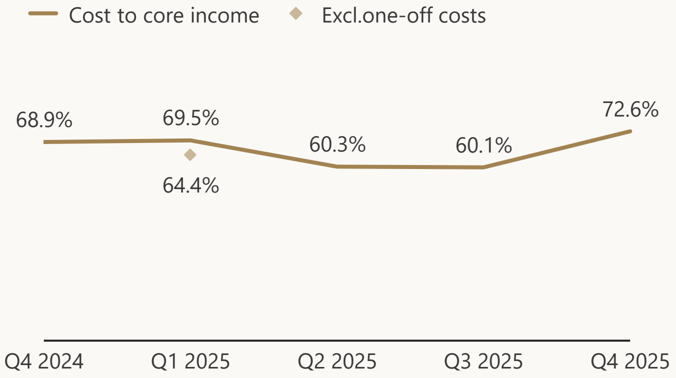
Employee development

Full time employees at the end of each period



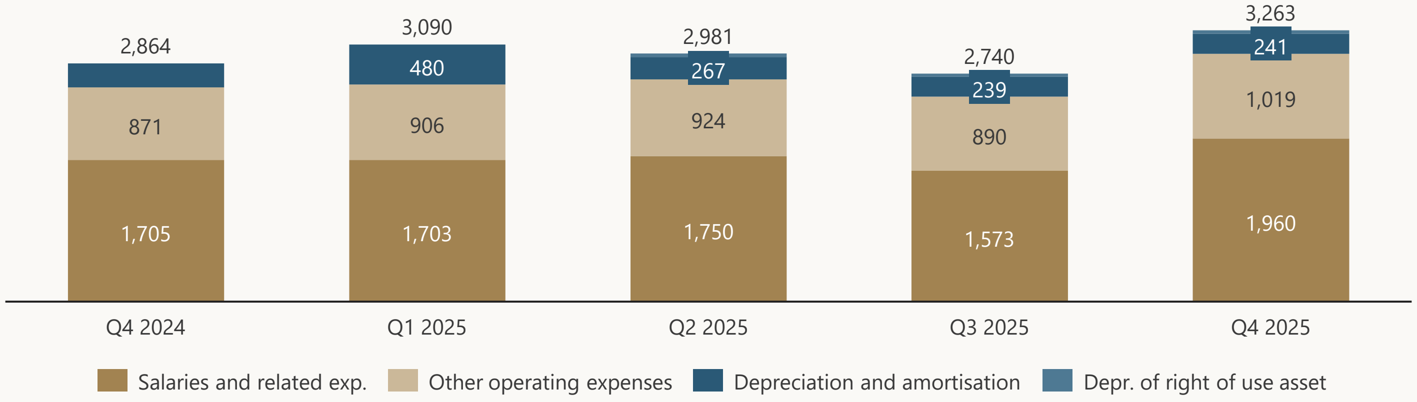
Cost to core income

(%)



Administrative expenses

ISK m.

