KVIKA

Kvika banki hf.

Q2 2026 Financial Results

12 August 2026

Q2 2026

- Profit before tax ISK 1,545 m. compared to ISK 2,025 m. in Q2 2025
  Decreasing by ISK 480 m. from previous year, or 23.7%
- Net interest income ISK 3,013 m. compared to ISK 2,962 m. in Q2 2025
  Increasing by ISK 51 m. from previous year or 1.7%
- Net fee and commission income ISK 1,416 m. compared to ISK 1,935 m. in Q2 2025
  Decreasing by ISK 519 m. from previous year or 26.8%
- Administrative expenses ISK 2,947 m. compared to ISK 2,981 m. in Q2 2025
  Decreasing by ISK 34 m. from previous year or 1.1%
- Sale of Straumur greiðslumiðlun hf. in progress
  Due diligence underway following a formal sales process
- CEO Ármann Þorvaldsson to step down by year-end 2026
  Ármann has requested to step down from his position after nearly ten years with the Group. He will continue to serve as CEO while the Board recruits his successor

Key results	Medium term target		Q2 2026
Return on tangible equity pre-tax	20%	-	15.1%
Capital Adequacy Ratio (CAR) above regulatory capital requirements	200-400 bps. management buffer	✓	530 bps.
Dividends	25%	✓	25% of net profit deducted from CET1, additional special dividend of ISK 2.35 per share paid in Q2

Near-Term Earnings Impact, Long-Term Value Creation

Various measures taken in the quarter dampen reported earnings but materially improve returns going forward

	Item	Impact in the quarter	Impact on coming quarters
Balance sheet optimisation	**Large dividend**	Lowers interest income	**Reduces equity tied up and increases ROTE**
	AT1 issuance	Lowers NIM, cash drag	**Prerequisite for dividend payment, increases ROTE and strengthens FX liquidity; NIM widens as funds are deployed**
	Senior FX issuance	Lowers NIM, cash drag	**Enables refinancing of substantially higher priced debt and increases NIM on future loan growth.**
Cost and credit discipline	**Efficiency measures**	ISK 112 m. expensed	**Lowers the annual cost base by ISK 300-400 m.**
	Conservative loan book review	ISK 103 m. write-downs	**Healthy loan book and subdued provisioning needs going forward**
Asset realisations	**Sale process of largest PE asset**	None	**Realisation of investment income and performance fees**
	Sale of UK stage 3 asset	Higher impairment and lower interest	**Positive impairment reversal and recognition of interest income**
	Divestment of Straumur	None	**In excess of book value, no impact on operational profits; sharper focus and a simpler business**

Commercial Banking

Segment highlights

Solid growth in both deposit taking and lending

- Strong deposit growth, with deposits increasing by ISK 12 bn. during Q2 (+8% quarter-on-quarter). Growth was driven by both the Auður online savings platform and other deposit products, with total deposits surpassing ISK 200 bn. for the first time
- Continued loan book growth, increasing in total by ISK 6 bn. during the quarter (+3%). The growth was partially driven by Lykill, which continued to exceed growth expectations and recorded its strongest lending month to date in June
- Auður heima maintained positive growth, although the pace moderated due to external conditions in the housing market
- Continued product development within Auður, with new products currently under development
- Divestment of Straumur expected to close before end of year

Investment Banking

Segment highlights

Strong lending performance despite rising rates and challenging economic environment

- The loan book grew by nearly 4% quarter-on-quarter despite a slowdown in the economic environment. Increased impairment provisions reflect a more cautious approach amid heightened uncertainty in the economy
- Interest rates were raised and inflation remained persistent in Q2. The quarter in both equity and fixed income markets was weak. Turnover in the equity market decreased by 50% from Q2 2025 and decreased by 12% in the fixed income markets
- Solid quarter for Kvika Corporate Finance. Kvika acted as a financial advisor to Sidekick Health in a funding round. Furthermore, Kvika acted as financial advisor to InfoCapital in the international auction process of EveryData Group, which as a result was acquired by Creditinfo Group

Operational efficiency and growth initiatives

- Assets under management decreased slightly from ISK 450.4 bn. to ISK 448.6 bn. during Q2 2026. Excluding the liquidation of assets held by fund FÍ fasteignafélag slhf., which was sold during the quarter and is expected to be formally dissolved upon completion of the liquidation process, assets under management increased by ISK 13.4 bn.
- A new institutional investor was onboarded to KAM towards the end of the quarter, contributing approximately ISK 5 bn. in assets under management
- Fundraising activities for ACF VI slhf. commenced during the quarter and development of two new private equity funds continues, one domestic and one in partnership with Kvika UK
- Focus during the quarter remained on improving operational efficiency, which is expected to support a more cost-effective operating model going forward

UK

Segment highlights

Sustained deal momentum for the UK business amid strong market competition

- The UK business maintained strong activity levels across both PE and lending in Q2, in a market characterised by strong competition.
- A strong pipeline from Q1 converted towards the end of Q2 and carried into Q3, with the loan book reaching an all-time high and continuing to grow
- Harpa continued to scale well, completing a further deal in Q2, with an additional deal completed in Q3 bringing total private equity investments to six since launch. The next fund is expected to launch in the coming months
- Q2 saw the receipt of funds following a distribution from a portfolio company, and the sale process for Kvika´s largest principal investment in the UK is progressing well and expected to close before end of year
- Sales process for underlying asset of Kvika´s largest stage 3 loan advanced and expected to successfully close in the next months

Financials

Income Statement

Q2 2026

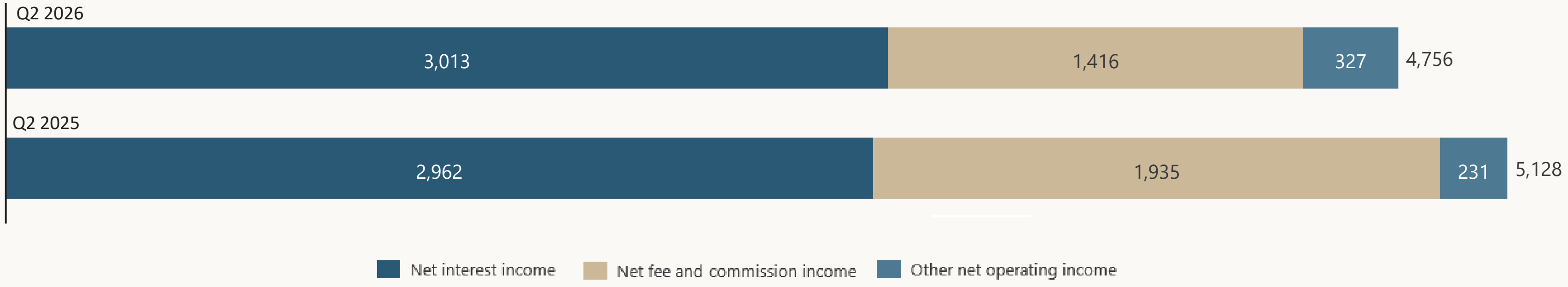
Income Statement

ISK m.

	Q2 2026	Q2 2025	Diff.	Q1 2026	Diff.
Net interest income	3,013	2,962	*51*	3,266	*(253)*
Net fees and commissions	1,416	1,935	*(519)*	1,486	*(70)*
Other net operating income	327	231	*96*	135	*192*
Net operating income	***4,756***	***5,128***	**(372)**	***4,886***	**(131)**
Administrative expenses	(2,947)	(2,981)	*34*	(3,014)	*67*
Net impairment	(269)	(122)	*(147)*	(94)	*(175)*
Revaluation of contingent consideration	1	-	*1*	-	*1*
Revaluation of investment properties	4	-	*4*	30	*(26)*
Pre-tax profit	***1,545***	***2,025***	**(480)**	***1,809***	**(264)**
Income tax	(340)	(424)	*84*	(348)	*8*
Special bank taxes	(302)	(162)	*(140)*	(87)	*(215)*
After-tax profit	***903***	***1,439***	**(536)**	***1,374***	**(471)**
Profit after tax from discontinued operations	-	-	-	-	-
Profit for the period	***903***	***1,439***	**(536)**	***1,374***	**(471)**

Revenue Composition

ISK m.



