

Press Release

11 February 2026

Kvika banki hf.: Consolidated Financial Statements 2025

A successful and eventful year passes – strong operational performance characterised by net interest income growth

At a board meeting on 11 February 2026, the Board of Directors and the CEO approved the consolidated financial statements of Kvika banki hf. ("Kvika" or "the bank") for the year 2025.

Highlights of the 2025 Consolidated Financial Statements:

- Profit before tax from continuing operations amounts to ISK 6,217 million in 2025, compared to ISK 5,817 million in 2024, increasing by ISK 400 million from previous year or 6.9%. Profit before tax from continuing operations adjusted for non-recurring items in Q1 and Q4 amounted to ISK 7,296 million, an increase of 25.4%
- Post-tax profit from continuing operations of the Kvika group amounts to ISK 4,363 million in 2025, compared to ISK 4,690 million in 2024, decreasing by ISK 327 million from previous year or 7.0%.
- Net interest income amounts to ISK 11,896 million in 2025, compared to ISK 9,681 million in 2024, increasing by ISK 2,215 million from previous year or 22.9%.
- Net interest margin was 4.1% in 2025, compared to 3.8% in 2024.
- Net fee and commission income amounts to ISK 6,291 million in 2025, compared to ISK 6,137 million in 2024, increasing by ISK 155 million from previous year or 2.5%.
- Other net operating income amounts to ISK 1,223 million, compared to ISK 1,367 million in 2024, decreasing by ISK 144 million from previous year or 10.5%.
- Administrative expenses amount to ISK 12,074 million, compared to ISK 10,608 million in 2024, increasing by ISK 1,466 million from previous year or 13.8%.
- Pre-tax return on tangible equity (RoTE) from continuing operations was 14.5%, compared to 18.8% in 2024.
- Earnings per share from continuing operations amounted to ISK 0.97 in 2025, compared to ISK 1.0 in 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 year 2025 compared to ISK 3,460 million in 2024.

Key balance sheet figures:

- Deposits from customers amount to ISK 173 billion at year-end 2025, compared to ISK 163 billion at year-end 2024 and increased by 5.8% in the year.
- Loans to customers amount to ISK 208 billion at year-end 2025, compared to ISK 150 billion at year-end 2024 and increased by 38.2% in the year.

- Total assets amount to ISK 343 billion at year-end 2025, compared to ISK 355 billion at year-end 2024.
- Total equity of the group amount to ISK 69 billion at year-end 2025, compared to ISK 90 billion at year-end 2024.
- The capital adequacy ratio (CAR) was 26.8% at year-end 2024, compared to 22.8% at year-end 2024.
- Total liquidity coverage ratio (LCR) of the group was 404% at year-end 2025, compared to 360% at year-end 2024.
- Total assets under management amount to ISK 469 billion, compared to ISK 456 billion at year-end 2024.

Highlights of performance in the fourth quarter (Q4 2025)

- Profit before tax amounts to ISK 1,522 million, compared to ISK 1,601 million in Q4 2024, decreasing by ISK 78 million from previous year or 4.9%.
- Post-tax profit from continuing operations of the Kvika group amounts to ISK 1,266 million in Q4 2025, compared to ISK 1,528 million in Q4 2024, decreasing by ISK 262 million or 17.1%.
- Net interest income amounts to ISK 3,065 million in Q4 2025, compared to ISK 2,498 million in Q4 2024, increasing by ISK 567 million or 22.7%.
- Net interest margin was 4.3% in Q4 2025, compared to 3.8% in Q4 2024.
- Net fee and commission income amounts to ISK 1,265 million in Q4 2025, compared to ISK 1,601 million in Q4 2024, decreasing by ISK 336 million or 21.0%.
- Other net operating income amounts to ISK 642 million in Q4 2025, compared to ISK a 567 million in Q4 2024, increasing by ISK 75 million or 13.2%.
- Administrative expenses amount to ISK 3,263 million in Q4 2025, compared with ISK 2,864 million in Q4 2024, increasing by ISK 399 million or 13.9%.
- Pre-tax return on tangible equity (RoTE) of continuing operations amounted to 13.2%
- Earnings per share amounted to ISK 0.29 in Q4 2025, compared to ISK 0.33 from continuing operations in Q4 2024.

The Board of Directors of Kvika proposes that a dividend of 0.36 ISK per share for a total amount of ISK 1,566 million, taking into account treasury shares held by the Group, will be paid in the year 2026 for the 2025 operations. The dividend payment amounts to 25% of profit after tax for the year, which is in line with the Bank's dividend policy. Additionally, the Board will consider distributing an extraordinary dividend and/or additional share buybacks later in the year or at the AGM.

In relation to proposed dividend payments, Kvika and Arion banki hf. have signed an addendum to the Letter of Intent regarding the merger of the companies executed in July 2025. The addendum provides that the merger exchange ratios will be adjusted to reflect the dividend payments, ensuring that the economic basis of the merger, as applied at the signing of the Letter of Intent, is not affected.

Ármann Þorvaldsson, CEO of Kvika:

“The year 2025 was both successful and eventful. The Bank delivered solid operational performance, introduced new initiatives, and made important steps to fulfil the objectives set out at Kvika’s Capital Markets Day at the end of 2024.

The Bank's performance in 2025 was strong and characterised by growth in net interest income, which can be traced to the expanding loan book both in Iceland and in the UK as well as favourable funding conditions. There were many milestones during the year. A new mortgage product under the Auður brand was launched, the private equity fund Harpa completed its first year of operations, the Bank issued its inaugural euro-denominated bond and Corporate Finance successfully led the offering of the government's remaining stake in Íslandsbanki. In October, the Bank also celebrated its 10-year anniversary in its current form, an important moment to reflect on the progress achieved and the significant transformation the Bank has undergone during this period.

Following the sale of TM, Kvika returned to shareholder the largest amount of capital in its history, a total of ISK 27 billion in the form of dividends and share buybacks. The capital position at year-end remains exceptionally strong, providing capacity to return up to ISK 15 billion to shareholders in 2026 through dividends or buybacks, without compromising growth ambitions or financial strength. Further decisions on distributions will be taken as visibility improves in the merger process.”

The merger process with Arion Bank has taken longer than we hoped, but discussions with the competition authorities are ongoing and progressing well.

Presentation for shareholders and market participants

A presentation for shareholders and market participants is scheduled for Thursday, February 12, 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-12m-2025/>

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.