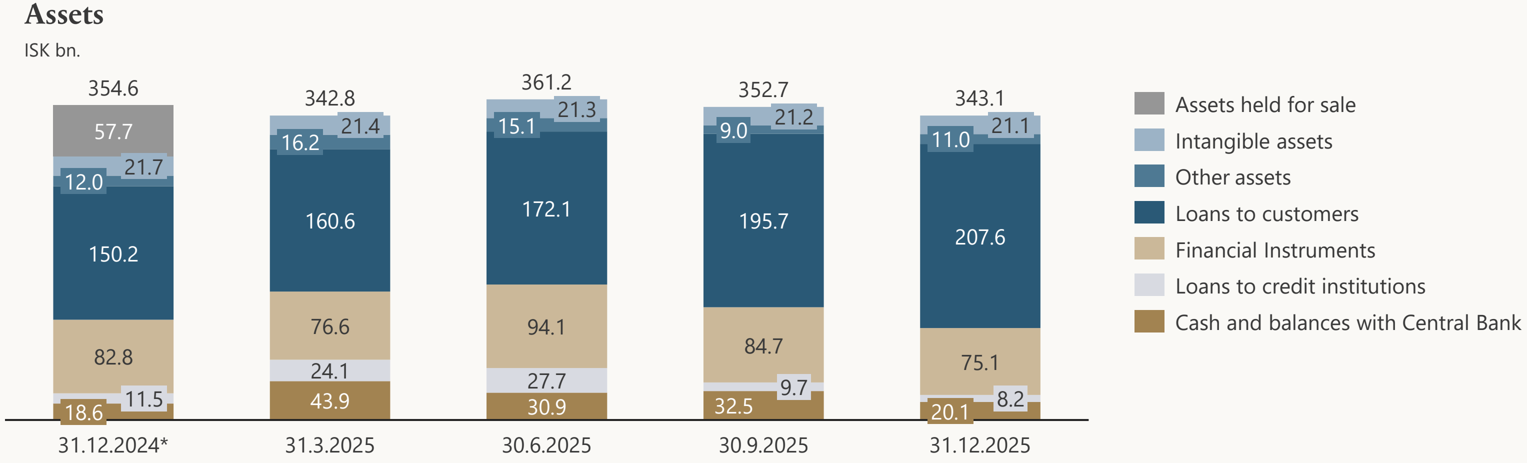


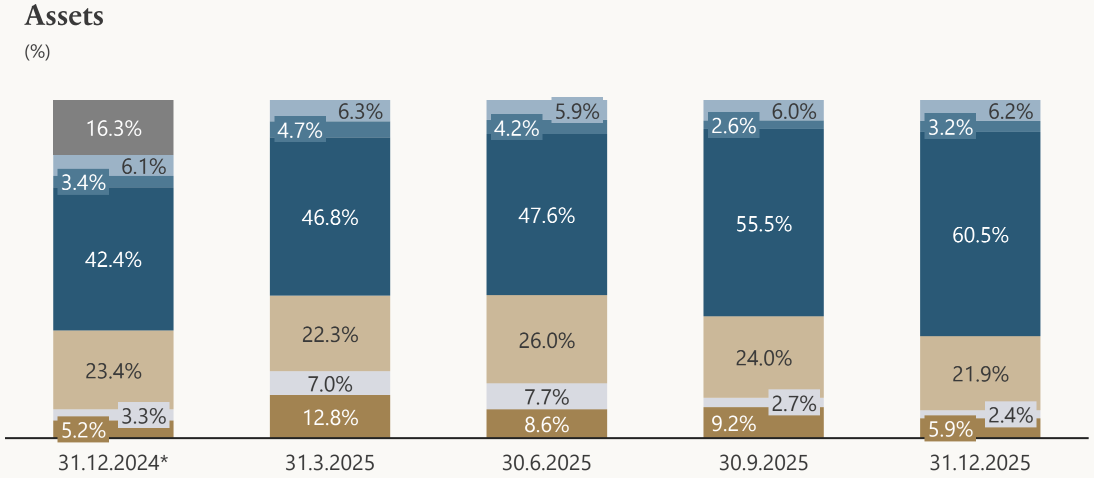
- Operating expenses amounted to ISK 3,263 million in Q4 2025 up 13.9% YoY
- The increase in Administrative expenses amounts to 7% YoY when adjusting for the effect of discontinuation of services to TM and other non-recurring items, including costs relating to the anticipated merger with Arion
- Inflation in Iceland was 5.2% and wage index increased by 7.0% in 2025
- Management remains focused on cost discipline and operational efficiency

Core income is defined as net operating income excluding net financial income

Balance Sheet: Assets

Decrease in liquid assets as loan book grows





- Total assets amounted to ISK 343.1 billion at the end of Q4 2025, a slight decrease from Q3, mainly reflecting continued reduced balances in financial instruments after the temporary cash surplus from the May EUR issuance was deployed
- Loans to customers increased to ISK 207.6 billion, largely contributable to the Auður mortgage offering
- The bank holds a positive CPI balance of ISK 6.4 billion, of which ISK 1.1 billion is held in securities for market making

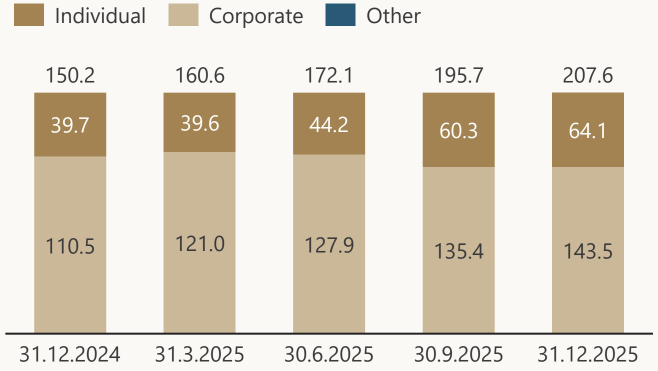
*The Group has changed the way it presents cash and balances with central bank, comparative figures for 31 December 2024 have been restated. For more information see note 2 in Kvika's Condensed Interim Consolidated Financial Statements dated 31.12.2025

Loans to Customers

Loan book grows by 48% from Q4 2024

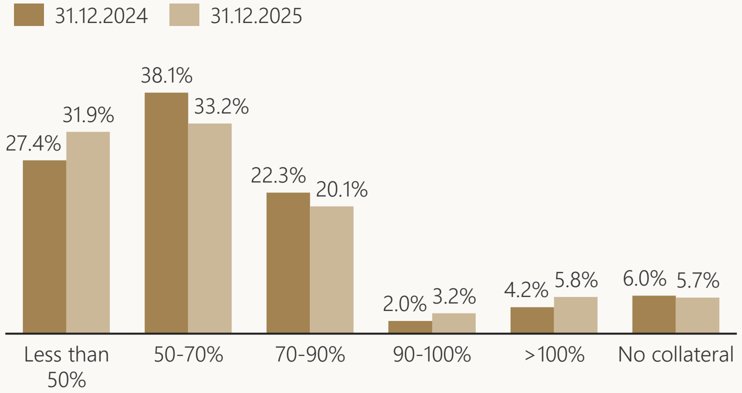
Loans to customers

ISK bn.