- Q2 2026 performance reflected resilient net interest income and continued cost discipline, resulting in pre-tax profit of ISK 1,545 m., decreasing by 23.7% YoY and 14.6% from Q1 2026
- Net interest income decreased by ISK 253 m. from Q1 2026, mainly due to lower inflation in Q2 affecting Kvika's positive inflation balance of ISK 6.1 bn., as well as the impact of the ISK 10.2 bn. dividend payment in June. Net interest income was nevertheless up 1.7% YoY
- Net fee and commission income decreased by 26.8% YoY, in line with continued subdued market activity
- Other net operating income increased by ISK 96 m. YoY
- Net operating income amounted to ISK 4,756 m., decreasing 7.3% YoY
- Administrative expenses amounted to ISK 2,947 m., a 1.1% decrease YoY, despite one-off costs of ISK 112 m. in the quarter attributable to cost efficiency measures in June
- The effective income tax rate increased to 34.8% in Q2 2026 from 24.4% in Q2 2025, mainly reflecting higher special tax on financial activities related to the closure of funding derivatives

Income Statement

6M 2026

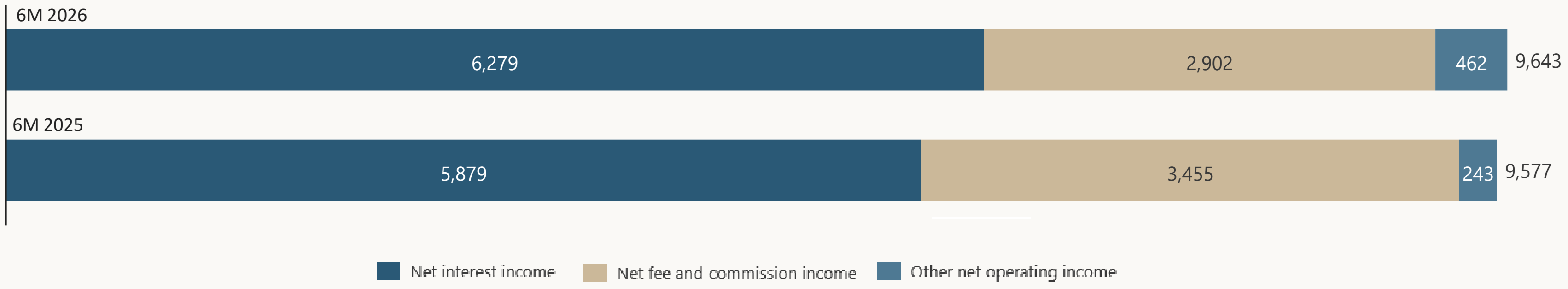
Income Statement

ISK m.

	6M 2026	6M 2025	Diff.
Net interest income	6,279	5,879	400
Net fees and commissions	2,902	3,455	(553)
Other net operating income	462	243	219
Net operating income	***9,643***	***9,577***	***66***
Administrative expenses	(5,961)	(6,071)	110
Net impairment	(363)	(188)	(175)
Revaluation of contingent consideration	1	(593)	594
Revaluation of investment properties	34	-	34
Pre-tax profit	***3,354***	***2,726***	***628***
Income tax	(687)	(862)	175
Special bank taxes	(389)	(239)	(150)
After-tax profit	***2,277***	***1,625***	***652***
Profit after tax from discontinued operations	-	1,901	(1,901)
Profit for the period	***2,277***	***3,525***	***(1,249)***

Revenue Composition

ISK m.



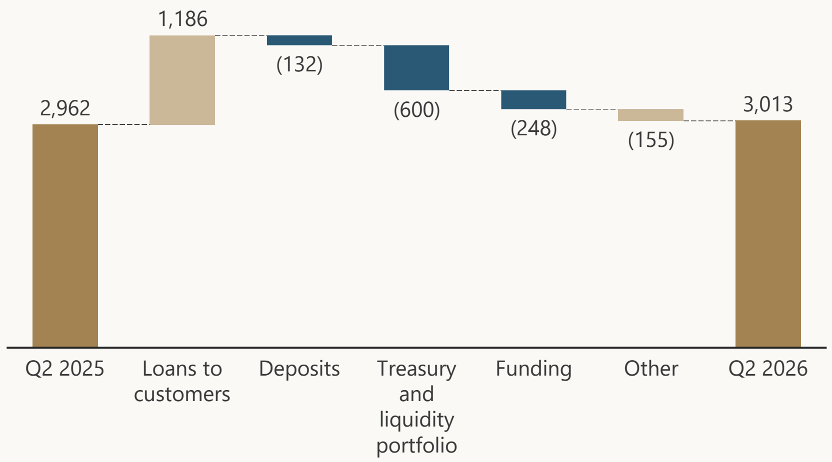
- Strong 6M performance with solid net interest income growth and disciplined cost management, resulting in pre-tax profit from continuing operations increasing by 23.0% YoY
- Net interest income increased by 6.8% YoY, driven by loan book growth and a solid net interest margin
- Net fee and commission income decreased by 16.0% YoY, reflecting continued market effects
- Other net operating income increased by ISK 219 m. YoY
- Net operating income amounted to ISK 9,643 m., increasing 0.7% YoY
- Administrative expenses amounted to ISK 5,961 m., a 1.8% decrease YoY, despite one off costs of ISK 112 m. in the quarter attributable to cost efficiency measures in June
- The effective income tax rate decreased to 26.4% in 6M 2026 from 34.2% in 6M 2025

Net Interest Income

Continued lending momentum and favorable funding base result in strong NIM

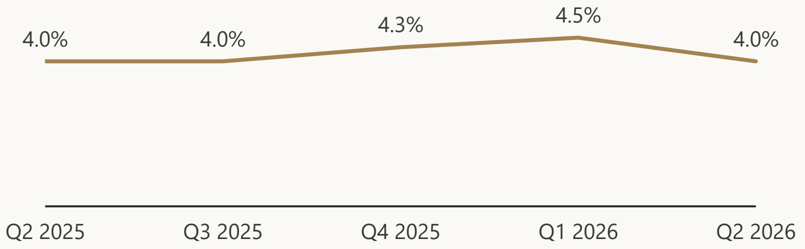
Net interest income

Q2 2025 to Q2 2026 / ISK m.



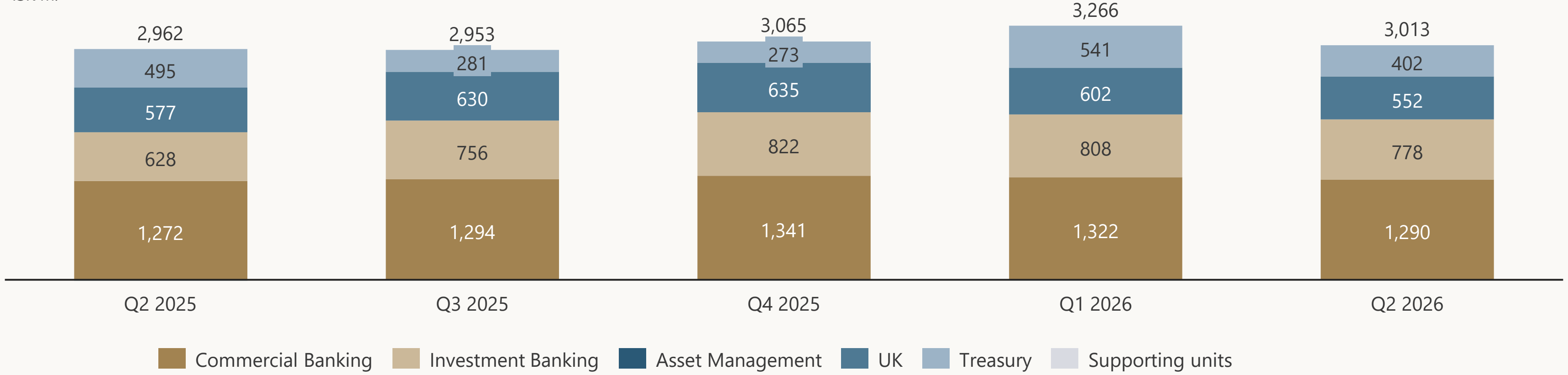
Net interest margin development

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



Net interest income development (NII)

ISK m.



- Net interest income increased by 1.7% from Q2 2025 to Q2 2026, as higher interest income from customer lending more than offset the impact of a smaller liquidity portfolio and higher funding costs associated with increased market funding and customer deposits.
- Net interest margin was 4.0% in the quarter, compared with 4.5% in Q1 2026. The decline was primarily driven by lower inflation in Q2, which reduced the contribution from Kvika's positive inflation balance, as well as the impact of the ISK 10.2 bn. dividend payment in June and recent senior preferred and AT1 bond issuances
- The ongoing optimisation of the funding structure, including the maturity and expected prepayment of bond issuances and other legacy funding in H2 2026, is expected to support both net interest income and net interest margin going forward.

