Press Release

12 August 2026

Kvika banki hf.: Financial Results for Q2 2026

Stable net interest income and disciplined cost management support strong underlying earnings

At a board meeting on 12 August 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 second quarter and first six months of 2026.

Highlights of performance in the second quarter (Q2 2026):

- Profit before tax from continuing operations amounts to ISK 1,545 million in Q2 2026, compared to ISK 2,025 million in Q2 2025, decreasing by ISK 480 million from previous year or 23.7%.
- Post-tax profit from continuing operations amounts to ISK 903 million in Q2 2026, compared to ISK 1,439 million in Q2 2025, decreasing by ISK 536 million from previous year or 37.2%.
- Net interest income amounts to ISK 3,013 million in Q2 2026, compared to ISK 2,962 million in Q2 2025, increasing by ISK 51 million from previous year or 1.7%.
- Net interest margin was 4.0% in Q2 2026, compared to 4.0% in Q2 2025.
- Net fee and commission income amounts to ISK 1,416 million in Q2 2026, compared to ISK 1,935 million in Q2 2025, decreasing by ISK 519 million from previous year or 26.8%.
- Other net operating income amounts to ISK 327 million in Q2 2026, compared to ISK 231 million in Q2 2025, increasing by ISK 96 million from previous year.
- Administrative expenses amount to ISK 2,947 million Q2 2026, compared to ISK 2,981 million in Q2 2025, decreasing by ISK 34 million from previous year or 1.1%.
- Pre-tax return on tangible equity (RoTE) from continuing operations was 15.1% Q2 2026, compared to 18.5% in Q2 2025.
- Earnings per share from continuing operations amounted to ISK 0.21 in Q2 2026, compared to ISK 0.31 in Q2 2025.

Key balance sheet figures as at 30.06.2026:

- Deposits from customers amount to ISK 201 billion, compared to ISK 173 billion at year-end 2025 and increased by 16.5% during the period.
- Loans to customers amount to ISK 223 billion, compared to ISK 208 billion at year-end 2025 and increased by 7.6% during the period.
- Total assets amount to ISK 376 billion, compared to ISK 343 billion at year-end 2025.
- Total equity of the group amount to ISK 58 billion, compared to ISK 69 billion at year-end 2025.
- The capital adequacy ratio (CAR) was 23.0%, compared to 26.8% at year-end 2025
- Total liquidity coverage ratio (LCR) of the group was 276%, compared to 404% at year-end 2025.

- Total assets under management amount to ISK 449 billion, compared to ISK 469 billion at year-end 2025.

Highlights of performance in the first six months (6M 2026):

- Profit before tax from continuing operations amounts to ISK 3,354 million, compared to ISK 2,726 million in 6M 2025, increasing by ISK 628 million from previous year or 23.0%.
- Post-tax profit from continuing operations amounts to ISK 2,277 million, compared to ISK 1,625 million in 6M 2025, increasing by ISK 652 million or 40.2% from the previous year.
- Net interest income amounted to ISK 6,279 million, compared to ISK 5,879 million in 6M 2025, an increase of 6.8% from the previous year.
- Net interest margin was 4.3% in 6M 2026, compared to 4.1% in 6M 2025.
- Net fee and commission income amounted to ISK 2,902 million, compared to ISK 3,455 million in 6M 2025, a decrease of 16.0%.
- Other net operating income was ISK 462 million, compared to ISK 243 million in the same period in 2025, increasing by ISK 219 million
- Administrative expenses were ISK 5,961 million, compared to ISK 6,071 million in the same period in 2025, decreasing by ISK 110 million from previous year or 1.8%.
- Pre-tax return on tangible equity (RoTE) from continuing operations was 15.6% in 6M 2026, compared to 13.3% in 6M 2025
- Earnings per share from continuing operations amounted to ISK 0.52 in 6M 2026, compared to ISK 0.36 in 6M 2025.

Ármann Þorvaldsson, CEO of Kvika:

“The bank delivered a solid performance in the second quarter while taking several important steps to enhance profitability going forward. Overall, the first half of the year was very strong, with a significant increase in profit compared with the previous year.

More than ISK 10 billion was distributed to shareholders through a special dividend at the beginning of June, reducing the equity tied up in the business accordingly. A highly successful AT1 issuance in Sweden at the start of the quarter, raising the equivalent of approximately ISK 4 billion, enabled the Bank to make this substantial distribution while maintaining a very strong capital position.

In early June, Kvika also achieved its most attractive pricing to date in an international debt issuance, placing EUR 150 million of senior preferred notes at a spread of approximately 165 basis points over mid-swaps. The transaction enables the bank to refinance more expensive foreign funding later this year, which will support future net interest margins. It also provides funding capacity for continued growth in Kvika’s foreign currency loan portfolios at more favourable terms than previously available to the bank.

Fee and commission income declined significantly year-on-year, reflecting both an exceptionally strong comparison quarter in 2025, driven by the Íslandsbanki share offering managed by Kvika, and continued challenging conditions in the Icelandic equity market.

At the same time, lending activity was strong across all of Kvika's business lines during the quarter, accompanied by very strong deposit growth. Despite this growth, operating expenses declined year-on-year at a time of elevated inflation and significant wage increases across the economy. Efficiency initiatives implemented in early June resulted in a one-off charge of just over ISK 100 million during the quarter, but are expected to further reduce the bank's cost base going forward.

It is the assessment of the Board of Directors and management that payment services are the area of the Bank's operations that aligns least with the Bank's strategy and other business activities. Accordingly, it has been decided to initiate a sale process for Straumur, the Bank's subsidiary. Exclusive discussions with a potential buyer are currently underway, and the aim is to complete the transaction before year-end.

As a result of the actions taken during the quarter, we believe the bank is well positioned to deliver strong profitability in the periods ahead, all else being equal. Capital tied up in the business has been reduced significantly through the special dividend, the AT1 issuance and ongoing share buybacks. The Bank's operating cost base is now lower than it has been for many years. Combined with strong growth in lending and deposits, new asset management products and rapidly declining foreign currency funding costs, these initiatives provide a strong foundation for future earnings growth."

Presentation for shareholders and market participants

A presentation for shareholders and market participants is scheduled for Thursday, August 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-6m-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.