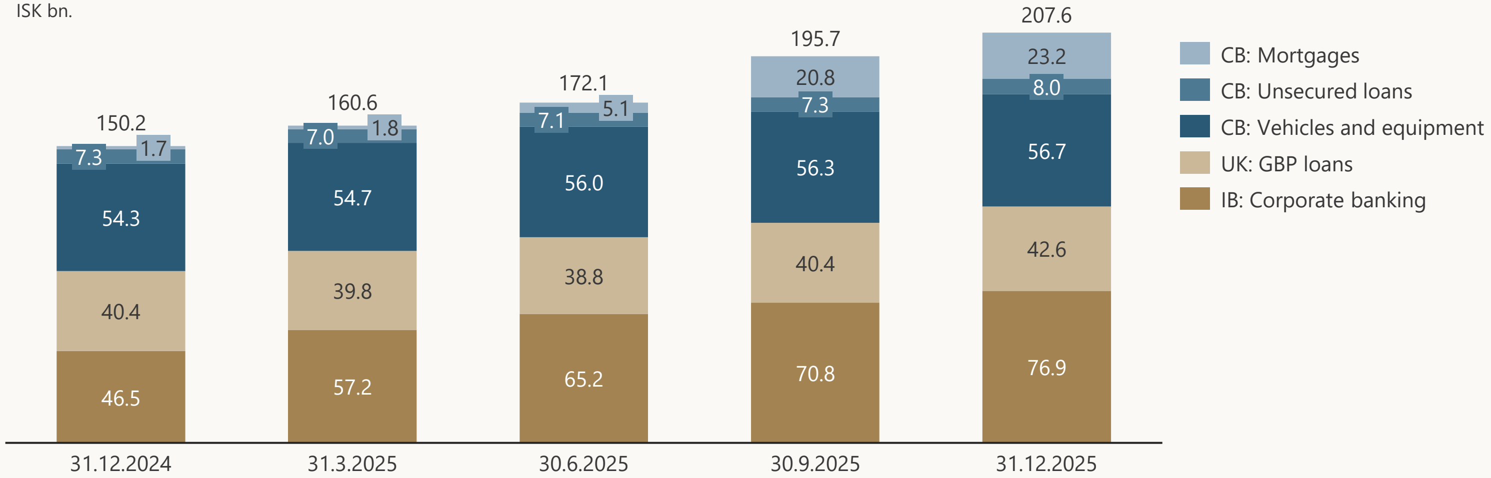
Loan to value distribution

ISK bn.



Loans to customers by type

ISK bn.



- Loans to customers increased to ISK 207.6 billion in Q4 2025, a 38.2% increase from year-end 2024, driven by robust growth of Auður Heima mortgages and real estate lending through corporate banking
- Real estate backed lending domestically and, in the UK, increases modestly, while other lending remained broadly unchanged
- LTV profile remains stable, with the majority of loans below 70% LTV

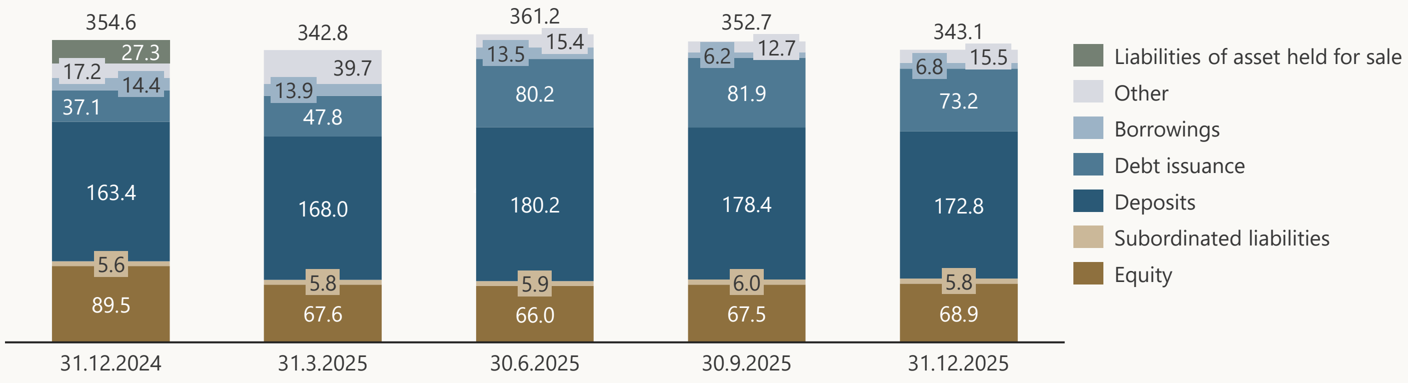
CB: Commercial Banking segment, IB: Investment Banking segment

Balance Sheet: Liabilities

Stable funding base with balanced mix of deposits and market funding

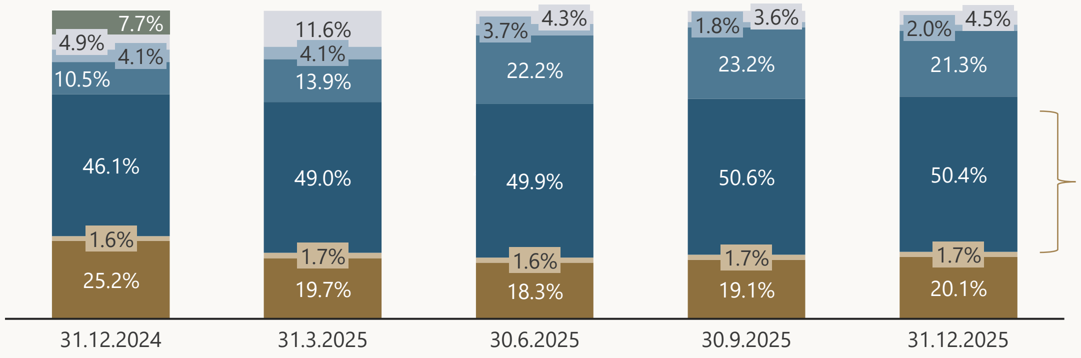
Liabilities and equity

ISK bn.



Liabilities and equity

ISK bn.