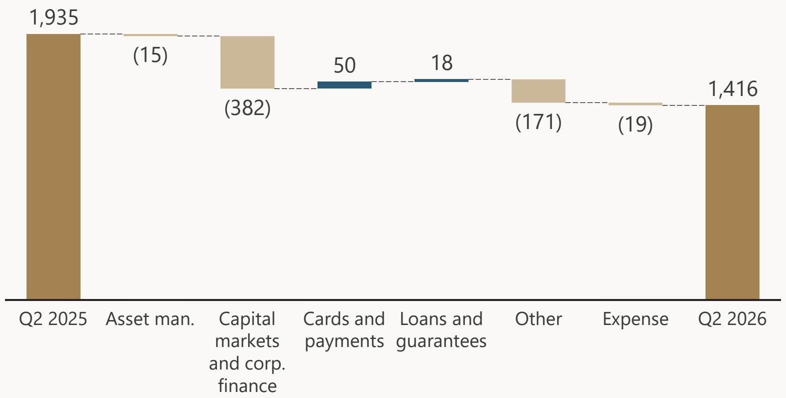
Treasury and liquidity portfolio includes interest income and expense from cash and balances with central bank, loans to credit institutions and fixed income securities. **Funding** includes interest income and expense from borrowings, issued bonds and subordinated liabilities. **Other** includes other interest income and expense as well as derivatives.

Net Fee and Commission Income

Fee income remains subdued but resilient

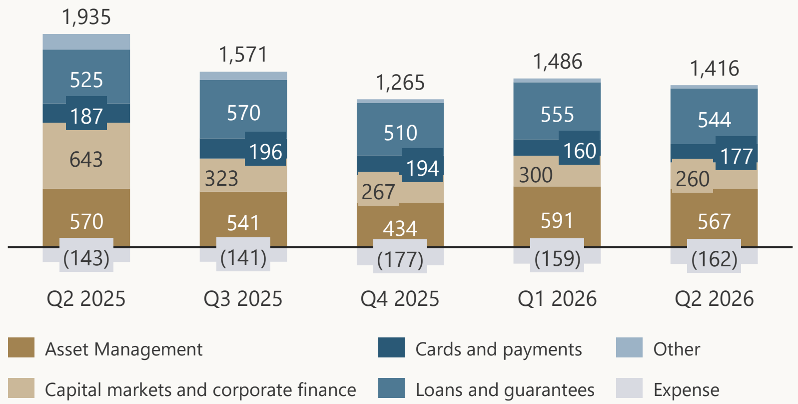
Net fee and commission income

Q2 2025 to Q2 2026 / ISK m.



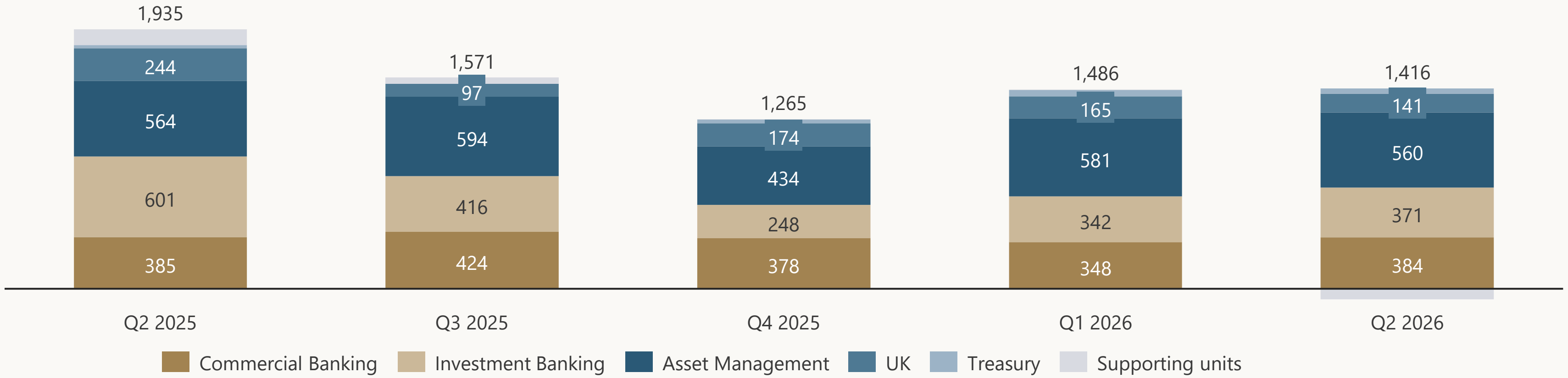
Net fee and commission income

ISK m.



Net fee and commission income development

ISK m.

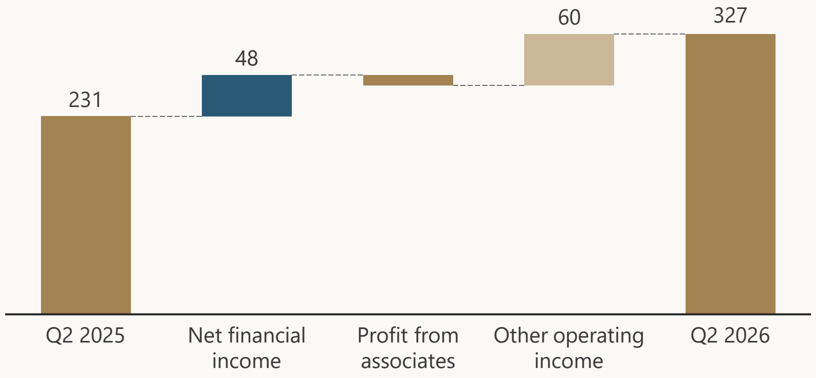


- Net fee and commission income remains subdued and amounted to ISK 1,416 m. in Q2 2026, decreasing by 26.8% YoY
- Activity in capital markets remained subdued during the quarter, with lower transaction volumes and softer client activity weighing on fee generation across all business lines,
- Despite a challenging market backdrop, underlying fee income remains resilient and broadly consistent with the run-rate seen over recent quarters

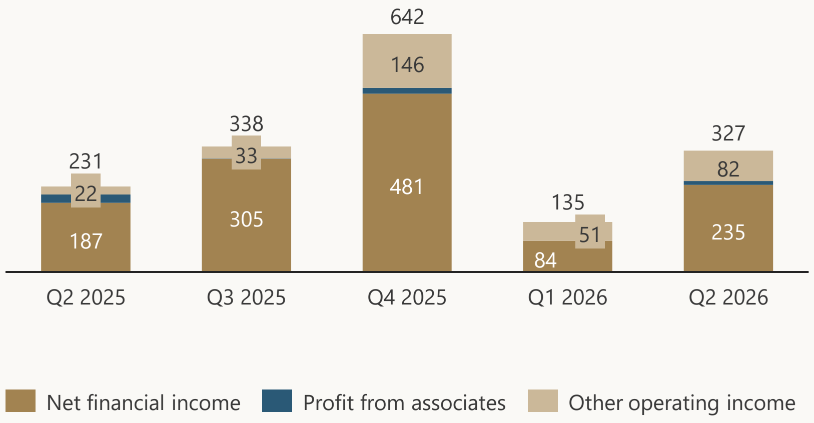
Other Net Operating Income

Improved quarter despite challenging market conditions

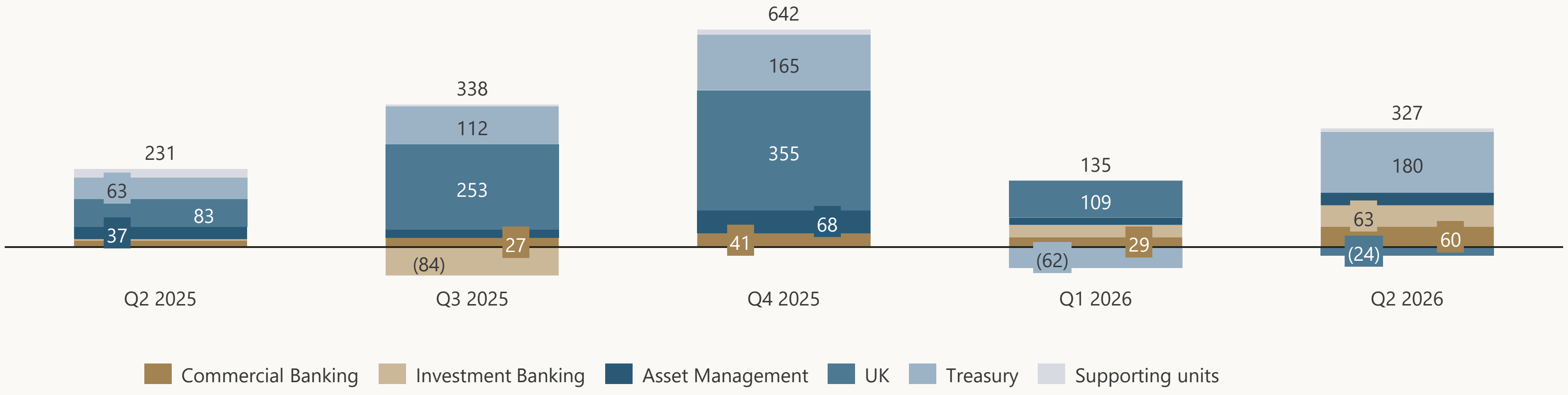
Other net operating income
Q2 2025 to Q2 2026 / ISK m.