Deposits are a key source of funding that is supplemented with debt issuance and other borrowings

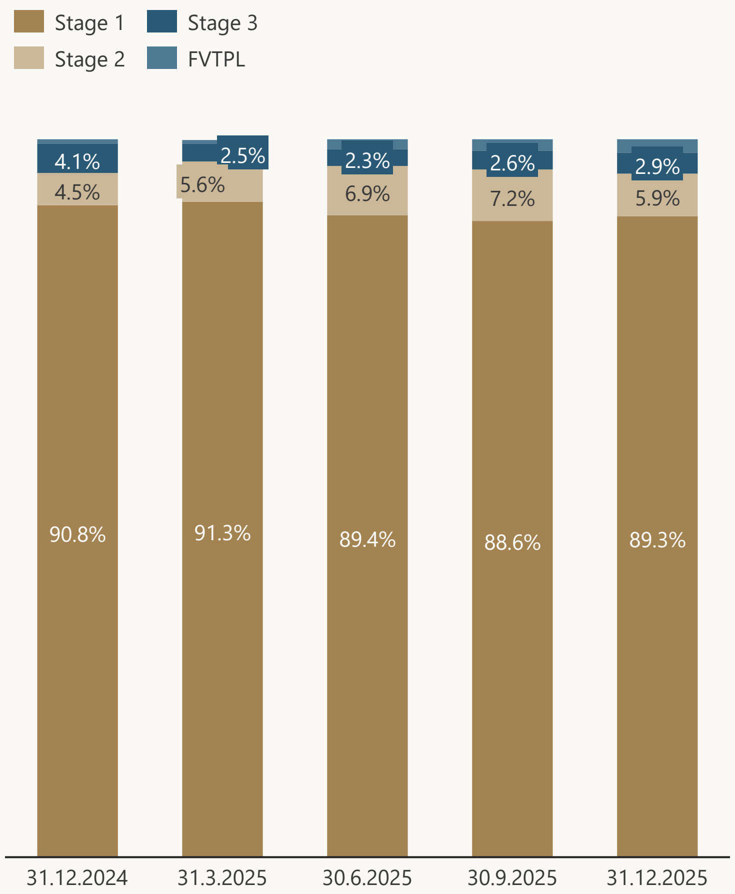
- Total liabilities amounted to ISK 274.2 billion at the end of Q4 2025, a small reduction from Q3
- Debt issuance decreases by ISK 8.7 billion following a partial tender of SEK/NOK bonds in October and an ISK bond maturing in December
- Deposits declined modestly in Q4, after strong growth earlier in the year, in line with normal seasonal movements

Credit Quality

Stable credit quality and low impairment levels

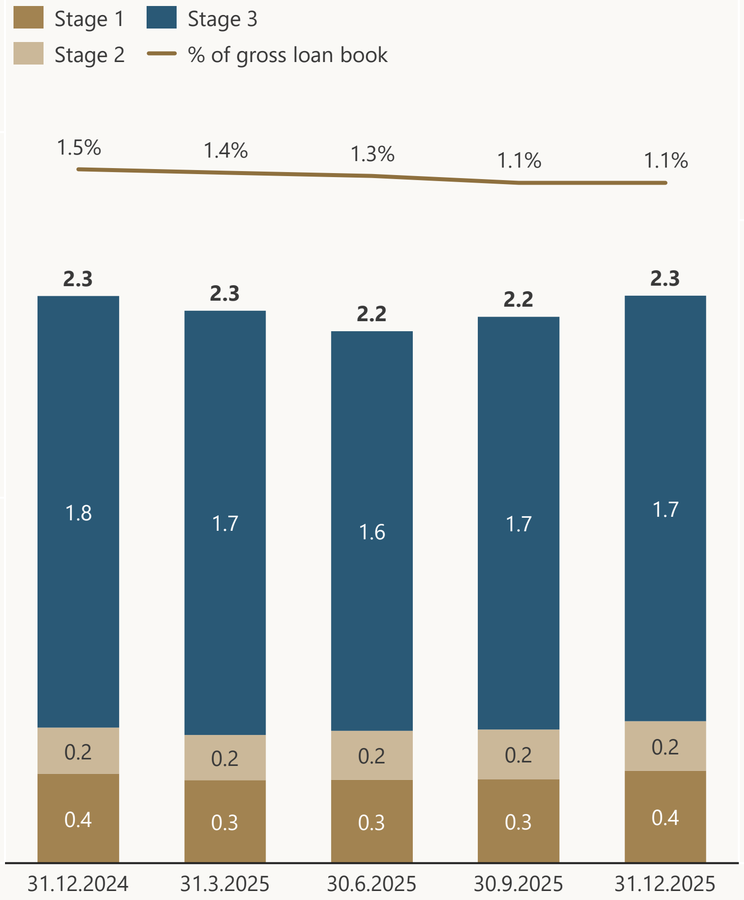
Loans to customers risk stage allocation

Net loan book / (%)



Impairment loss allowance

ISK bn.



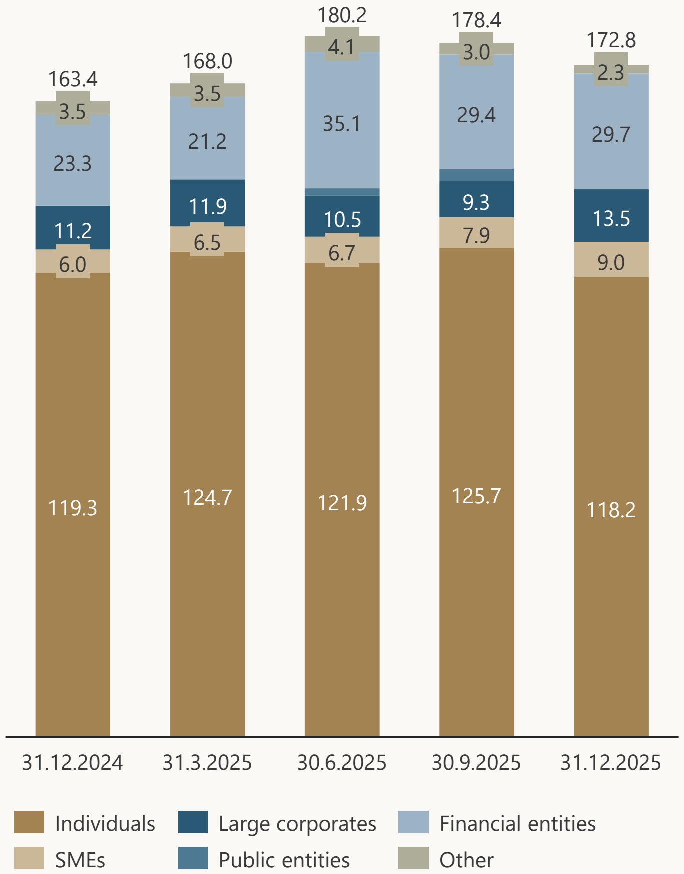
- Loan book quality remained stable in Q4, with a small decline in stage 2 loans
- Impairment allowance stood at ISK 2.3 billion, equal to 1.1% of the gross loan book
- Stage 3 loans remain well-collateralised, with an average loan-to-value of 61%, supporting the overall low credit risk profile

Deposits

Retail deposits remain a stable core funding base

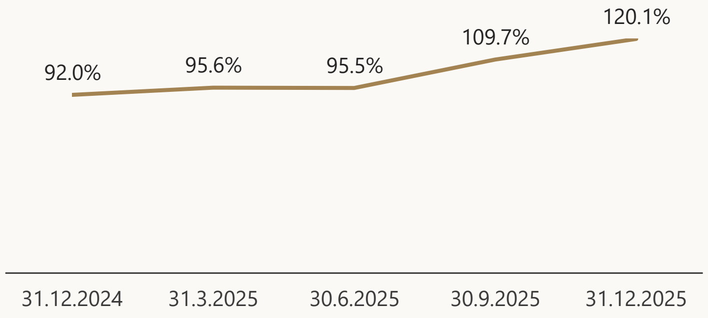
Deposits by type

ISK bn.



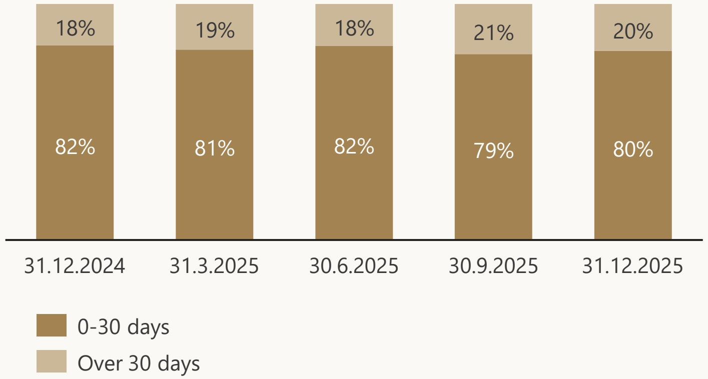
Loans to deposits

(%)



Maturity of deposits

30.06.2025 / ISK bn.



- Total deposits amount to ISK 172.8 billion at the end of Q4 2025, slightly lower than in Q3 as balances from individuals decrease in the quarter
- Loans to deposits ratio increases to 120% as loan book growth outpaces deposits
- Deposit maturity profile remained consistent, with around 80% of deposits on demand

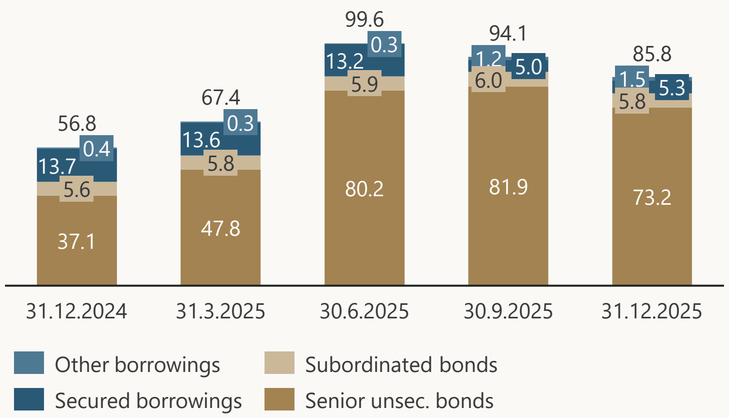
*Money market deposits were previously presented as part of borrowings but are now presented as part of deposits. Comparative figures have been restated. Reference is made to note 2 in Kvika's Consolidated Financial Statements dated 31.12.2024 for further information

Debt Issuance

Steady funding profile supported by international market access

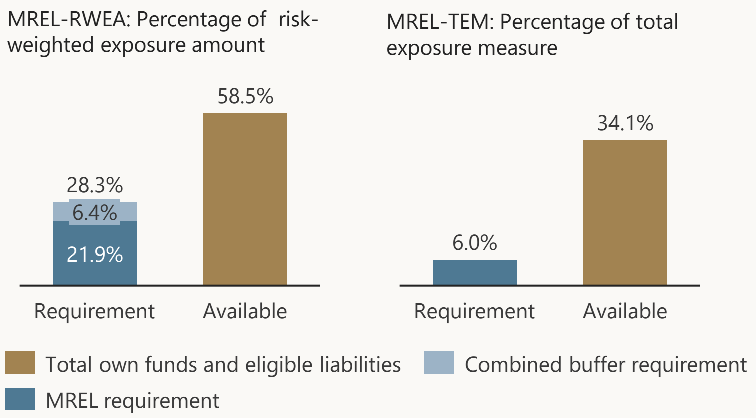
Development of market funding

ISK bn.