Other net operating income
Composition / ISK m.



Other net operating income development
ISK m.



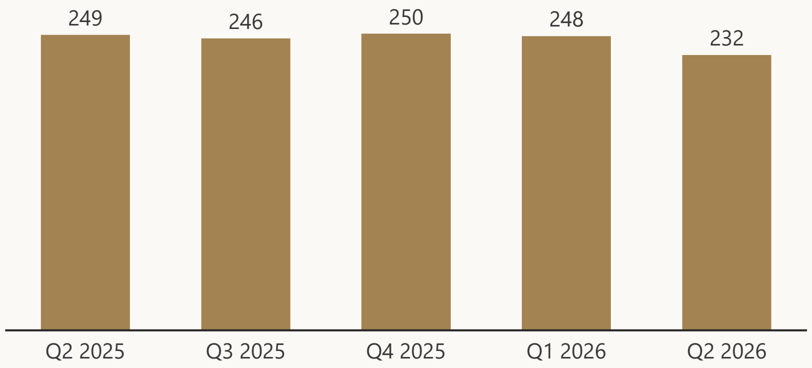
- Other net operating income increased to ISK 327 m. in Q2 2026 from ISK 231 m. in Q2 2025, supported by stronger net financial income and higher other operating income
- As other net operating income is closely linked to net financial income it is naturally subject to quarter-to-quarter variability. While domestic market conditions remained challenging during the quarter, performance improved compared with Q1 2026

Operating Expenses

Underlying costs trending lower despite restructuring charge in Q2 2026

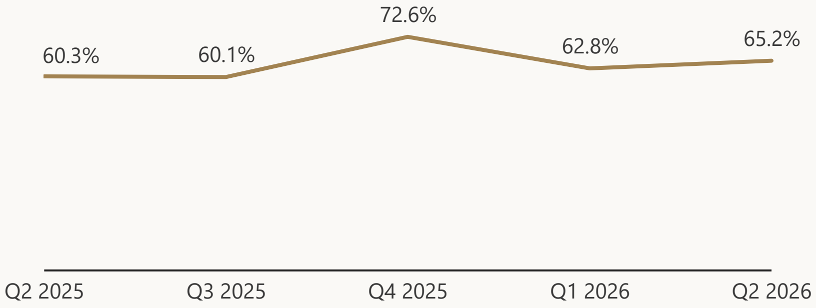
Employee development

Full time employees at the end of each period



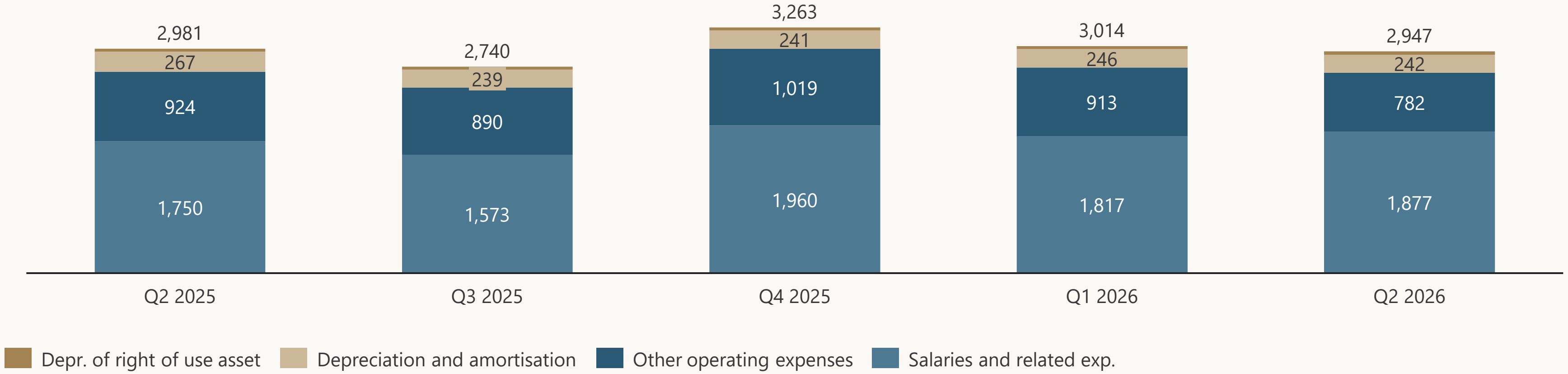
Cost to core income

(%)



Administrative expenses

ISK m.



- Administrative expenses amounted to ISK 2,947 m. in Q2 2026, decreasing by 1.1% YoY despite a one-off restructuring charge of ISK 112 m. recognised in June
- Despite the restructuring charge, the underlying cost base continued to trend downwards, reflecting ongoing efficiency initiatives and disciplined cost management
- Employee count decreased to 232 at the end of Q2 following organisational changes announced during the quarter, improving efficiency while preserving the Group's operational capacity to support continued loan book growth

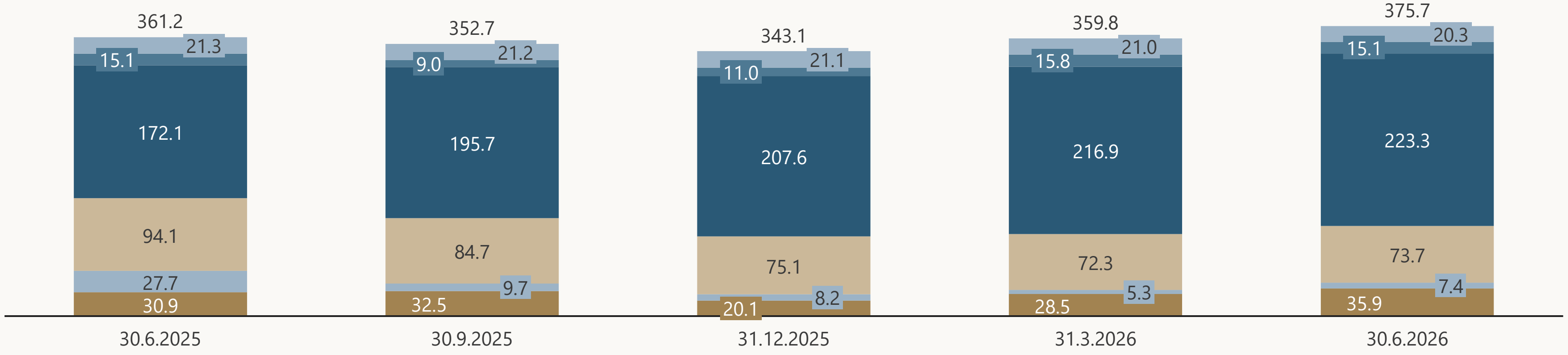
Core income is defined as net operating income excluding net financial income

Balance Sheet: Assets

Loan book growth drives larger balance sheet, while liquidity remains strong

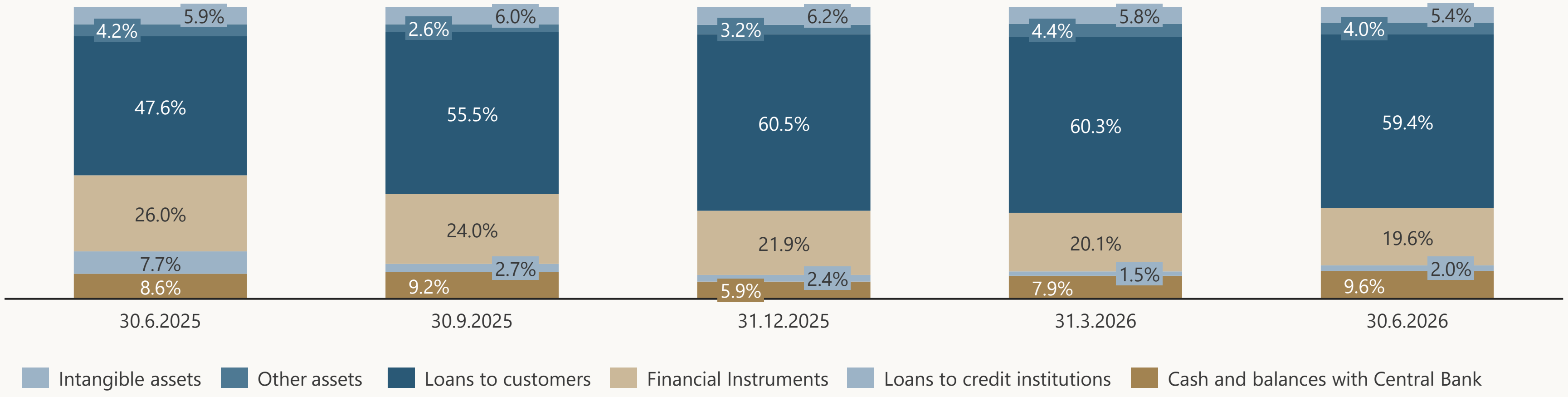
Assets

ISK bn.



Assets

(%)



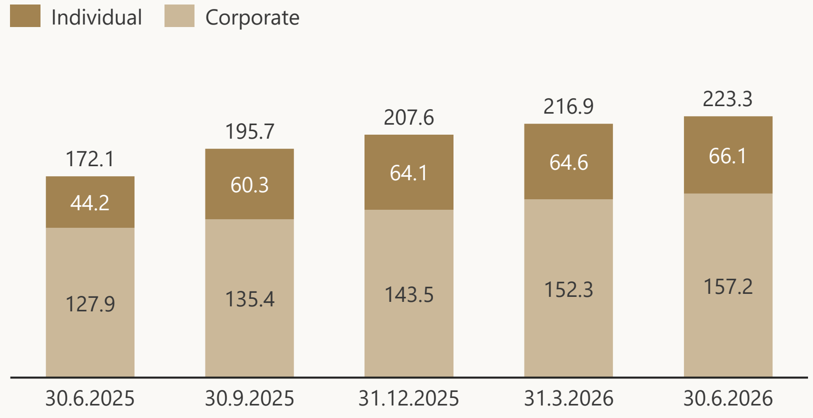
- Total assets amounted to ISK 375.7 bn. at the end of Q2 2026, increasing by 9.5% from year-end 2025
- Loans to customers amounted to ISK 223.3 bn., increasing by 7.6% from year-end 2025, reflecting continued growth across the lending portfolio
- The balance sheet mix continues to shift towards customer lending, with loans to customers representing 59.4% of total assets at quarter-end
- Liquidity position remains strong despite ongoing deployment into the loan book
- The bank maintains a modest positive CPI imbalance (ISK 6.1 bn.), partly related to market-making activities

Loans to Customers

Loan book continues to grow in line with business plan

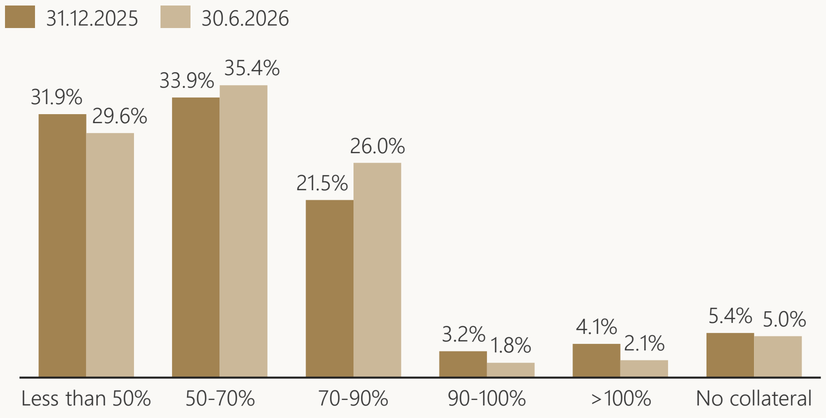
Loans to customers

ISK bn.



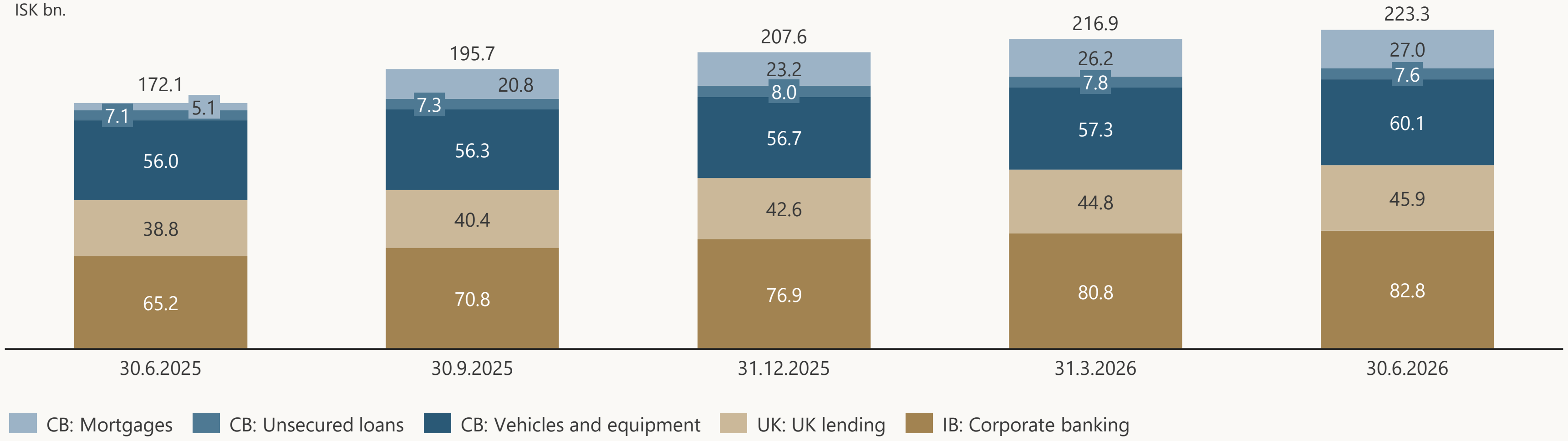
Loan to value distribution

ISK bn.



Loans to customers by type

ISK bn.



- Loans to customers amounted to ISK 223.3 bn. at the end of Q2 2026, increasing by ISK 15.8 bn., or 7.6%, from year-end 2025
- Growth was broad-based across all lending categories, led by domestic corporate banking and vehicle and equipment lending
- The LTV profile remains strong, with 65.0% of the portfolio below 70% LTV, supporting a resilient risk profile and strong collateral coverage
- The loan portfolio continues to demonstrate resilience despite persistent macroeconomic challenges. Credit quality remains broadly unchanged, with construction and real estate exposures performing in line with expectations and collateral coverage remaining strong

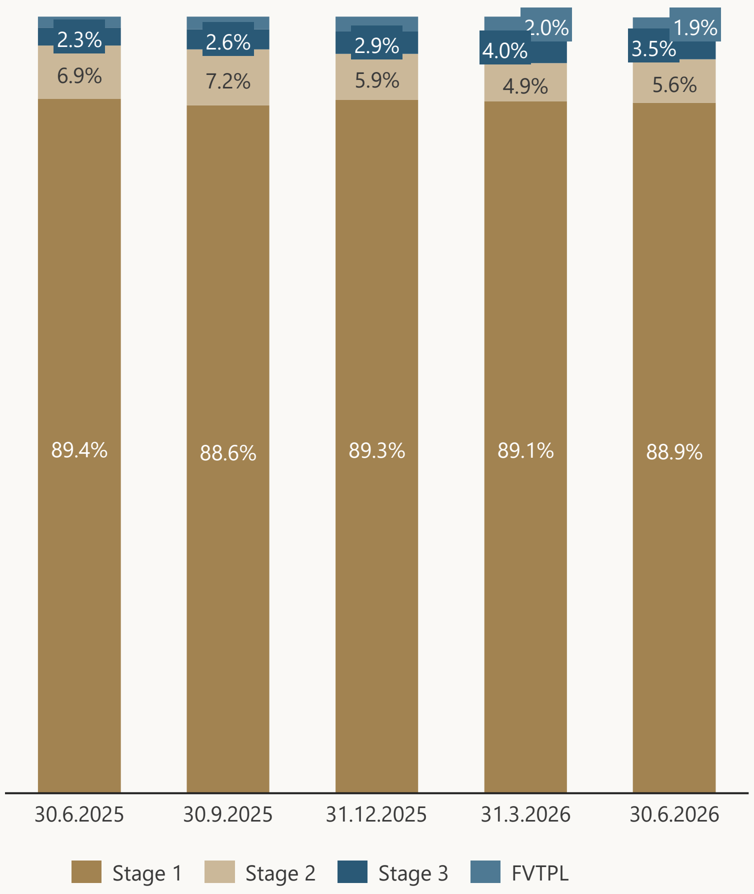
CB: Commercial Banking segment, IB: Investment Banking segment, UK: UK segment