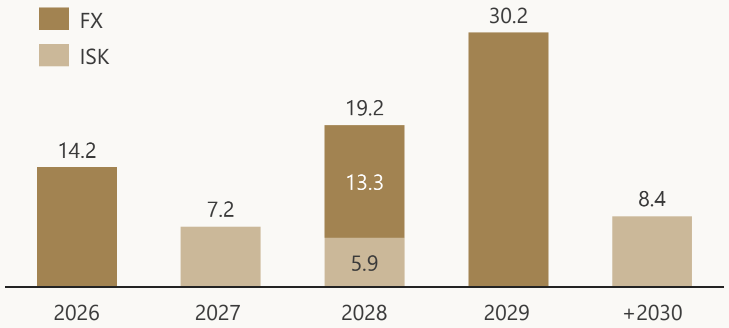
MREL requirements

31.12.2025



Maturity of issuance

31.12.2025 / ISK bn.



Rating

Rating

	Bank deposit rating	Issuer rating
Long term	Baa1	Baa2
Short term	P-2	P-2
Outlook	On review for upgrade	On review for upgrade
Last update	24 September 2025	24 September 2025

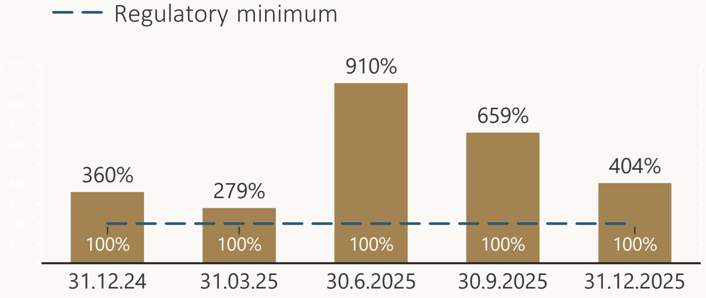
- Market funding reduces somewhat as bonds mature and are tendered in Q4 2025
  - Kvika tendered SEK/NOK notes with a maturity in May 2026 earlier in October, accepting offers for a total of SEK 339 million and NOK 417 million
- Kvika holds a long-term issuer rating of Baa2, currently under review for upgrade by Moody's (as of July 2025), following merger proposals from Arion Banki hf. and Íslandsbanki hf. and consequently, the ongoing merger discussions with Arion. The review reflects the potential for long-term credit profile enhancement through consolidation
- MREL requirements remain comfortably met, with buffers well above both risk-weighted and total exposure measures through a combination of own funds and eligible liabilities

Liquidity and Funding Ratios

Continued strong liquidity position

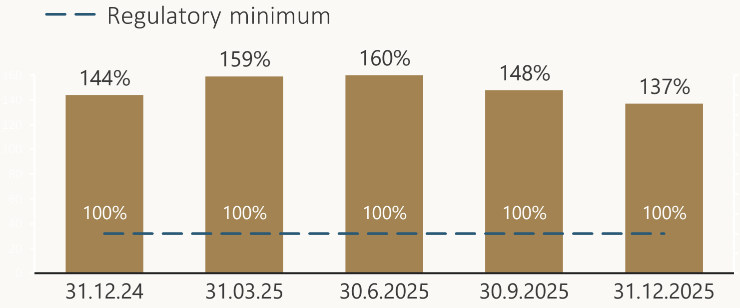
Total liquidity coverage ratio (LCR)

31.12.2025 / (%)



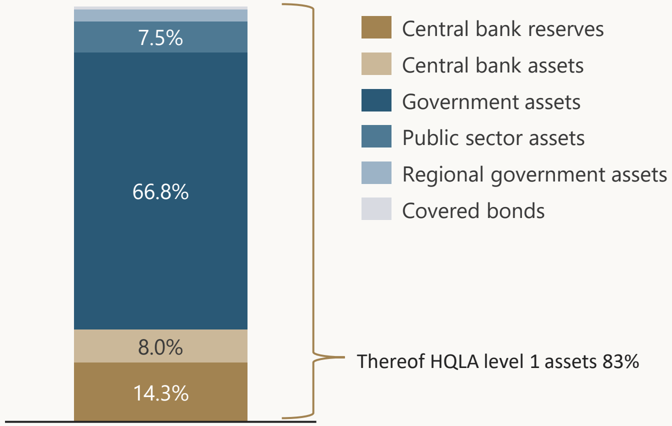
Net stable funding ratio (NSFR)

31.12.2025 / (%)



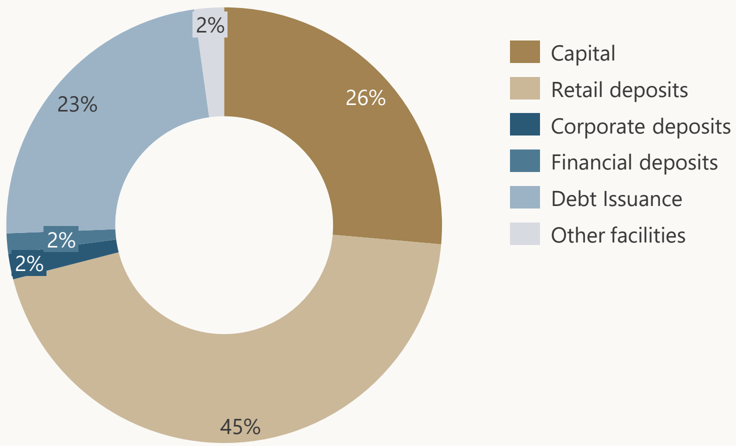
High quality liquid assets (HQLA)