Credit Quality

Underlying credit quality remains strong

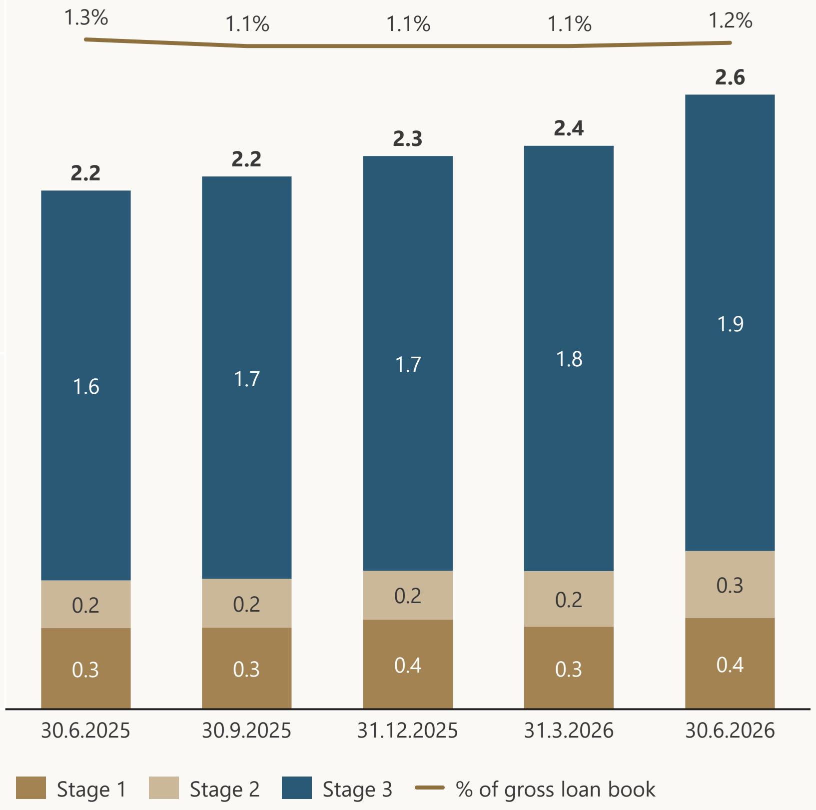
Loans to customers risk stage allocation

Net loan book / (%)



Impairment loss allowance

ISK bn.



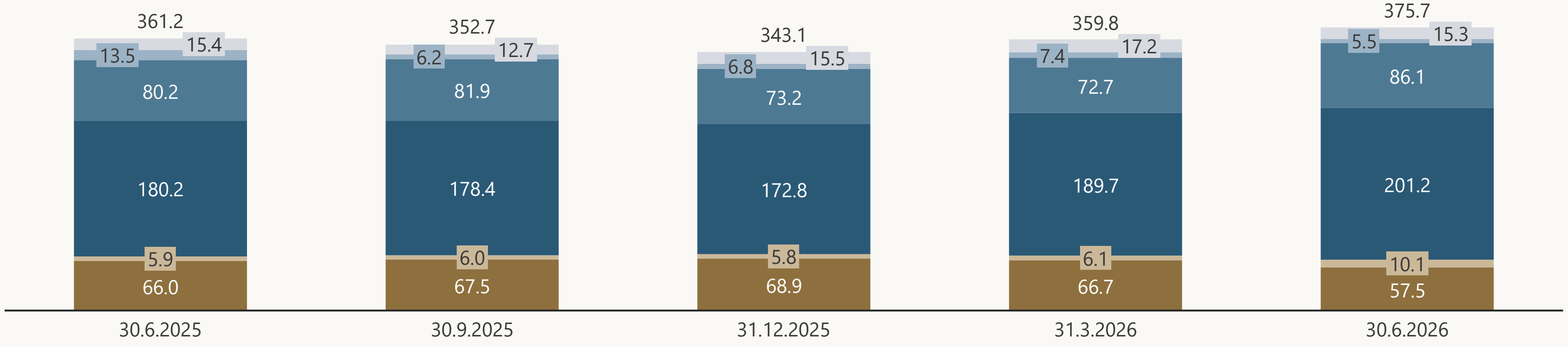
- Credit quality remains strong, with no signs of broader deterioration despite a prolonged period of elevated interest rates and inflation
- The increase in Stage 3 exposures is primarily driven by a single well collateralised UK exposure and does not reflect a broader deterioration in portfolio quality
- Overall impairment levels remain low and stable at 1.2% of the gross loan book
- Stage 3 loans remain well-collateralised, with an average loan-to-value of 52.2%, supporting the overall low credit risk profile

Balance Sheet: Liabilities

Stable funding base with balanced mix of deposits and market funding

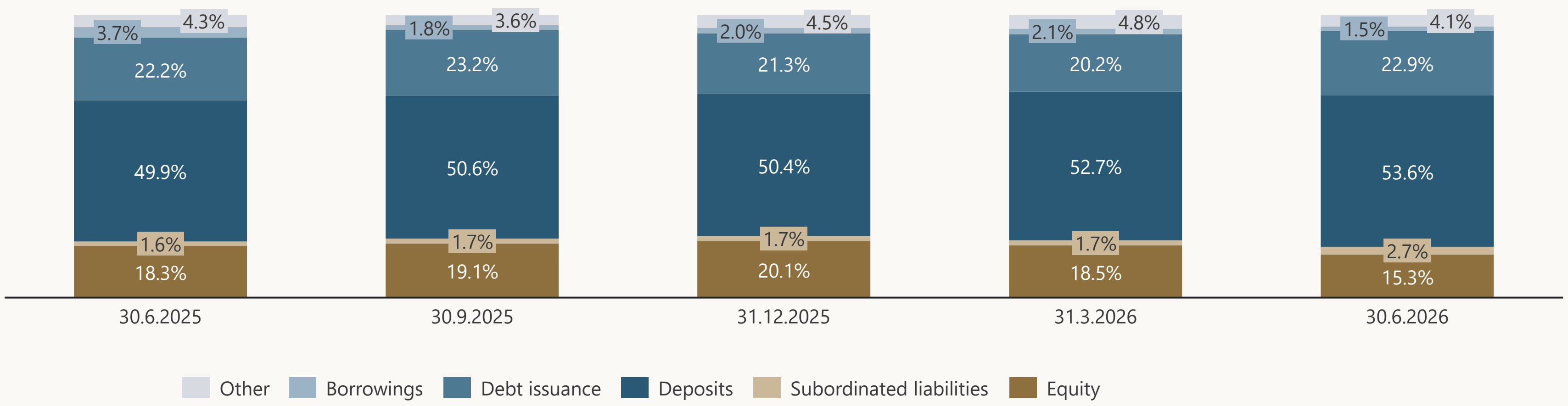
Liabilities and equity

ISK bn.



Liabilities and equity

ISK bn.



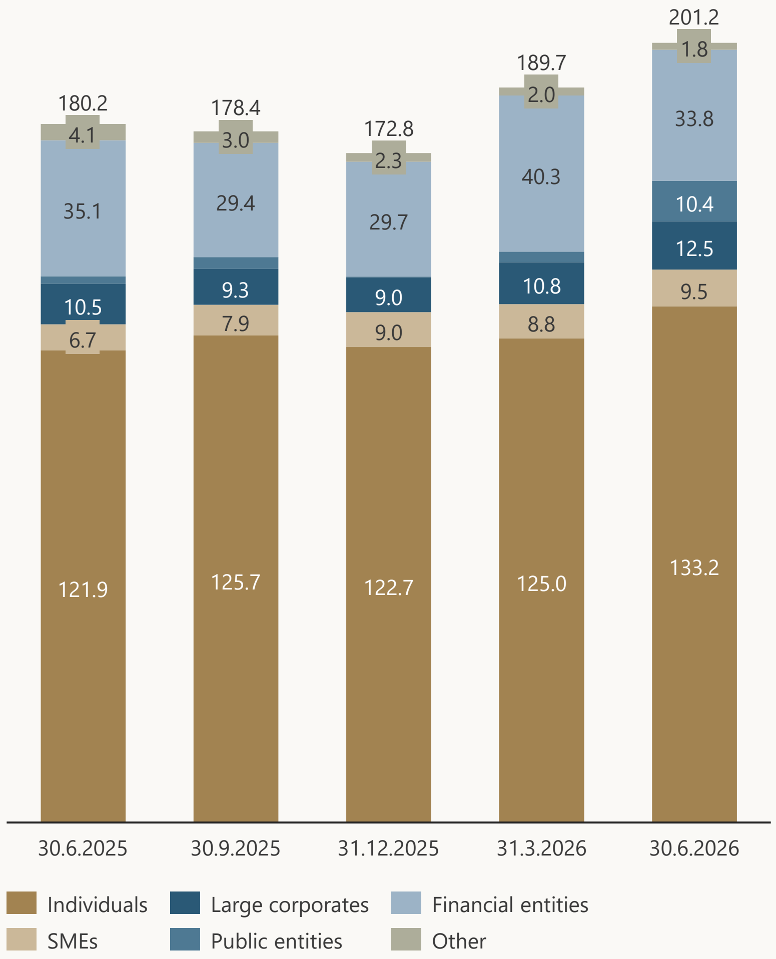
- Total liabilities and equity amounted to ISK 375.7 bn. at the end of Q2 2026, increasing by 9.5% from year-end 2025
- Deposits increased to ISK 201.2 bn., up 16.5% from year-end 2025, continuing to represent the Group's primary funding source
- Debt issuance increased to ISK 86.1 bn. following senior unsecured and AT1 issuances completed during H1 2026.
- The bank continues to maintain a strong and diversified funding profile

Deposits

Total deposits surpassed ISK 200 bn. for the first time

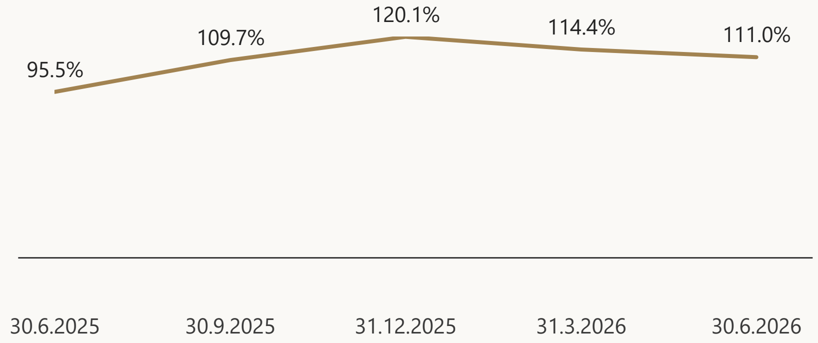
Deposits by type

ISK bn.



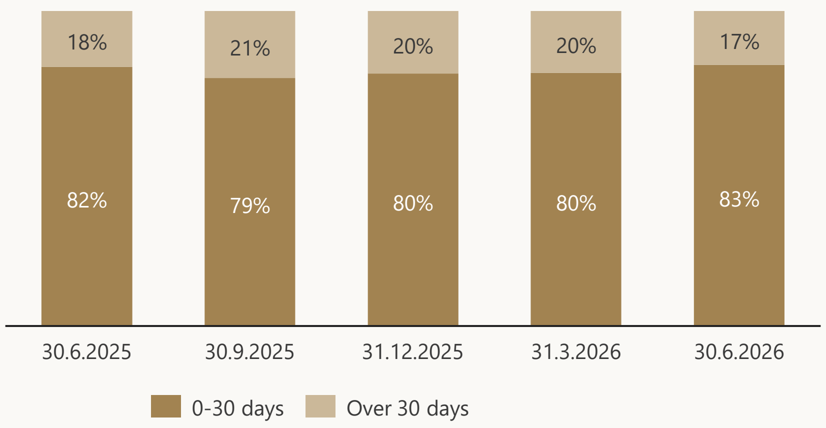
Loans to deposits

(%)



Maturity of deposits

(%)



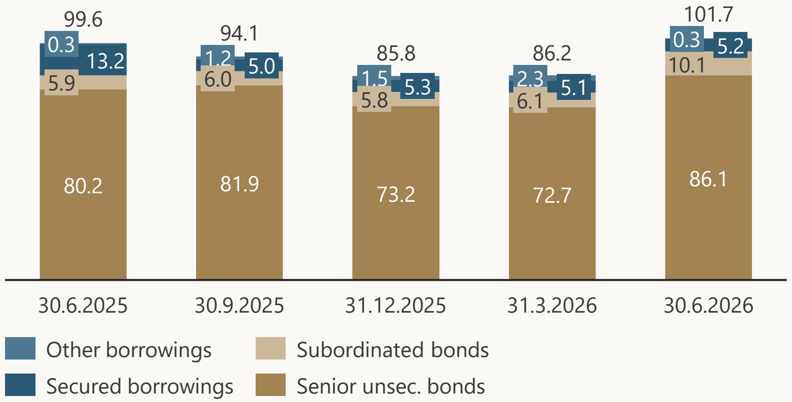
- Deposits amounted to ISK 201.2 bn. at the end of Q2 2026, increasing by 16.5% from year-end 2025 and 11.7% YoY
- Deposit growth was driven primarily by retail deposits and public entities
- Loan-to-deposit ratio decreased to 111%, reflecting strong deposit inflows relative to loan growth
- Retail deposits continue to provide a stable core funding base, while the overall deposit mix remains well diversified

Debt Issuance

Steady funding profile supported by international market access

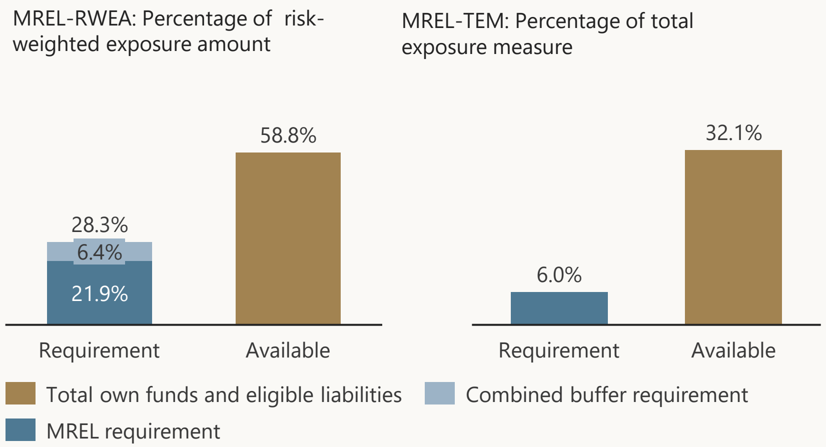
Development of market funding

ISK bn.



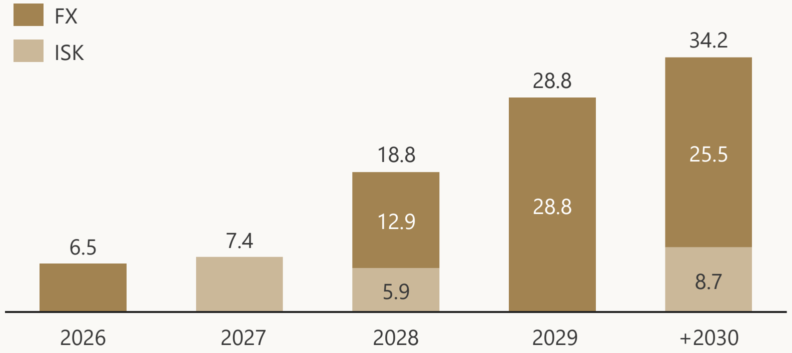
MREL requirements

30.6.2026



Maturity of issuance

30.6.2026 / ISK bn.



Rating

Rating

	Bank deposit rating	Issuer rating
Long term	Baa1	Baa2
Short term	P-2	P-2
Outlook	Stable	Stable
Last update	27 April 2026	27 April 2026

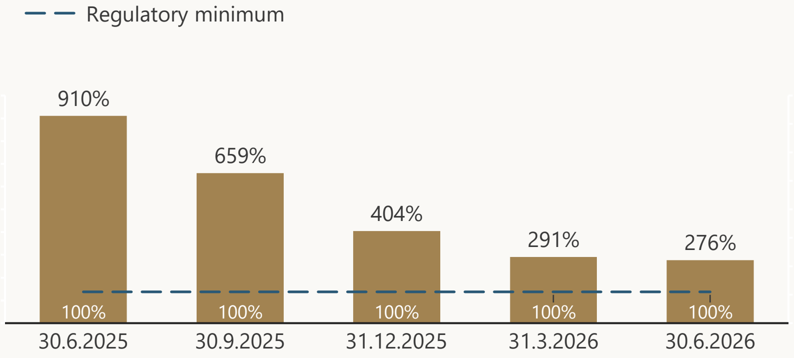
- Market funding increased to ISK 101.7 bn. at the end of Q2 2026, following the issuance of EUR 150 million senior unsecured bonds and SEK 300 million AT1 capital instruments during H1 2026
- The June issuance of EUR 150 million senior preferred notes achieved significantly improved pricing, supporting lower wholesale funding costs going forward and demonstrating continued progress in strengthening Kvika's access to international debt capital markets
- Compared with the Bank's inaugural EUR senior preferred issuance in May 2025, pricing improved by 85 basis points, while investor demand increased substantially
- In July 2026, Kvika received authorisation to issue covered bonds, further diversifying funding sources and supporting long-term funding flexibility
- Kvika holds a long-term issuer rating of Baa2 with a stable outlook, last confirmed on 27 April 2026

Liquidity and Funding Ratios

Strong liquidity position returning to normal levels

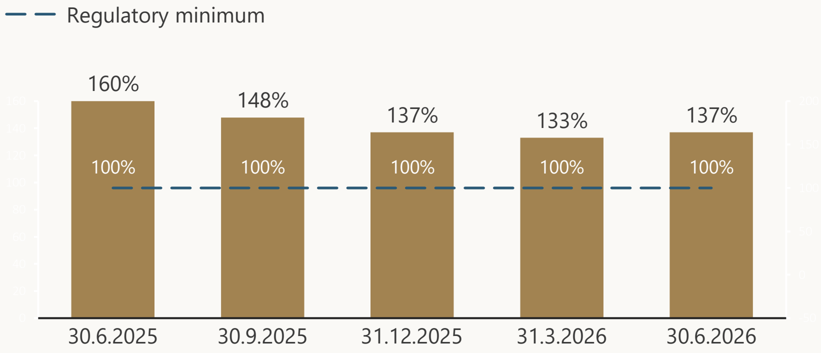
Total liquidity coverage ratio (LCR)