31.12.2025 / (%)



Available stable funding

31.12.2025 / (%)



- The liquidity coverage ratio (LCR) is strong at 404%, well above the 100% regulatory requirement
- Net stable funding ratio (NSFR) is strong at 137%, well above the 100% regulatory requirement
- High-quality liquid assets (HQLA) totaled ISK 66.9 billion, with 83% classified as Level 1 assets
- Kvika maintains a conservative liquidity profile, with funding primarily sourced from retail deposits and long-term debt issuance, supporting balance sheet resilience

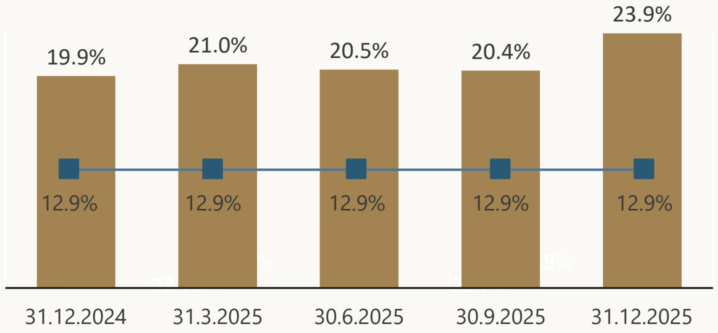
L1: Level 1 assets , L2: Level 2 assets

Capital Position

Strong capital position well above regulatory requirements

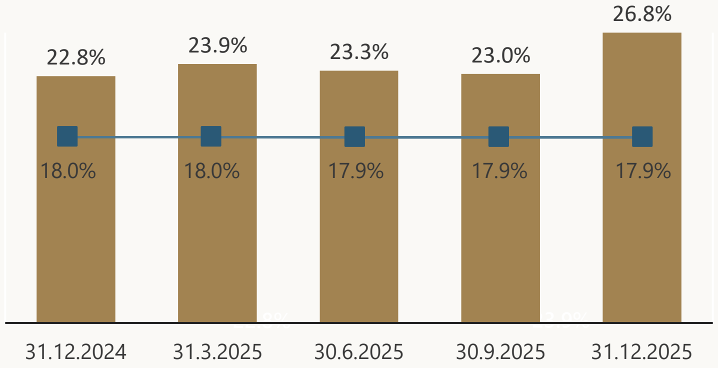
CET1

(%)



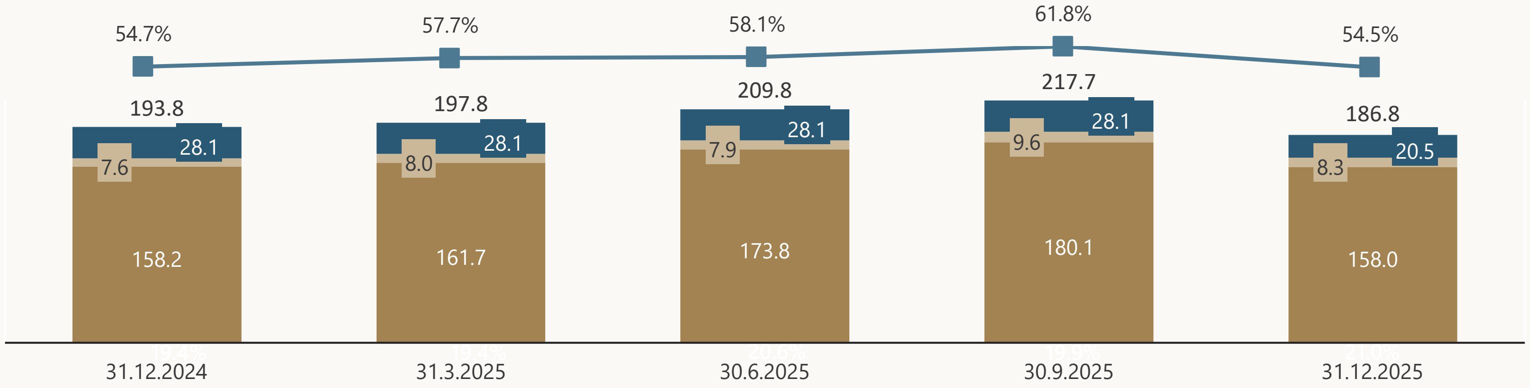
CAR

(%)



Risk-weighted exposure amount (RWEA)

ISK bn.



- CAR of 26.8% at year-end, well above Kvika's management target
- In December 2025, Iceland completed the implementation of the CRR III regulation. As of December 31 2025, CRR III has resulted in an approximate 17% decrease in the Bank's risk-weighted exposure amount, resulting in significant uplift in the Kvika's capital rations
- The bank continues to target a management buffer of 2% to 4% over current and anticipated CAR requirements