30.6.2026 / (%)



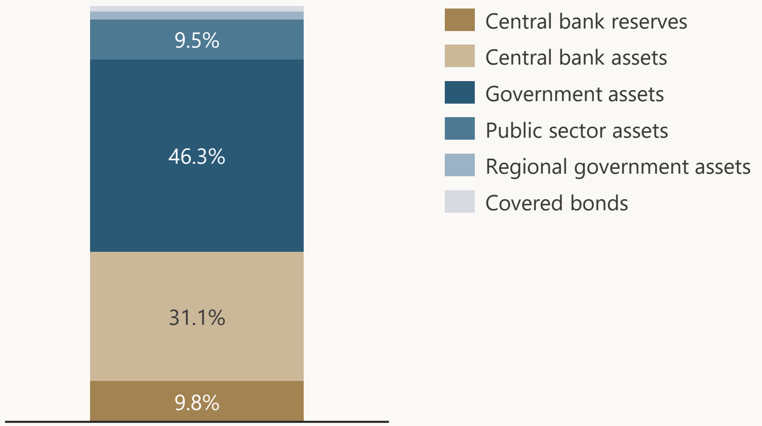
Net stable funding ratio (NSFR)

30.6.2026 / (%)



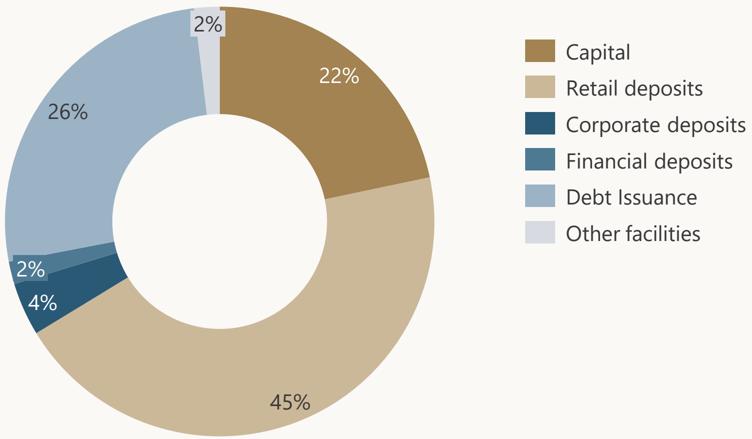
High quality liquid assets (HQLA)

30.6.2026 / (%)



Available stable funding

30.6.2026 / (%)



- The liquidity coverage ratio (LCR) remains strong at 276%, well above the 100% regulatory requirement
- NSFR stood at 137%, reflecting a stable and well-diversified funding base.
- High-quality liquid assets (HQLA) amounted to ISK 76.4 bn., of which 81% were classified as Level 1 assets
- Strong liquidity and funding metrics continue to support balance sheet resilience and future growth

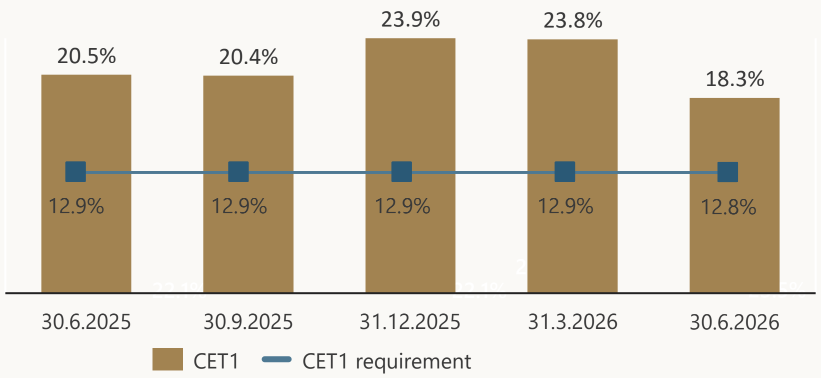
L1: Level 1 assets , L2: Level 2 assets

Capital Position

Strong capital position well above regulatory requirements

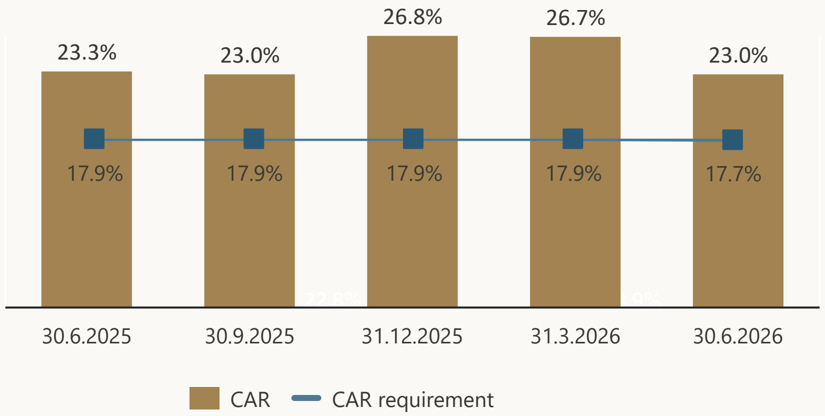
CET1

(%)



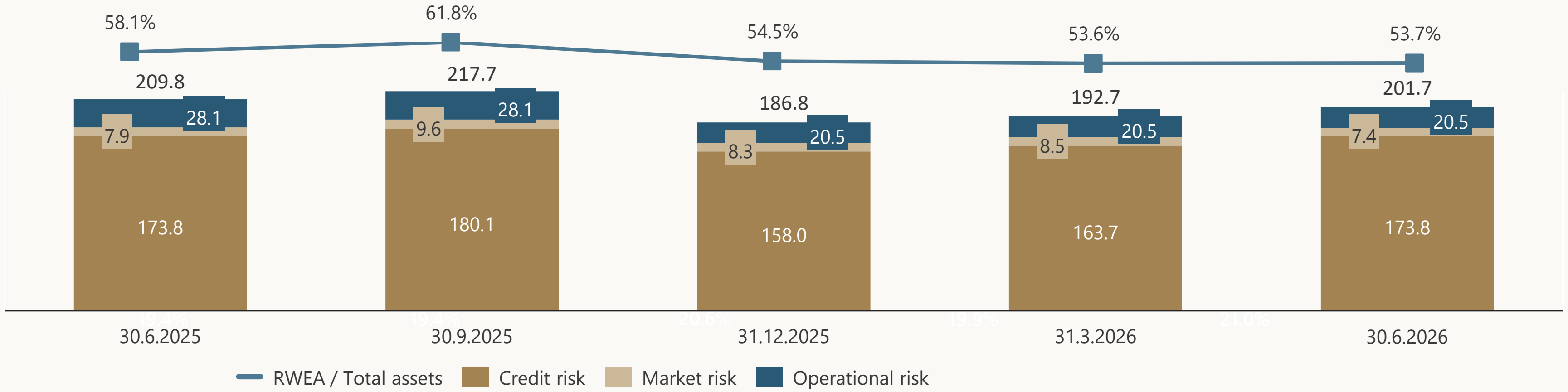
CAR

(%)



Risk-weighted exposure amount (RWEA)

ISK bn.



- CAR of 23.0% at 30 June 2026, decreasing as special dividend was distributed in June
- Following the 2026 SREP results received on 30 June 2026, Kvika's Pillar II requirement reduced by 0.2%, lowering the Bank's total capital requirement to 17.7%
- The bank continues to target a management buffer of 2% to 4% over current and anticipated CAR requirements

Going Forward

Progressing Strategic Initiatives to Drive Shareholder Value

Strategic initiatives following capital efficiency measures

Continued loan book growth	Loan book growth is proceeding as planned, building a stable income base	Loan book growth of ISK 15.8 bn., or 7.6% from year-end 2025
Cost efficiencies	A strictly maintained cost base will support strong earnings as interest income grows	Efficiency measures announced in June expected to achieve annualised cost savings of ISK 3-400 m.
Improvement in funding costs	Funding costs will decrease as older FX funding is refinanced at current market pricing. Additional opportunities in issuance of covered bonds in ISK	85 basis points pricing improvement achieved in June EUR issuance, substantially more expensive debt to be refinanced later in the year
Push for increase in fees and financial income	Income will be supported by new funds in Iceland and the UK as well as realisation of increased focus on carry and principal investments	Three funds in launch stages in Iceland and the UK
Selective M&A to sharpen focus and/or strengthen core businesses	As opportunities arise	Divestment of Straumur underway

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