Financial Targets

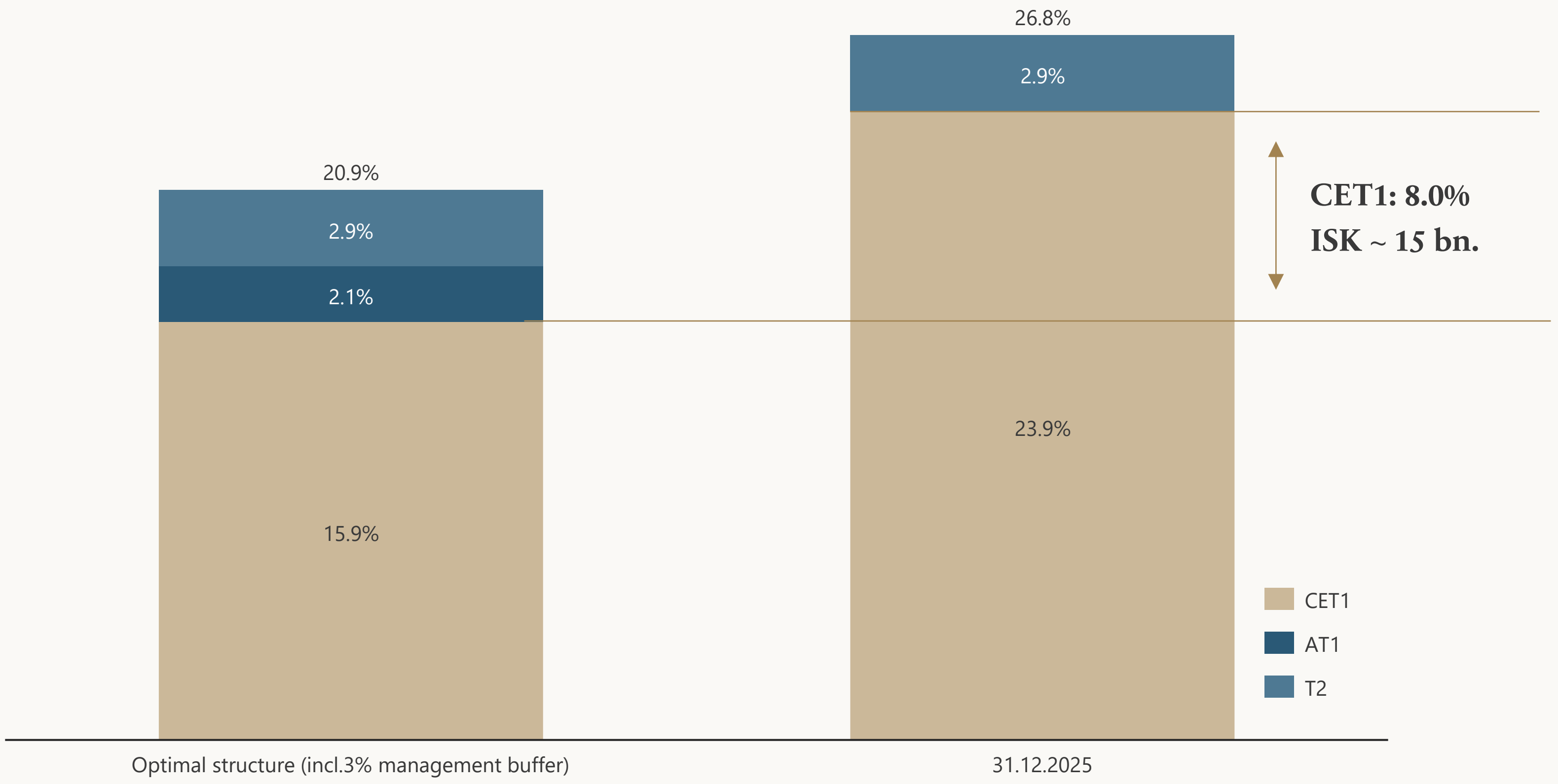
	Target	12M 2025	Q4 2025
Return on Tangible Equity Pre-tax	>20%	14.5%	13.2%
Capital Adequacy Ratio (CAR) Buffer Over Requirement (basis points)	200-400 bps.	890 bps.	890 bps.
Dividend Payout Ratio Dividends and Share Buybacks as % of Profit after Tax	25%	431% Including a special dividend due to divestment of TM Insurance	

Capital Optimization in 2026

Capacity to Release up to ISK 15 billion of Capital in 2026

Key lever to reach 20% RoTE

Capital base
ISK billion



Through profitable operations, the implementation of CRR III and a planned AT1 bond offering, Kvika will be in a position to release up to ISK 15 billion of capital in 2026

With a capital base of ISK 50.1 billion at year-end 2025 and a CAR of 26.8%, an optimal capital structure would bring the CAR to 20.9% while fully utilizing AT1 and T2 capacity

A more efficient capital structure is an important lever to reach Kvika's target RoTE of 20%

Further decisions on distributions will be taken as visibility improves in the merger process

Merger Process Continues

Pre-notification discussions with the Icelandic Competition Authorities still in progress and expected to conclude in the coming months

The progress and outcome of this phase will shape the next steps in the merger process

Process expectations

☑	**Phase I** • Letter of intent signed • Agreement on heads of terms including exchange ratios
Ongoing	**Phase II** • Due diligence • Pre-notification discussions with the ICA
Pending Phase II	**Phase III** • Merger notification sent to regulatory bodies
Pending Phase III	**Phase IV** • Shareholder meetings once conditions are fulfilled and merger has regulatory approval

Disclaimer

This presentation and the information contained therein has been prepared by Kvika banki hf. on a best knowledge basis. Any statements or assumptions are set forth by Kvika alone and not by any third party. Forward looking statements may deviate from what is presented in this presentation, e.g. due to market conditions or other factors. Kvika does not guarantee the accuracy or completeness of the information set forth in this presentation, whether it comes from Kvika or a third party.

This presentation shall not in any way be viewed as a recommendation or solicitation to buy, hold or sell any security or to take any investment decision. The recipient is solely responsible for any investment decision taken based on the information in this presentation.

Kvika does not assume any liability whatsoever for any direct or consequential loss or damage arising from any use of this presentation or its contents. Kvika is not obliged to make amendments or changes to this publication or to submit further information, should errors be discovered or opinions or information change.